

## Minutes of Town of Watab Public Hearing & Regular Monthly Meeting September 5, 2006

Chair Craig Gondeck called a public hearing to order on public financing of a new town hall at 7:00 p.m. on Tuesday, September 5, 2006 at the Watab Town Hall. All board members were present including the Chair, Supervisors Brad McIntosh and Lloyd Erdmann, Treasurer Eileen Saldana, and Clerk Pat Spence. Citizens who signed in on the required sign-in sheet were Ed Kacures, Douglas J. Boser, Brian & Sheri DuChene, Paulette Haehn, Jo & Mike Flannery, John E. Baune, Joe Wollak, Bill Jacquemart, Ron Hommerding, Carol Schmitt, Francis O. Rupp, Dan Lieser, Rosie Johnson, Cliff Weitgenant, Jana Gondeck, Kevin Johnson, Pat Koch, Keith Krueger, Donna Brown, Robin Heinen, Dave Heinen, Barb Beniek, Geno Beniek, Don Landwehr and Dennis Czech.

The Clerk was asked to summarize the building needs for elections. She stated that we have been notified by the County Auditor that Watab Township will be divided into two voting precincts in the near future. Both precincts could vote in the same building if we had room two voting spaces. Voters could use the same equipment, which would be a cost saving. The new Automark machine for handicapped voters should have a privacy area, be wheel chair accessible, and 34" height from floor. Parking for disabled persons must be paved with extra wide spaces reserved for them. We need two or more wheelchair accessible voting booths with flat writing surfaces 34" high. Our current space is very crowded for state elections.

Scott Hamak, Township Attorney, added that our current building poses health and safety issues; handicapped accessibility issues; and has no restrooms attached to the building. We are vulnerable if anyone is injured and posed the question of negligence.

Todd Hagan, Financial Advisor for Ehlers and Associates spoke about the firm's experience as financial advisors for several adjacent jurisdictions. He summarized how he had gone through various financial scenarios with the town board on August 8<sup>th</sup> on how we can finance the town hall legally. Minnesota State law does not allow government units to borrow money and take out a mortgage from a bank. Townships must follow state law on financing of public buildings similar to school districts, cities, etc. He stated that \$150,000 of cash is available for the project. Total project cost is estimated at a maximum of \$380,000. There are three ways to finance a town hall: an election, a capital improvement plan option that we are considering tonight—enacted in 2003 for certain purposes to include town halls and libraries, and lease/purchase financing (with this option putting cash in is not allowed). A general obligation bond gives you the lowest interest rate for a township. It allows the tax levy to be spread like it is for general expenses. There are principal and interest constraints, which we are within. The town board and Ehlers are recommending a Capital Improvement Plan.

The town board is looking for issuance authority: can we award the bonds and afford to pay for this? Our annual financial constraint is the \$25,000 annual tax levy for the building fund, so residents won't see a tax increase for the purpose of building a new town hall. Mr. Hagan stated that on August 14 a notice was put in the legal newspaper, and it was published on August 16<sup>th</sup>. After the public hearing, two of the three supervisors must be willing to vote to proceed with the bond sale. There is a reverse referendum provision with an election allowed. October 10<sup>th</sup> could be a potential bond sale date; bonds cannot be sold before the reverse referendum period closes. Other points made by Mr. Hagen included:

- One possible alternative is to issue bonds for \$400,000 over a period of fifteen years to get the lowest interest rate. 4.5% or less is the anticipated interest on the bond sale. Township cash

would be used to make the annual payment. Excess cash would be invested and returns would also retire the debt.

- A more conservative route is to use the township's cash of \$150,000 to lower the cost of the bonds needed. A \$250,000 bond going out 15 years would get you to the same point. Interest rates will be a bit higher, but payments will be smaller each year. The only downside is getting interested buyers of the bonds. There are less potential purchasers. Bonds will be sold publicly and local banks have the opportunity to buy the bonds.
- Tax-free bonds can also be sold to private individuals.
- If there is a reverse referendum, the project would be taxed more heavily on homeowners, because seasonal recreational property and agricultural land beyond the homestead would not be taxed; commercial property would be assessed at the same rate as a home. In other words, the Watab homeowner would pay more with a reverse referendum than without one.

