

**FINANCE COMMITTEE REPORT
CITY OF WILLMAR
MONDAY, JUNE 10, 2013**

The Finance Committee of the Willmar City Council met at 4:45 p.m. on Monday, June 10, 2013, in Conference Room No. 1 at the City Office Building. Chair Denis Anderson called the meeting to order.

Members Present:	Denis Anderson	.....	Chair
	Tim Johnson	.....	Vice-Chair
	Rick Fagerlie	.....	Member
	Audrey Nelsen	.....	Member
	Charlene Stevens	.....	City Administrator
	Steve Okins	.....	City Finance Director
	Kevin Halliday	.....	City Clerk-Treasurer

Others present included Mike Schramm and Bill Fenske of Rice Memorial Hospital, Ryan McCormick of Willmar Public Library, Jill Bengtson of Willmar HRA, Mayor Frank Yanish, and Accounting Supervisor Carol Cunningham.

Item No. 1 – Public Comment

Chair Anderson acknowledged that no one present wished to address the Committee at this time.

Item No. 2 – Rice Memorial Hospital 2012 Final and 04/30/13 Financial Reports (Information)

Bill Fenske, CFO of Rice Hospital, presented the Committee with the 2012 Financial Report, which reflects an increase in net assets of \$4,061,904 as of December 31. Mr. Fenske also discussed the April 30, 2013, Financial Report which reflects a net loss of \$1,205,613. Volumes are down so far in 2013, including outpatient services. It was noted that the debt service coverage ratio is still good. Mike Schramm, CEO of Rice Hospital, discussed efforts being undertaken to improve Rice Home Medical as well as efforts to recruit more specialized physicians for the hospital. They also continue to monitor the decrease in demand for hospital services. This matter was received for information only.

Item No. 3 – Willmar Library Funding Request (Resolution)

Ryan McCormick, of the Willmar Public Library, presented the Committee with a request for disbursement of \$12,000 from the Library Capital Reserve Fund for the purchase of 12 new tables for the multipurpose room. They would replace existing tables which are nearly twenty years old. It was noted there are over 200 groups that utilize the multipurpose room in a year so they are well used. He briefly described the new, high-quality, tables which would be easier to set up and take down and would include electrical outlets and data ports. This cost is eligible to be paid from the Library Reserve Fund which was established from the prior local option sales tax program that funded the Library's construction. Following discussion, it was moved by Council Member Nelsen, seconded by Council Member Johnson, and passed to make the following:

RECOMMENDATION: to introduce a resolution allocating \$12,000 from the Library Reserve Fund for the purchase of 12 new tables for the multipurpose room.

Item No. 4 – HRA – Highland Apartments Bond Refinancing (Resolution)

Jill Bengtson, HRA Executive Director, presented to the Committee a proposal to refinance Highland Apartments' debt by applying for low-income housing tax credits and a Minnesota Housing Finance Agency mortgage at 4.75% for 30 years. The purpose of this debt refinance is to lower the debt interest rate and to complete some refurbishing of the units. The scope of work to be done was reviewed as well as development costs involved. Following discussion, it was moved by Council Member Fagerlie, seconded by Council Member Nelsen, and passed to make the following:

RECOMMENDATION: to introduce a resolution supporting the Willmar HRA's proposed Highland Apartments redevelopment project and to agree to act as applicant for the submission of a Small Cities Development grant, if necessary, to provide funding for a portion of the project.

Item No. 5 – HRA SCDP Contract and Section 3 Plan

HRA Executive Director Jill Bengtson presented the Administrative Contract for the current Willmar SCDP Program. This contract formally authorizes the Willmar HRA to administer the SCDP Program on behalf of the City of Willmar. Following discussion, it was moved by Council Member Fagerlie, seconded by Council Member Nelsen, and passed to make the following:

RECOMMENDATION: to introduce a resolution approving the Administrative Contract for the Willmar SCDP Program and authorizing the Mayor and the City Administrator to execute said contract.

Ms. Bengtson then presented the City of Willmar Section 3 Plan which gives preference to low- and very-low income persons or businesses working on HUD-funded projects. This plan is required by HUD to administer the SCDP Program. Following discussion, it was moved by Council Member Fagerlie, seconded by Council Member Johnson, and passed to make the following:

RECOMMENDATION: to introduce a resolution adopting the Section 3 Plan as presented.

Item No. 6 – City Clerk Investment Report

City Clerk Kevin Halliday reported to the Committee that he had discussed interest rates for short-term investments with Bremer Bank. The current interest rate received on the City's Flex Gold Savings account at Heritage Bank is .10%. The annual yield proposed currently by Bremer Bank is .55%, less bank and administrative fees which could net to approximately .25%. It was staff's recommendation to proceed with transferring some of the City's short-term investments from Heritage Bank to Bremer Bank. The consensus of the Committee was that Heritage Bank should be contacted again to determine if they would provide a counter offer. Following discussion, it was moved by Council Member Nelsen, seconded by Council Member Johnson, and passed to make the following:

RECOMMENDATION: to make a motion authorizing the City Clerk-Treasurer to open a new account at Bremer Bank for short term investments, subject to Heritage Bank providing a counter offer.

Item No. 7 – Mid-Minnesota Development Lease Agreement

Administrator Stevens explained to the Committee that Mid-Minnesota Development has been leasing office space in the basement of City Hall for many years with the existing lease expiring May 31, 2013. The current rent is \$1,350/month and is proposed to be increased \$50/month for the first year and each year thereafter on a three-year lease. Following discussion, it was moved by Council Member Fagerlie, seconded by Council Member Nelsen, and passed to make the following:

RECOMMENDATION: to make a motion authorizing the Mayor and the City Administrator to execute a three-year lease with Mid-Minnesota Development effective June 1, 2013, as presented.

Item No. 8 – Reports (Information)

The Committee received the April 30, 2013, General Fund Financial Report. This matter was taken for information only.

Item No. 9 – Old Business (Information)

- A) Chair Anderson reminded Committee members to provide the Mayor with budget information by the end of June.
- B) Administrator Stevens reminded the Committee that the waste treatment rates will be discussed at the City Council meeting Monday, June 17, 2013.

Item No. 10 – New Business (Information)

Chair Anderson acknowledged there was no new business for the Committee to discuss at this time.

There being no further business to come before the Committee, the meeting was adjourned at 5:56 p.m. upon motion by Council Member Johnson, second by Council Member Fagerlie, and carried.

Respectfully submitted,

Carol Cunningham
Accounting Supervisor