

## City of Brodhead

### Audit and Finance Committee meeting minutes for the July 13, 2020 meeting

1. Meeting called to order by Paul Huffman at 4:04 pm
2. **Quorum was present as determined by roll call:** Paul Huffman, Sam Woodford (via GoToMeeting), Doug Pinnow, Mike Olson, Interim Treasurer Dan Nelson (via GoToMeeting) and Treasurer Keri Miller. Also, in attendance: Mike Lowery, Troy Nyman and Cara Carper from Economic Development Committee. Jocelyn Borchardt and Tom Landgraf from Dimension Development. Police Chief Chris Hughes, Richard Peach and Danessa Jones.  
**Note** – since the last meeting Andy Strommen & Jen Naramore have stepped down from the Finance Committee. Doug Pinnow has been appointed to one of the positions and there is a vacancy for the other position.
3. **Public Appearances:** None
4. **Committee Comments or Questions:** None
5. **Approve Previous Minutes:** Motion by Huffman to approve the previous minutes. Second by Pinnow. All ayes. Motion carried.
6. **Capital Projects Update:** The committee reviewed the list of capital projects that was emailed on Wednesday, July 8<sup>th</sup> from Treasurer Miller. No action taken
7. **Treasurer Reports:** The committee reviewed the June 2020 voucher report, bank reconciliations for June 2020 and June 2020 YTD budget vs actual reports the was emailed on Wednesday, July 8<sup>th</sup>. No action taken.
8. **Affordable Housing Project:** Mike Lowery explained the Affordable Housing is based off on the 80% average income in Green County which is \$44,250/person (\$21.27/hr). The housing consists of individual free-standing structures not apartments with three bedrooms. Currently Brodhead renters make up of 32.85% of housing in the city. There is a housing shortage in the city by about 150. The housing would be a benefit to Kuhn North America, Stoughton Trailers and other small businesses in the city. A stipulation of the grant is that the City has to purchase the land for the project. The City would then lease the land to Southwestern WI Community Action Program (SWCAP). An outside developer would build, maintain and manage the housing. Economic Development has looked at several sites and has narrowed it down to 2 at the direction of the City Council. One site is 3.6 acres for \$100,000 and the other site is 2 acres for \$120,000. Economic Development recommends proceeding with the project. Dan Nelson discussed the financial aspects of the project and how the current TIFs in the City are either barely breaking even or being funded by the General Fund so TIFs are not an option to fund this project. Dan discussed the other option is to take out a loan to fund the project. Dan has been refinancing debt to pay current loans back more aggressively. Because of this Dan's opinion is not to take on more debt on behalf of tax payors. Dan discussed the General Fund Balance is 45% of General Fund Revenue which is higher than required but with COVID-19 and possible funding cuts from the state for the upcoming years this money should be used to cover shortfalls in the future or fund capital projects. Mike Olson agreed that short term cash shouldn't be used to buy long term assets unless cash is in excess of the policy limit. Olson supports the project because it would be an investment in the City and create revenue. Olson thinks we should look at borrowing for the project. Pinnow asked how many units would be built. Lowery stated there's enough to build up to 40 stand alone structures. Lowery stated these are smaller than normal lots called "pocket neighborhoods." It would take two years to build the project. Nelson asked if the City would receive property taxes. Tom Landgraf stated they would seek a PILOT (Payment In Lue of Taxes) payment instead of Property Taxes. This payment would cover 1/3 of normal property taxes and would not be enough to pay back any debt taken out for the project. Each household would pay their own utilities. Not sure how delinquent utilities would be handled since there wouldn't be a property tax bill. There is a wait to get into affordable housing. They would try and build the houses with solar on the roof to reduce the electrical bill. The City does not have to purchase the land only have an Offer to Purchase with a contingency of getting tax credits. Tax credits are awarded to the state based on population. Tenants only have to qualify one time to be accepted not annually. The rent would be based on the

median family income for Green County each year so the rent could increase or decrease every year. WEDA deadline for the project is December 2020 and a market study needs to be done. Olson wondered about borrowing for some of the project and using the fund balance for the remaining costs. Sam and Dan both have concerns with the project. Doug & Paul would like to evaluate the program and see a debt analysis.

Motion by Huffman to table the Affordable Housing Project until they can see a debt analysis. Second by Pinnow. All ayes. Motion carried.

9. **Fireworks Disbursement to Chamber of Commerce:** Mike Lowery stated Chamber is asking the City to payout the \$4,000 budgeted for the 2020 fireworks even though the City didn't have them this year. The Chamber would like to make next year's program bigger & better. Also, The Chamber is moving the fireworks from the south end of town back to Putnam Park. This will have some added expenses to purchase new equipment. Treasurer Miller said she discussed with Dan Nelson and their opinion is to disburse the \$4,000 to the Chamber this year but stressed that due to state funding cuts the City may have to cut back on their contribution in the 2021 budget. Doug stated the City has always contributed to the fireworks and encourages us to continue the contribution in the future.

Motion by Pinnow to approve paying The Chamber the \$4,000 for the 2020 fireworks. Second by Huffman. All ayes. Motion carried.

10. **Future Agenda Items:** Investment Policy, Debt Schedule, Budget, Borrowing
11. **Set Date/Time for Next Meeting:** Wednesday, August 12, 2020 at 4:00 p.m.
12. **Adjourn:** Motion by Huffman to adjourn. Second by Pinnow. All ayes. Motion carried.

**Submitted by:** Treasurer, Keri Miller