The Chair asked for those in favor of issuing general obligation bonds to speak:

1. Doug Boser, 142 75<sup>th</sup> Ave NE, Rice: I've been doing a lot of thinking about this. I have a bias because I'm going to be bidding on it. We are a progressive township, and so we need to have a new town hall. We have election issues that we need to deal with now. I am in favor.
2. Rosie Johnson, 7650 River Road: it is cheaper to go this way. I am in favor.
3. Barb Beniek, 8905 Sanbur Trail: I have lived in the township for over 30 years and am a member of the school board. This has been a good financing tool for the school district. We need to be building for the future and show pride in what we provide for our children. I am in favor.
4. Jim Christenson, 7325 Peace Rock Rd: If anyone has been in this building in February they know the heat does not work well. We have a growing township. This building is embarrassing. We should have more pride in ourselves and our township. Collectively let's do this. I am in favor.
5. Don Landwehr, 7300 Peace Rock Rd.: I'm in favor.
6. Paulette Haehn 7095 Island View Road: I'm in favor.

The Chair asked for those opposed to the issuance of general obligation bonds to speak:

1. Louie LeBlanc, 7755 NE River Rd: At the annual meeting last year, proposals were \$270,000 - \$300,000 for the new building. New building will be 3 1/3 times bigger than current town hall. I make the suggestion to downsize, use class 5 rather than paving the parking lot, and levy cash at the next annual meeting so we don't have to borrow money. I'm not against the town hall; I think it's too big and the project rushed.
2. Dennis Czech River Rd; I am not opposed. I don't think we should undersize the building because it costs more later. I am in favor.
3. Kevin Johnson, 140 75<sup>th</sup> St. NE: The original building costs were estimated at the annual meeting for \$300,000. The bids went out, but no public numbers have been released. I have a hard time supporting this without seeing the numbers. I want to see oversight on the construction project. I am opposed.
4. Donna Brown, 50 Little Rock Rd NW: I am against it, because it's too large and I'm not embarrassed by the building we have. I am opposed.
5. Dave Heinen, 9635 Sucker Creek Rd: I agree that we need to see some numbers before we go further, because if we give you authority for \$400,000 you'll spend it. I am opposed.

The public hearing was closed with seven speaking in favor and four opposed.

Chair Gondeck invited Supervisor discussion. It was as follows:

1. Supervisor Brad McIntosh stated that he does not want to borrow \$400,000. He said that he respects the various ideas on getting the project done and would like to use \$50,000 from the Road and Bridge Fund and \$150,000 from the Building Fund and issue bonds for about \$150,000. He would like to pay off the debt as quickly as possible. Supervisor McIntosh said he wants to move forward with construction this fall if possible.
2. Supervisor Craig Gondeck asked if we could wait until next spring to go ahead with the construction. Todd Hagen said that the bonds could be issued at any time. The township could use cash now and bond in the spring. He stated that he wanted to build a new town hall when he first came on the board, but he has voted no on this project two times; he would like to see the project delayed until spring.
3. Supervisor Lloyd Erdmann asked if the township bonded for \$400,000 and didn't need it, could the debt be paid off earlier? Todd said that it depends on who buys the bonds. Supervisor Erdmann said that the township has tried to get the most building for the least money. He does not like the idea of a referendum skewing that the taxes will be paid by fewer entities. He feels that bonding for the full \$400,000 is the way to go; that the township should get the building as cheap as possible; and that the township should use money from road and bridge fund to pay for the parking lot if legal.

Supervisor Erdmann moved that the town board authorize a maximum bond issuance of \$300,000. Supervisor McIntosh would agree with that if we can pay it off in four to five years if the electors want to do that. Payments would be kept at \$25,000 per year.

Keith Kruger asked a question about the number of lake properties that are non-homestead in the township. No one had an answer. The motion died for lack of a second.

Supervisor Gondeck made a motion to authorize the issuance of maximum bond sales at \$250,000. The motion was seconded by Supervisor Erdmann. \$150,000 is to be used from the Building Fund and the \$50,000 transfer from the Revenue Fund. Motion passed unanimously. The Public Hearing was closed at 9:00 p.m.

The regular monthly meeting of the Watab Town Board was called to order by the chair at 9:01 p.m. The Clerk read the additions to the agenda: Don Landwehr—request for support on additional stop signs; Joe Wollak—introduction as county commissioner candidate; Resolution 2006-10—Adoption of Conflict of Interest Form; and road issues.

On a motion by Supervisor Erdmann and second by Supervisor McIntosh the minutes of all three August meetings were approved. The motion passed. On a motion by Supervisor Gondeck and second by Supervisor McIntosh the Treasurer's report was approved. Motion passed.

