

## **Fertile City Council Minutes June 13, 2016**

The Fertile City Council held its regular meeting on Monday, June 13, 2016 at 6:30 p.m. at the Community Center. Present were: Mayor Brian Nephew and Council members Reid Jensrud, Dennis Hasler, and Todd Wise. Also present were Public Works Director Kevin Nephew, City Administrator Lisa Liden, Fair Meadow Nursing Home Administrator Angie Leiting, and Twylla Altepeter. David Drown of David Drown Associates arrived later during the meeting as did Jenni Munson and Ralph Menke.

The meeting was called to order by Mayor Nephew and there were no additions to the agenda.

The first agenda item to be addressed was the consent agenda which included the minutes of the May 9, 2016 meeting, permit requests for the Polk County Fair Parade and 5K as well as a 3.2 license, appointment of election judges and also a request by the Lions Club regarding a sign. The consent agenda was approved on a motion by Council member Jensrud that was seconded by Council member Wise and carried.

Fair Meadow Nursing Home Administrator Angie Leiting then gave her report to the Council. She reported that they began the month of May with 38 residents and ended with 39, operating at 88.94% capacity. The home had also served a total of 191 home delivered meals. Leiting also reported that she was anticipating two admissions this week and then the home would be full for the first time in many months.

Leiting reported that the renovation project was going well and proceeding as expected. They had run into one glitch, however, in the design of the therapy room since another bathroom would need to be added to the space. There was already a sink in the room so the plumbing would be no issue since there was already water in the room.

Council member Jensrud then inquired about how many rooms were full at the assisted living. Leiting reported that 14 units were now occupied. Jensrud then inquired about whether adding memory care would help to boost occupancy. Leiting and Mayor Nephew explained that there was additional licensure from the State as well as renovations to the assisted living that would be required to open a memory care unit.

Director of Public Works, Kevin Nephew, then gave his report to the Council. Nephew stated that the water extension project had just begun and that they had installed about 140 feet of line that day. They had run into a little problem right at the start, however. At the hydrant where the line was to begin there was about 2 feet of concrete covering the T which they had to remove before proceeding. There was then a question of whether the fittings to the T would work, but they had and had been pressure tested.

Nephew reported also that he had made a small change to the plans for the extension. The line would be about 40 feet shorter and the hydrant at the end of the line would now be on the east side of the street rather than the west. He had discussed the change with WSN and the changes would just need to be noted on the final plans.

Next Nephew reported that he had set up three tentative dates for mosquito spraying. Spraying was currently scheduled for June 23<sup>rd</sup>, June 29<sup>th</sup> and July 5<sup>th</sup>. If spraying was not possible on July 5<sup>th</sup>, the morning of July 6<sup>th</sup> was a backup date in order to get the town sprayed right before the fair.

Mayor Nephew then inquired about the progress made on the natural gas lines. Kevin stated that about 80% of the mains are in and that the crew was doing a real good job on restoring where they have had to dig. This was followed by a discussion on where the shut-offs would be located in town and also switching the maintenance shops and water treatment plant over to natural gas.

Nephew then reported that the plans for the sewer project would soon be submitted to Cretex and they would work out the plans as far as supplies that were required and that plan would be submitted back to WSN. Since that process can take a couple of weeks, it would be started soon so that everything would be in place to start the project after the fair.

Nephew ended his report by letting the Council know that the curbs would be washed and painted before the fair and that Jeff Adams had been hired for the part-time mowing position.

Administrator Liden then asked Nephew whether there were any concerns with the Menke building variance that had been requested. He responded that he had no issues with where they wanted to build the garage and that he had recommended that they build it in that location.

Mayor Nephew then adjourned the regular Council meeting and opened the Public Hearing to address the set back variance requested by Ralph Menke for the construction of a garage on his property at 401 Jefferson Ave. SW.

Liden reported that letters had been sent to all property owners within 350 feet of the property and that no one had called to object to the proposed variance.

The Public Hearing was then closed and the regular meeting reconvened.

A motion was made by Council member Hasler to approve the set back variance requested by Ralph Menke. The motion was seconded by Council member Jensrud and was carried.

For the Learning Center, Liden reported that Summerfest was scheduled for June 26<sup>th</sup> from noon to 3 p.m. and that the Red River Zoo would be doing a presentation and would have a parrot, porcupine and reptile for visitors to see and touch.

Council member Hasler reported that the Personnel Committee was finalizing an update to the Personnel Manual and that they would be ready to present an updated version at either the July or August Council meeting.

The next item on the agenda was the Treasurer's Report and Bills. Administrator Liden briefly reviewed the receipts and disbursements for the month of May. Council member Hasler questioned the high number of disbursements as compared to the much lower amount under receipts and expressed some concern whether this was a continual trend. Liden explained that

the disbursement amount was unusually high due to the interest payment made for the Assisted Living. The Treasurer's Report and Bills was then approved on a motion by Council member Jensrud that was seconded by Council member Wise and carried.

The final agenda item to be addressed was the financing of the nursing home renovation project. David Drown was present at the meeting to give his recommendations on how to best proceed with the financing on the project.

Drown began his presentation by explaining that his firm was registered with the Securities and Exchange Commission as a municipal financial advisor. In his role as advisor, he was bound by law to give advice that was in the best financial interests of the City. He then went on to explain that since his last meeting with the Council Angie had put him in touch with a couple of individuals with the State who were able to give him further information on how the State reimbursement formula works for renovation projects of this nature. Drown also explained that he had consulted with a bond attorney and that the project would have to be financed with both taxable and tax exempt bonds. This was due to the fact that there was nothing clear in earlier Council minutes about the City's intent to refinance initial costs of the project with tax exempt bonds.

He explained that the current project should fall under the State threshold limits and that would make the financing process much easier as well as the reimbursement process more straightforward at the state level.

Drown then gave his recommendations on the financing for the project. His first choice for financing would be a MIDI loan through MN Rural Water. Even though the interest was slightly higher than going with bonds, it would be a cheaper option on the front end since there would be much lower costs involved in getting the loan. The slightly higher interest was also not a concern since the State reimbursement formula was based, in part, on the interest paid for the project. He was concerned, however, that the project might not fall within their guidelines given the fact that the City would be seeking a minimum of 20 year financing.

Drown's second choice if the MIDI loan was not an option would be to go the route of a negotiated sale. This would still be cheaper than a traditional competitive bond sale since it would not be necessary to go through the whole rating process.

After discussion of the matter, a motion was made by Council member Jensrud for David Drown to proceed on securing a MN Rural Water MIDI loan for the project, and if that is not an option to proceed with a negotiated sale of bonds to finance the project. The motion was seconded by Council member Hasler and was carried.

There being no further business, the meeting was adjourned.

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Brian Nephew, Mayor

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Lisa J. Liden, City Administrator