

NOTICE OF ALBANY CITY COUNCIL MEETING

There will be a meeting of the City Council in and for the City of Albany, Stearns County, Minnesota at 6:30 o'clock in the evening on Wednesday, January 21, 2015, in the Council Room at 400 Railroad Avenue for the said City.

AGENDA

1. Convene meeting
2. Audit Bills
3. Act on regular Council minutes of the meeting held on January 7th
4. Open Forum/Public comment
5. Albany Jaycees – request approval for an Event Permit for the annual Ice Cup Challenge to be conducted on the North Lake.
6. Jeremy Mathiasen – Project updates
 - 2014 Church Avenue (5th to 8th St.) Improvements
 - 2013 Railroad Avenue (T.H. #238) Improvements
7. Joseph Mergen, Public Works Supervisor
8. Laurie Dingmann, Park Board and Community Education Liaison
9. John R. Harlander, Street Department and Albany Township Liaison
10. Tom Kasner, Fire Department, EDA Board, and Equipment
11. Ozzie Carbajal, Police Chief – present 2014 Police Report
12. John Greer, Police Department and Planning Commission Liaison
13. Daron Gersch, Utility Department and Albany Golf Club
14. Tom Schneider, Clerk/Adm. - present request by Church of Seven Dolors for a Temporary On-sale Liquor License for a wine and dine fundraiser.
 - present Resolution 2015-03, Approving issuance of up to \$1.6 million PIR Refunding Bonds, if savings targets are met.
 - present proposed Capital Asset Policy as per recommendation from City Auditor
15. Mayor's announcements and letters
16. Announce next meeting date and adjourn

Tom Schneider
Clerk/Adm.



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RECOMMENDATIONS

January 13, 2015

City Council
Tom Schneider, Administrator
City of Albany
400 Railroad Avenue
P.O. Box 370
Albany, MN 56307-0370

**RE: G.O. PIR Refunding Bonds, Series 2015A
(Refunds the 09A and 10B Build America Bonds)**

Dear Mayor, Council Members, and Mr. Schneider:

At your last council meeting, we advised the council that we were looking into the potential to refund the two Build America Bonds that were issued in 2009 and 2010. You will recall these were both taxable bonds, where the IRS agreed to rebate a portion of the interest payments to you. You may also recall that the IRS subsequently decided to reduce your rebate payments to help the feds balance their budget.

Working with bond counsel, we have concluded that the federal action triggers "extraordinary call" provisions built into the 2010 issue – this means we can refund these bonds now and not wait until the February 2017 call date. The 2009 bonds do not contain this magic language, but are only a year away from the call date so an advance refunding is possible.

Based upon our preliminary analysis at current interest rates combined savings should be in the range of \$80,000 or so. We also enjoy the additional benefits of not having to apply and pay for processing of rebates on both issues, we remove the risk that the feds further reduce payment amounts, and we eliminate a duplicate pay agent fee. So, this is probably worth doing.

I have provided you with a "trigger resolution" which authorized DDA to attempt to get this refunding accomplished, and permits the Mayor and City Administrator to sign a purchase agreement for a bond sale as long as gross savings is at least \$60,000. We will likely want to get a bond rating for the new issue, which represents a financial commitment of about \$9,500. We will verify with a potential purchaser that our savings assumptions are accurate before we request a rating.

Respectfully submitted,

A handwritten signature in blue ink, appearing to read 'D. Drown', is written over a light blue horizontal line.

David P. Drown, President
David Drown Associates, Inc.