Kevin Johnson asked for the widening of the Johnson Road entrance off Hwy 10. He has 34 employees at KJohnson. An average of 6 semi's use the road each week for his business and Helmins. He is asking for written permission to widen the road to 32 feet and have the township pay for widening of the corners and the road. Kevin has approval from MnDOT. Estimated project cost is about \$4,000. Supervisor Erdmann moved that we pay for one half of it and the three properties pay the other half. This was seconded by Supervisor McIntosh and passed unanimously. Supervisor McIntosh wants Bob

Erickson to oversee it and approve the design at township expense. Ed Kacures asked if there is a problem with the base. There is not. The clerk was asked to write a letter of authorization. Chair Gondeck moved that Kevin Johnson be hired to do the job for \$2,000 with plans approved by Bob Erickson; motion seconded Supervisor McIntosh; motion approved. The letter is to be given to Kevin.

Don Landwehr asked for support to add stop signs on River Road because of increased traffic. He recommends several locations to slow down the traffic and wants input from the town board. Supervisor McIntosh does not want a sign by his house and encouraged Don to talk with residents. Don will take an informational petition around and be back at a future meeting.

Joe Wollak said he is running for county commissioner and summarized his views.

Doug Boser asked when the Lake Andrew Development Agreement would be on the agenda. The Chair said it will be on the October agenda; Mr. Boser asked for dust control to be added to the agreement.

The monthly bills were presented and a motion was made by Supervisor Gondeck, seconded by Supervisor McIntosh to pay all the bills and authorize the treasurer to withdraw the necessary funds to pay them. The motion passed.

Supervisor Gondeck asked for permission to talk to George Mastey about work on the minimum maintenance road. The Clerk was asked to write a letter of understanding with John Wojtanowicz to give us 4 feet temporarily for the blading. The Chair was given authority to proceed.

Supervisor McIntosh made a motion to authorize signing of the snowplowing contract. The motion was seconded by Supervisor Gondeck and passed. The Clerk was asked to check the minutes regarding payment of a \$500 fee for salt/sand storage.

Stormwater runoff: Supervisor Gondeck moved that we hire Red Barn Ridge for one year to do the compliance plan for MS4 according to Supervisor McIntosh's recommendation. The motion was seconded by Supervisor Erdmann and passed unanimously. Brad was thanked for all his work on this project.

The Chair said that the Citizen Complaint Form has been drafted by the Clerk so that there will be a paper trail on contractor complaints. A motion was made by the Chair to approve Resolution 2006-10, seconded by Supervisor McIntosh; motion passed.

The Clerk reported on plans for the upcoming election and that her husband would move the election machines to and from the hall. He was offered \$25/hour and mileage to move the machines.

The Clerk stated that the District 8 MAT meeting is Tuesday, September 26 at 5:30 p.m. Supervisor Gondeck will attend and the Clerk will send in the reservation.

Supervisor Gondeck made a motion to approve Resolution 2006-9: Establishing Procedures Relating to Compliance with Reimbursement Bond Regulations under the IRS Code. Motion was seconded by Supervisor Erdmann and passed. Bills were presented related to the building project for the new town hall and authorized for payment.

Supervisor Gondeck asked for authority to look into a land issue for Russ Pikus. The board agreed. He made a motion to accept the Clerk's letter of understanding with John Wojtanowicz; motion was seconded by Supervisor McIntosh and passed.

Resolution 2006-10: Conflict of Interest Resolution was approved on motion by Gondeck and second by Erdmann.

Bob Erickson reviewed road issues. Supervisor Erdmann will work on it with him and review the drainage. Bob was asked to continue to work on Riverview Loop improvements. The road needs to be surveyed. The Clerk was asked to retype the platting process document and forward it to Bob Erickson before the next meeting. It should be on the October agenda.

Ron Hommerding said that the town board needs to sit down and go through all the construction quotes for the new town hall and to make decisions on contractors. The meeting was continued until the following morning at 7am at Twin Pine Restaurant for this purpose.

Another October agenda meeting item will be the Fire Contract with Rice. This has become a legal matter because of no response from the Fire Chief of Rice to many concerns with the contract. Meetings are not being held by the Fire Board. We will ask for advice from our attorney. The meeting was continued until the following morning.

Respectfully submitted by Pat Spence, Clerk