

MINUTES/FINANCE COMMITTEE

Monday, June 23, 1997 - 6:30 p.m.

Members present: Carpenter, Babinchak, Bakken, Hamerlik.

1. Matter of Taxable Water Reserve Revenue Bonds, Series 1997B
This item is to be considered June 30.

2. Matter of offer from Calvary Temple Church of God to purchase vacant lot owned by the City (Lot 1, Block 1, Flaate-Mikkelsen Addition).

Mel Carsen stated he is appearing as a member of the finance committee of the Church, not as a City employee, and noted that Allen Wood who is also a member of that committee was present. Mr. Carsen stated they made an offer last week to purchase that lot, that they do have two requests they would like the committee to consider, that the offer is at the full asking price, \$50,000, and 1) would prefer contract for deed from the City, and 2) two weeks to decide. He stated they took a vote at the Church and some members wanted two weeks to consider before making a final decision. He noted that the offer does not mention either one of those requests.

Mr. Schmisek reported they have done contract for deeds on several of these, and this is for full asking price, usually done over 5 years. Mr. Swanson reported he does have file he could refer to if they wanted additional information. The committee considered interest rate and how determined; Mr. Schmisek stated that in the past normally look at a 5-year note, and will be flat rate, unless committee recommended variable rate.

Moved by Bakken and Carpenter to accept the offer to sell this property for \$50,000 on a contract for deed, for a term of five-years, payable at fixed interest rate based on our earnings, acceptance contingent upon their final approval in two weeks. Motion carried.

3. Matter of offer from PS Doors to purchase property at 1518 Mill Road (former street/sanitation department).

Mr. Schmisek reported they received letter of interest from James Satrom offering to purchase this property, that they had expressed interest some time ago, but property turned over to be used as an impound lot for the police department. He stated that if the committee decided to sell the property, they would

have to advertise and take bids. Mr. Satrom stated they looked at this property year or two ago and they are in the process of continuing either with a building project or if the City is not using this building and have an interest in selling it, they would take another look at it. Mr. Schmisek reported building currently being used by the police department, but will research with police department, see what their needs are and if committee interested in looking Mr. Carsen would have to set value on the property. Committee stated an interest in looking at this, and the matter was held until next week.

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4. Matter of offer to sell to the City the property a 414 University Avenue.

Mr. Schmisek reported that this actually is two properties, buildings directly across street from City Hall on University Avenue; that Terry Anderson had contacted them re. brick building on the alley. and Dick Geigle concerning the long building. He reported that Mr. Anderson has a deal pending with a closing date of July 1 but he will take backup offer, with asking price of \$99,500, assessor's value is \$73,300; Mr. Geigle has offered his property for \$91,750, \$89,000 for the property and \$2,750 for cleanup, and not pro-ration of real estate taxes or special assess-ments, assessor's valuation \$87,500. He stated they were requesting to place on the agenda to see if committee had an interest in this property. He noted that valuations are pre-flood. He noted that if City purchased, buildings demolished and space used for parking. Terry Anderson appeared and reported that he has firm offer to purchase his building, and building not available to the City (only way become available is if for some unforeseen reason this party unable to close the transaction).

Held in committee for two weeks to see status at that time - to July 7 meeting.

5. Budget amendment.

a) Mayor's Office - \$2,500

Mr. Schmisek reported that City received contribution from City of Rochester, MN which funds were specifically addressed to be used in the mayor's office, and their budget would be increased by \$2500 (into contingency line item to fund meeting expenses). Moved by Babinchak and Bakken to approve the budget amendment. Motion carried.

6. Matter of additional health insurance rates.

Mr. Schmisek reported that BC/Blue Shield premium increasing as of July 1, 1997, and this was discussed earlier in the year along with employee reps. because of things that were occurring in the pension, wage settlement, etc. and at this time looking for direction whether this amount would be withheld from employees' pay and not funding the increase through the City budget. He noted that the family plan increasing from \$324/mo to \$371.70 or increase of \$47.70; single rate increasing to \$150.42, which is a \$25.42 increase. He also noted that in 1999 they may be looking at a 6% increase; and total plan is ND PERS Health Insurance Plan, based on State plan; and if their understanding is correct, would not need any action from the committee, because increase passed on to the employees. It was noted that when the wage plan was adopted the comments were made that there would be no negotiations for 1998; next negotiating period will be in 1998 for 1999. Info. only.

7. Matter of change orders for Cirrus building project.

Terry Hanson, Community Development, reported that last fall

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City undertook project to build a facility for Cirrus in Industrial Park, the project was funded through the sale of tax revenue bonds by the City, the project is moving ahead with a completion date the end of July and an occupancy date the middle of August. He stated that the actual possession of the building takes place upon substantial completion of the building. He reported that they started with an original contingency line item for this project of 5% of the construction cost or \$273,000, that they have used that line item over the term of the contract to cover such things as the City's cost of tapping fees and sewer hookups as well as additions to the building construction or modifications, to date there is about \$80-90,000 left in contingency line item, and Cirrus is requesting that authorization be given to them to use up that line item as they get closer to the completion of the building, and to use up all of the available funds that were appropriated from the issuance of the bonds so when the date they take possession of the building all of the bond proceeds will be expended towards their facility. It was noted that if the bond proceeds not used for the project, they would be transferred to the Debt Service Account.

It was noted that these change orders usually go to Urban Development for consideration, however, because of urgency was brought to this committee as Urban Development has not been meeting.

Moved by Bakken and Hamerlik to authorize the use of the remaining construction contingencies. Motion carried.

8. Communication from city auditor re. two-year tax exemption.

A communication from the city auditor was presented to the committee members for their information and review prior to the meeting, and lays out some of the incentives they were intending to do through CDBG program and through buyout, and his recommendation is when they reconsider is to do away with the two-year building tax exemption. Info. only.

Meeting adjourned at 6:55 p.m.

Alice Fontaine
City Clerk

Dated: 6/24/97.