

**FINANCE COMMITTEE REPORT  
CITY OF WILLMAR  
MONDAY, APRIL 9, 2012**

The Finance Committee of the Willmar City Council met at 4:45 p.m. on Monday, April 9, 2012, in Conference Room #1 at the City Office Building. Chair Denis Anderson called the meeting to order.

Members Present: Denis Anderson ..... Chair  
Rick Fagerlie ..... Vice Chair  
Jim Dokken ..... Member  
Ron Christianson ..... Member  
Charlene Stevens ..... City Administrator  
Steve Okins ..... City Finance Director  
Kevin Halliday ..... City Clerk

Others present included HRA Executive Director Jill Bengtson; Representatives from Dominion Management Services and Dougherty & Company; Jenny Bolton, Kennedy & Graven; Justin Hedtke, KRA Speedway Association; and Carol Cunningham, Accounting Supervisor.

**Item No. 1 – HRA Dominion Conduit Financing Recommendation ( Resolution )**

Jill Bengtson, HRA Executive Director, reported to the Committee that the HRA Board met earlier this afternoon and held a public hearing for the Dominion Application For Tax-Exempt Financing for \$14 million of tax-exempt bonds to finance the acquisition and rehabilitation of Eagle Ridge, Somerset and Waters Edge Apartments. Ms. Bengtson briefly reviewed some of the questions raised during the hearing which included: 1) While the general contractors for the rehabilitation project may not be local, Dominion attempts to use local subcontractors where possible. 2) Approximately \$3 million will be direct rehabilitation costs. 3) The developer's fee is 10%.

Upon closing the public hearing, the HRA Board passed a resolution approving this project. Council Member Christianson questioned who would be left with the debt if the project fails. Staff responded that the holders of the investment instruments would be ultimately responsible. Following considerable discussion, it was moved by Council Member Fagerlie, seconded by Council Member Dokken and passed to make the following:

**RECOMMENDATION:** to introduce a resolution approving the Dominion Conduit Financing Project for the acquisition and rehabilitation of Eagle Ridge, Somerset, and Waters Edge Apartments not to exceed \$14 million.

**Item No. 2 – HRA Vehicle Request ( Resolution )**

Staff presented to the Committee a request from the HRA for the donation of a 2005 Ford F150 that the City was preparing for auction. This is one of the vehicles the City deemed as surplus pursuant to the recent revisions to the vehicle replacement policy. The HRA has examined the City's 2005 Ford F150 and determined it could meet the needs of the HRA and is requesting donation. It was noted that State Statute does allow for a public entity to donate surplus equipment to another public entity. It was also noted that the City would be foregoing potential auction proceeds of \$6,500 based on NADA Blue Book estimates. Council Members of the Committee expressed concerns that the HRA should not receive the vehicle as a donation but should be required to pay a negotiated price. Following discussion, it was moved

by Council Member Fagerlie, seconded by Council Member Dokken and passed to make the following:

**RECOMMENDATION:** to introduce a resolution authorizing the City Administrator to dispose of the 2005 Ford F150 for a minimum of \$5,000 to the HRA.

**Item No. 3 – Budget Work Session 6 PM 04/16/2012 ( Information )**

Staff noted that there is a Budget Work Session set for 6 PM on Monday, April 16, 2012, which will be just prior to the regular council meeting scheduled for that evening as well. Topics to be discussed at this work session include: 1) 5-Year Trends for the General Operating Fund; 2) Updates to the Budget Calendar, including a schedule of the Department Heads' presentations to the Finance Committee; 3) Bonding and plans for the Street Program and Capital Improvements.

**Item No. 4 – 2012 Budget Amendment/Legal Department ( Resolution )**

Staff explained that due to the City engaging the professional services of two legal firms to replace Rich Ronning who retired March 31, 2012, the 2012 Legal Department Operating Budget needs to be revised. It is being proposed that the unspent dollars allocated in the Legal Department budget for payroll costs, supplies, and other services and charges estimated at \$125,000 be transferred to Professional Services. Following discussion, it was moved by Council Member Fagerlie, seconded by Council Member Dokken, and passed to make the following:

**RECOMMENDATION:** to introduce a resolution reallocating \$125,000 from the 2012 Legal Department Budget for Payroll Costs, Supplies, and Other Services and Charges to Legal Professional Services.

**Item No. 5 – Library Carpet Replacement ( Resolution )**

Staff explained to the Committee that the City has received a request from the Willmar Public Library for funds needed to replace the carpeting. Kandiyohi County sought bids and is recommending proceeding with the proposal from Floor To Ceiling in the amount of \$35,800. City Administrator Stevens has viewed the carpet and affirms that it is in need of replacement. The cost for this project may 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 Dokken, seconded by Council Member Fagerlie, and passed to make the following:

**RECOMMENDATION:** to introduce a resolution allocating \$35,800 from the Library Reserve Fund for the carpeting replacement as proposed by Floor To Ceiling and recommended by Kandiyohi County Facilities Maintenance.

**Item No. 6 – KRA Speedway Liquor License Application ( Information )**

City Clerk Kevin Halliday explained to the Committee that the City has received a request from the KRA Speedway Association to sell wine and strong beer during their races at the fairgrounds on Thursday nights. Last year this was done with the services of the VFW State Caterers License but KRA wishes to sell on their own this year. Current City Ordinance allows for the sale of wine and strong beer at a restaurant with a seating capacity of at least twenty-five

guests. A Café Restaurant is defined as any place where preparing and serving lunches or meals to the public to be consumed on the premises constituted the major business. KRA will be selling hamburgers and brats on Thursday nights. Staff is requesting input from the Council to determine whether or not they are comfortable with the “restaurant” term as preparing meals in a fairground building and seating capacity of more than twenty-five located in the bleachers.

After considerable discussion, it was the consensus of the Committee to support this interpretation of the ordinances which would allow the KRA Speedway Association to apply for a Wine License and a 3.2% Malt Liquor License. This matter was taken for information only.

**Item No. 7 – Senior Citizen Deferment ( Motion )**

City Clerk Halliday explained to the Committee that during a 1990 Street Improvement Project a Senior Citizen deferment was approved on Parcel 95-921-5480. The qualifying senior citizen, 90+ years of age, recently transferred the property to a 65+ year old daughter who placed the property in her son’s name and took a life estate interest. She may qualify for the senior citizen deferment but this unique situation is at the discretion of the council. If this extension is denied, the full payment of principal and interest totaling \$7,029 would be due and payable. Following discussion, it was moved by Council Member Dokken, seconded by Council Member Fagerlie, and passed to make the following:

**RECOMMENDATION:** to make a motion to deny the extension of the senior citizen deferment on Parcel 95-921-5480 and to amend the City’s Assessment Policy accordingly.

**Item No. 8 – Reports ( Information )**

The Committee received the following December 31, 2011, Reports for information: Report of Outstanding Indebtedness, Interest/Dividends, Cash/Investments, and 4<sup>th</sup> Quarter Investment Activity.

There being no further business to come before the Committee, the meeting was adjourned at 5:47 p.m. upon motion by Council Member Fagerlie, seconded by Council Member Christianson, and carried.

Respectfully submitted,

Carol Cunningham  
Accounting Supervisor