

SPECIAL MEETING – August 4, 2020

President Hackl called the Special meeting of the Muscoda Village Board to order at 6:00pm in the Council Chambers of the Kratochwill Memorial Building. The following members were present: Anderson, Bartlett, Blood, Miller and Wiederholt. Also present: Johnson and Wardell.

PROOF OF PUBLICATION: Motion Bartlett, second Miller to accept the Proof of Publication.
Motion carried.

PLEDGE OF ALLEGIANCE.

DISCUSSION WITH FINANCIAL ADVISOR CAROL WIRTH ON POTENTIAL BORROWING FOR PROJECTS-ACTION IF NECESSARY:

Financial Advisor Carol Wirth, with Wisconsin Public Finance Professionals, was present and explained the municipal bond market, difference between non-taxable and taxable bonds, federal and state laws, and coupon versus yield. As of July 27th the Certificate of Authority (CA) has not been filed with the Public Service Commission (PSC) for the substation project. There was discussion on the filing, when it will be submitted by Engineer Dave Krause, scope of project, and how the CA affects the bond. Construction of the substation cannot start until the CA has been received. Wirth explained that the Village should not be borrowing until the CA has been approved and a definite scope of the project is known.

Scope of project for borrowing purposes; substation project only or add potential expense for rebuilding the circuits coming out of Mathews substation as explained by Engineer Dave Krause at a previous meeting. Wardell was instructed to meet with Engineer Krause to define the project and discuss the circuits.

Nontaxable revenue bond is a federal tax exemption. If nontaxable bonds are sold and the project is under \$5 million dollars, the Village has up to three years to spend the funds. There is no time limit to spend the funds for taxable bonds. The current interest rates between taxable and nontaxable bonds are less than 1%.

Payments on Municipal Revenue Bonds can go up to forty years. No decision was made on borrowing. Status of CA and defining the project need to be determined before proceeding with borrowing funds.

DISCUSSION ON DEVELOPMENT OF LAND ON OLD COUNTY P-action if necessary:

Engineer Mark Digman from Delta 3 explained the proposed development of Village owned property south of Howard Street referred to as “Old County P” development. The proposal is for twenty six (26) residential lots ranging from .33 acres to .88 acres with municipal electric, water, sanitary sewer, storm water management, curb, gutter and paved streets. There will be no sidewalk. Depending on elevation, a new lift station may be required and then abandon the one on Howard Street by Nuts & Bolts. There are no grants available for residential development. If a TID was established, 30% of the area needs to be Commercial. Estimated cost for development of utilities, streets, and lift station is \$1,774,900. It was decided to postpone any action on this development.

DISCUSSION ON PROPOSED SEWER RATE INCREASE:

Johnson and Digman presented information with six (6) rate increase options and an option to phase in an increase over three (3) or five (5) years. Johnson asked about payment of the existing loan: the options presented included paying the loan off in full when it balloons in January of

2025. Johnson explained that if the Village refinances the loan at this time, the increase in rates could be reduced. Digman noted the same goes with the replacement fund; the allocation to the replacement fund reflects on the amount of increase and that amount in the proposed rates is \$50,000. The Board discussed at length the various options. It was noted that due to the current economic condition, look at a rate increase over three years: 12% increase in 2021, 13% increase in 2022, and 14% increase in 2023. As recommended by Engineer Nies consider an annual increase of 2%. Johnson and Digman will work on the phase in approach and present it at the August board meeting. Johnson will contact Clare Bank about refinancing the sewer loan with final payment in 2030.

DISCUSSION ON PROPOSED WATER RATE INCREASE:

Johnson and Digman explained the DNR Safe Drinking Water Loan (SDWL) program requirements. The Village applied for approximately a \$580,000 grant from the DNR SDWL. Determination from DNR will not be made until mid to late August. If a grant is awarded for a portion of the requested amount, and the Village accepts, the Village is required to obtain a loan from the DNR for the remaining balance. Current interest rate is 1.7% at the DNR. However, the water utility rate of return needs to be sufficient enough to support the loan payments with the DNR which means a water rate study needs to be submitted prior to September 15, 2020, and in order to close with the DNR in June of 2021. If not awarded a grant, then the Village could consider local financing. Johnson was instructed to speak with Clare Bank about a loan of that size and to contact Johnson Block to start working on a water rate study so it is completed prior to September 15, 2020.

ACTION ON USE OF FUNDS FOR WPPI ENERGY-Community Contributions, Recharge, etc:

WPPI offers different community contribution funds for their members to distribute as they see the need. **Motion** Bartlett, second Anderson to approve \$500 to the Lions Club “Stuff the Bus” event using the Education Funding through WPPI. **Motion Carried.**

ADJOURNMENT: **Motion** Blood, second Bartlett to adjourn the meeting. **Motion carried.**

Cinda Johnson

Cinda Johnson, Village Administrator Clerk