

Barnesville City Council
Special Meeting
September 23, 2002

Mayor Gene Prim called this special meeting of the Barnesville City Council to order in the council chambers at 6:30 p.m. Council members in attendance were Roger Cooper, Larry Davis Jr., Charles Martinson, Kim Simonsen, and Jerry Ames. Also in attendance were City Administrator Ray Miller, Finance Director Brian Jacobson, Liquor Store Manager Diane Peterson, General Manager Gerald Dow, Karen Dollison from the Record Review, and Angie Ernst. Absent was council member Chad Hagen.

First on the council's special agenda was discussion on the \$255,400 Cable, Electric, and Telephone Revenue Bonds and \$100,000 taxable Telephone Revenue Bonds. Mr. Jacobson informed the council that the 2002 budget included bonding for capital expenditures in Electric (110,700), Cable (27,000), and Telephone (117,600). There are several issues that have been run into. The first is the bond counsel cost will be higher than originally anticipated. We do not have statutory authority to directly negotiate for this issue, so it will be necessary to obtain an opinion from financial advisors (Ehlers would cost money) stating the structure and interest rate on these issues. The 2001 Revenue bond has covenants which require that 10% of the borrowings be put into a reserve account until the bond is paid in full, net revenues for the previous two years need to be at least 1.35 times the average annual principal and interest on all outstanding bonds and the bonds proposed. The cost of borrowing will be higher due to all the additional costs, there is no guarantee of getting a favorable opinion from our financial advisors, thereby making the debt offering unsellable. The city would have a debt service of \$32,000 a year on a \$200,000 net proceeds bond, coupled with high costs of issuance. Mr. Jacobson believes the cost of borrowing this money is too high. If this issue is not proceeded with, the city will not be able to borrow for it in the future. Mr. Jacobson's recommendation is to not proceed with the bond issue.

09-23-02-01 Motion by Mr. Simonsen and second by Mr. Davis to rescind the \$255,400 Cable, Electric, and Telephone Revenue Bond, and the \$100,000 Telephone Revenue Bond. Carried.

09-23-02-02 Motion by Mr. Simonsen and second by Mr. Davis to obtain needed funds from the applicable areas of Cable, Electric and Telephone. Carried.

The next agenda item was Special Revenue Funds. The Flood Disaster Fund, Permanent Improvements Fund, and Community Fund are the three items that needed to be dealt with.

The Flood Disaster Fund contained \$841 cash as of July 31, 2002. The project has been completed and no additional revenues or expenditures are expected. Mr. Jacobson's recommendation is to close the fund and move the assets to the General Fund.

The Permanent Improvements Fund is holding \$184,653 in cash and special assessments receivable (Current, Delinquent, and deferred). Capital improvements will either be financed through a Capital Projects Fund, Enterprise Fund, or they can be financed directly out of the general fund. Mr. Jacobson's recommendation was to close this fund transfer cash and some specials to the general fund and to transfer specials in Spasm # 50197-0 to Fund 310 (GO taxable bonds DSF).

The Community Fund information available is not very clear. Council has specified this fund to be separate with interest on the principal to be used for projects. However, there are no guidelines on how this money should be spent or how projects would qualify for this money. Guidelines need to be developed so that uses of these funds are restricted to the council's wishes. The Council needs to determine the process for setting up guidelines for the use of the Community Projects money.

09-23-02-03 Motion by Mr. Davis and second by Mr. Cooper to close the Flood Disaster Fund and transfer \$841 cash in this account to the General Fund. Carried.

09-23-02-04 Motion by Mr. Simonsen and second by Mr. Martinson to close the Permanent Improvements fund and transfer \$184,653 in cash to the general fund and to transfer specials in Spasm #50197-0 to Fund 310. Carried.

A non-interest bearing checking account needs to be set up for the Small Cities Grant Money. Part of this grant money needs to be matched by the owner. A non-interest bearing checking account needs to be set up to place the owner contributed funds into in order to comply with the terms of the grant agreement.

09-23-02-05 Motion by Mr. Simonsen and second by Mr. Davis to authorize the opening of an additional bank account for the Small Cities Grant money. Carried.

Mr. Jacobson stated that there is often inadequate time to get Council approval for disbursements. There are some bills that need to be paid before the Council can approve them at their next meeting. Without a special Council meeting or regular meeting to approve these disbursements, there are only two legal ways to pay these claims. One would be if an itemized claim is signed by a majority of the council members or the other option would be for the Council to delegate its authority to pay certain claims made against the City to a city administrative official. Review of disbursements should be done on a monthly basis and could be rotated amongst members of the Council or a Council committee.

09-23-02-06 Motion by Mr. Simonsen and second by Mr. Cooper to have the City Attorney draw up a resolution so the City is compliant with state and federal laws in the matter of authorizing city staff to pay necessary bills. Carried.

There are three debt service funds, which were set up for debt that is no longer in existence. There is approximately \$63,920 in assets in these three funds consisting of \$14,500 in cash and \$50,000 in special assessments receivable. When all the debt obligations have been paid off, this money can be transferred to the General Fund. There are two additional debt service funds required by the bonds the City is issuing. These funds are 308 Stoneridge addition, and the 310 GO Taxable bonds.

09-23-02-07 Motion by Mr. Simonsen and second by Mr. Martinson to close debt service accounts 301, 302, and 303 and to transfer the assets to the General Fund. Carried.

09-23-02-08 Motion by Mr. Davis and second by Mr. Simonsen to insert Salvation Army Cold Hands/Warm Hearts inserts in the next monthly statement for city residents. Carried.

The Council discussed the future of the liquor store. The liquor store is not making a very large profit each year. The Council looked at different options. The first option would be to keep the

liquor store open as is. The second option would be to close the liquor store. The third option would be to sell the off-sale license to a private party. The fourth option would be to try moving the liquor store to a different location to possibly raise visibility and thus increase sales. This last option would add the cost of renting or leasing a location. Mr. Simonsen would like to look at the profit and loss statements in depth to get a better picture of what should be done with the liquor store. Ray Miller will find out what other Cities are charging for off-sale licenses before the next meeting.

The City has the option of leasing out the Golf Course for \$1.00 and getting out of the management end of this business. The Golf Course's insurance is currently under the City umbrella. One option would be to put the Golf Course under the Parks and Recreation and have them do their own finances. Liability would have to be checked out. Mr. Miller will check with the City insurance company about the liability issue.

The time and temperature sign is costing the City about \$1,000 to \$1,200 a year for maintenance and still is off on the time and temperature slightly. A new sign would cost approximately \$5,000. Kim requested Council look at other options before spending more funds. Council will look at purchasing a new sign with less upkeep costs.

Mayor Prim adjourned this special meeting at 7:45 p.m.

Submitted by:

Attest:

Angela Ernst
Minutes Recorder

Eugene Prim
Mayor