

## **SPECIAL MEETING – December 7, 2021**

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, Imhoff, Johnson, Miller, and Seifert. Also present: Chief Schramm, Wardell, Louis, and Johnson.

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

### **PLEDGE OF ALLEGIANCE.**

### **DISCUSSION and ACTION ON BORROWING FUNDS FOR SUBSTATION EXPANSION AND POSSIBLE DISTRIBUTION CONVERSION:**

Financial Advisor Carol Wirth, President of Wisconsin Public Finance Professionals was present and distributed an updated “discussion outline-borrowing for electric utility projects”. The document was discussed at length and will be attached to these minutes. The following topics were discussed:

- Project costs: substation expansion-\$3 million, distribution conversion (circuit rebuilds), reconstruction of Pineland electric on its own and automatic meter reading.
- Impact on electric rates, rate of return, revenues and operating expenses
- Borrowing options:
  - o Electric revenue bonds – paid solely from electric revenues generated from rates
  - o Revenue Bond Anticipation Notes (BANs) payable from revenues generated by rates and pledge to refinance with long-term revenue bonds, similar to construction loan
  - o General obligation (GO) bonds – security is tax levy but may be offset with revenues of electric utility.
- Reviewed tax exempt versus taxable borrowings
  - o Current interest rate between exempt and taxable is very small
  - o Federal tax laws apply to tax exempt and funds must be expended within two or three years, depending on size of loan
  - o Taxable bonds or GO, no federal laws and no specified time to use borrowed funds
- Reviewed financials of the electric utility from year end 2020 audit
- Based on 2020 financial statements, the utility has a net revenue of \$533,610 not including PILOT payment and current debt service payment
- Current revenue bond will be paid off in November 2022 and WPPI loan will be paid off in March of 2023.
- Discussed using WPPI loan to pay for the Pineland reconstruction. There are qualifications for the WPPI loan such as line loss and repayment with a certain time frame.
- Reviewed emails from WPPI regarding potential rate increase for projects and it looks like a rate increase would not be needed for borrowing for the substation project.
- Since the borrowing will occur in 2022; the financial statements of the electric utility will be needed for 2021. Administrator Johnson will see if the audit can be performed earlier.
- Status of CA’s and when they are required; if a project is over \$280,000 a CA is required. If a CA is not obtained, the cost of the project cannot be included in a rate case.
- Engineer Krause has assured the Village that the project will come in as budgeted.
- Administrator Johnson will review the Village’s fund balance to see if there are ample funds for the contracts or if a short term loan would be needed from a local bank.
- Reviewed borrowing scenarios

- As part of the Official Statement for borrowing, a condition of the electric utility needs to be provided
- Discussed doing the engineering for the Pineland reconstruction with work to be completed in 2023
- The distribution conversion of the remaining circuits will be an ongoing project as time and funding allows.

**Motion** Imhoff, second Anderson to borrow funds to the Industrial Substation Expansion and converting to automatic meter reading. **Roll call vote:** Yes-Johnson, Imhoff, Anderson, Seifert, Miller and Hackl. **No**-none. **Motion carried.**

**Motion** Imhoff, second Anderson to borrow funds for the Industrial Substation Expansion and converting to automatic meter reading using tax-exempt electric revenue bonds. **Roll call vote:** Yes-Johnson, Imhoff, Anderson, Seifert, Miller and Hackl. **No**-none. **Motion carried.**

**PUBLIC HEARING FOR THE 2022 BUDGETS:**

**Motion** Imhoff, second E Johnson to open the public hearing for the 2022 budgets. **Motion carried.** Administrator Johnson reviewed the proposed budgets. No one from the public was present. The proposed budget was published on November 18<sup>th</sup>, posted on our website and made available at the Village Office. As instructed by the Board, the only change in the proposed budget was to hold the tax levy at \$833,632 and use \$91,678 from fund balance to balance the 2022 budget.

**CLOSE PUBLIC HEARING:**

**Motion** Anderson, second Imhoff to close the public hearing on the 2022 budgets. **Motion carried.**

**RECONVENE IN OPEN SESSION:**

**Motion** Anderson, second E Johnson to reconvene in open session. **Roll call vote:** Yes-Miller, Seifert, Anderson, Imhoff, Johnson and Hackl. **No:** none. **Motion carried.**

**ACTION ON CLOSED SESSION MATTER:**

**Motion** Anderson, second E Johnson to change Chief William Schramm from a salary position to an hourly position with night differential, paid overtime, and not to exceed 80 hours of compensation time in calendar year. Pay out accumulated compensation time for 2021 and start 2022 with a zero compensation balance. Chief policy is same as all other Police Officers. **Roll call vote:** Yes-Miller, Seifert, Anderson, Imhoff, Johnson and Hackl. **No:** none. **Motion carried.**

**ADJOURNMENT:**

**Motion** Anderson, second Imhoff to adjourn the meeting. **Motion carried.**

*Cinda Johnson*

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Cinda Johnson, Village Administrator

