

## **Minutes of Special Town Board Meeting Tuesday, August 8, 2006**

A special meeting of the Watab Town Board was called to order at 7pm on Tuesday, August 8, 2006 by Chair Craig Gondeck. Other members present were Supervisors Lloyd Erdmann and Brad McIntosh, Treasurer Eileen Saldana, and Clerk Pat Spence. Scott Hamak, Town Attorney, Ed Kacures and Ron Hommerding were also present. The purpose of the meeting was to discuss financing of the new town hall.

The meeting began with the Pledge of Allegiance. Todd Hagen, Financial Advisor, from Ehlers, Inc. introduced himself. He is working on financing of the Palmer Township Fire Station with involvement from Sherburne County and has done work with many other townships. The company has been doing this work for 51 years. The main reason for working with a financial bond counsel firm is that it is illegal for townships to borrow money directly from a bank.

Mr. Hagen stated that principal payments on bonds are usually due in February. Interest is semi-annual on August 1 and February 1, and annual principal payments are due on February 1. He distributed a handout memorandum dated August 8, 2006 prepared by himself and Mark Ruff, Financial Advisors at Ehlers and Associates, Inc. which outlined various financing options. We must follow state law, which does not allow us to borrow money for a town hall directly from a bank. It is to our advantage to issue tax exempt bonds which translates into a lower interest rate. The board discussed four financing options at great length.

The board initially planned to use current building fund dollars of \$100,000 plus \$50,000 transferred from the Revenue Funds and then finance the balance of approximately \$270,000, which includes contingency dollars. Mr. Hagen advised the board that it might be impossible to sell bonds for that small an amount, and if possible, the interest rate would be higher. The board also discussed transferring dollars from other township funds to pay for the town hall, but board members were very concerned about how much fund balances would be depleted.

Mr. Hagen recommended selling \$400,000 of bonds, which would give us a lower interest rate. Annual payments on this would be \$35,000. The board would use \$25,000 of the annual levy for the building fund plus \$10,000 each year from the current dollars in the building fund to meet this payment. The excess funds would be invested in certificates of deposit which are currently bringing over 5%. The board unanimously decided, with the full support of the financial advisor and attorney, to request that Mr. Hagen complete a cash flow for a \$400,000 run sold over 15 years with principal and interest showing how investing the excess dollars in CD's would benefit the township rather than using our cash and bonding for a smaller amount. This scenario would not cost taxpayers any additional dollars over what is currently taxed. Mr. Hagen again repeated that it would be very difficult to market bonds for a lesser amount.

Supervisor Erdmann made a motion to approve the resolutions advertising a public hearing with presentation by Todd Hagen on September 5<sup>th</sup> at 7pm at the town h, seconded by Supervisor McIntosh and passed unanimously.

Also on September 5<sup>th</sup>, the board will consider the final construction quotes and award some of them that can be covered with cash; others will be reviewed after the 30-day waiting period.

The clerk was asked to re-advertise next week's special meeting agenda with addition of reviewing plumbing quotes on the town hall. The attorney will determine if this meeting should be an open or closed meeting and will advise the clerk.

Chair Gondeck made a motion to adjourn, seconded by Supervisor Erdmann and the motion carried.

Respectfully submitted by Clerk Pat Spence