

FINANCE COMMITTEE

MINUTES

The Finance Committee Meeting of the City of Willmar met at 5:15 p.m. on Thursday January 23, 2020, in Conference Room No. 1 at the City Office Building.

Present: Rick Fagerlie Chair
Andrew Plowman Member
Julie Asmus Member

Others present: City Administrator Brian Gramentz, and Finance Director Steve Okins.

Item No. 1 Call to Order

The meeting was called to order at 5:15 p.m.

Item No. 2 Public Comments

There were no Public comments.

Item No. 3 Discussion Items for the Council

Report of Outstanding Indebtedness

Staff presented the 12/31/19 Report of Outstanding Indebtedness, which is required to be filed with the County annually, with a total of bonds outstanding of \$117,969,051. It was noted that the Airport Bond is scheduled to be paid off this year. Further, Baker Tilly has conducted a review of the City's debt showing a recommendation to also do an early pay off the 2011 Improvement Bond if the Council chooses. Debt Service funds available for this bond exceed the amount of the current outstanding debt. This is the result of assessments being paid off early by home owners as well as some excess construction funds left over that were transferred into the Debt Service Fund.

There is also the potential to refinance a few of the bonds to a reduced interest rate. Some of these are through the Minnesota Public Facilities Authority (PFA). Staff will be discussing the refinancing possibilities with Baker Tilly and PFA.

Preliminary 2020 Bonding Levels and Action Requirements

Baker Tilly's bonding review also included analysis information for use in planning for potential upcoming bond issues, including the City Hall Project, Local Option Sales Tax Projects, etc. Various funding options and timelines for these were considered in Baker Tilly's review, including sales tax revenues and staggering future bond issues. Since some of these may be larger bond issues, new bond ratings will be required which take into consideration the City's existing levels of debt, overlapping debt among the school, county and city, personnel stability, population growth, etc. It was noted that the best possible rating is AAA and the City's most recent rating was Aa3.

As projects and financing possibilities come together, staff will be compiling a calendar reflecting the financing processes to be reviewed with the Council.

Fund Balance Policy Review

The current Fund Balance Policy was provided to the Committee for their annual review. Finance Director Okins presented a brief overview of the various fund balance information. He noted that the Community Investment Fund hadn't previously been specifically addressed in this policy and is

recommending that it be added. Copies of the Charter addressing the Community Investment Fund were distributed to the Committee members, explaining that there are certain requirements established for this fund that need to be met. Proposed changes incorporating the Charter verbiage regarding the Community Investment Fund into the Fund Balance policy will be brought back to the Committee for approval at the next Finance Meeting.

Investment Policy Review

The current Investment Policy was provided to the Committee for their annual review. Staff is working with Bremer Wealth Management on possible recommendations. This policy will be discussed at the next Finance Committee meeting.

There being no further business to come before the Committee, the meeting was adjourned at 6:23 PM by Chair Fagerlie.

Respectfully submitted,

A handwritten signature in cursive script that reads "Carol Cunningham".

Carol Cunningham
Accounting Coordinator