RESOLUTION 2015-03

**APPROVING THE ISSUANCE OF
UP TO \$1,600,000 OF G.O. PERMANENT IMPROVEMENT REVOLVING FUND REFUNDING BONDS,
SERIES 2015A
IF SAVINGS TARGETS ARE MET**

BE IT RESOLVED by the City Council of the City of Albany, State of Minnesota (herein, the "City"), as follows:

1. The City Council hereby finds and declares that it is necessary and expedient to sell and issue its fully registered crossover refunding bonds in the total aggregate principal amount of not to exceed \$1,600,000 (herein, the "Refunding Bonds"). The proceeds of the Refunding Bonds will be used, together with any additional funds of the City, for the refinancing of the Taxable G.O. Permanent Improvement Revolving Fund Bonds, Series 2009A and the Taxable G.O. Permanent Improvement Revolving Fund Bonds, Series 2010B.
2. The City Council desires to proceed with the sale of the Refunding Bonds by direct negotiation and hereby authorizes David Drown Associates, Inc. (herein, "DDA") to negotiate on behalf of the City.
3. The Mayor and the City Administrator are hereby authorized to approve the sale of Refunding Bonds in an aggregate principal amount of not to exceed \$1,600,000 and to execute a bond purchase agreement for the purchase of the Refunding Bonds provided the gross savings totals not less than \$60,000.
4. Upon approval of the sale of the Refunding Bonds by the Mayor and the City Administrator, the City Council will take action at its next regularly scheduled meeting thereafter to adopt the necessary approving resolutions as prepared by the City's bond counsel.
5. DDA is authorized to prepare an Official Statement related to the sale of the Bonds.
6. DDA is authorized to secure a bond rating for the sale of Bonds.
7. If the Mayor and City Administrator have not approved the sale of the Refunding Bonds and executed the related bond purchase agreement by August 1, 2015 this resolution shall expire.

Adopted by the City Council this 21st day of January, 2015.

Daron Gersch, Mayor

Tom Schneider, Clerk/Adm.

(SEAL)

CITY OF ALBANY Capital Asset Policy

I. Purpose

This policy applies to the City of Albany's acquisition and depreciation of capital assets, and pertains to all funds of the City of Albany

The City of Albany follows the requirements set forth by the Governmental Accounting Standards Board Statement No. 34 as it pertains to Capital Asset Reporting.

II. Delegation of Authority

The City of Albany Council delegates to management, the responsibility to coordinate compilation and preparation of all information necessary to implement this policy. Management shall be responsible for implementation of the necessary procedures to establish and maintain a capital asset inventory, including depreciation schedules.

III. General Definition of Capital Assets

Capital assets are tangible assets used in operations and have initial useful lives extending beyond a single reporting period. Capital assets include such items as land, improvements to land, easements, and right-of-way, buildings and building additions, building improvements, office equipment, office furniture, infrastructure, and vehicles and construction-in-progress. Equipment will not change its original shape, appearance or character with use and it can be expected to last more than one year with reasonable care and maintenance.

Individual Assets with an estimated useful life of more than one year and an original cost of \$5,000 or more will be accounted for as a capital asset.

IV. Asset Definitions by Major Category

It is important to the maintenance of accurate records that each asset category be precisely defined and that all persons handling records maintenance are fully aware of the categorization system. This section further clarifies the asset definitions by major category.

Land, Easements and Rights-of-Ways

Specific land, easements, right-of-ways, lots, parcel or acreage owned by the City of Albany, regardless of method or date of acquisition.

Buildings/Improvements/Infrastructure

All structures and improvements there to designed and erected to house equipment, services or functions of the City of Albany are included. This includes systems, services, and fixtures within buildings, and attachments such as porches, stairs, fire escapes, canopies, areaways, lighting fixtures, flagpoles, and all other such units that serve the building. Plumbing systems, lighting systems, computer network hardwiring, heating, cooling, ventilating and air handling systems, sprinkler systems, alarm systems, sound systems, and surveillance systems, built-in casework, fixed shelving, and other fixed equipment included within the building, if owned. Also includes accessory assets to buildings, such as walks, parking areas and drives, fencing underground sprinklers and other similar items.

Equipment

Equipment includes all other types of physical property within the scope of the Capital Asset Policy not previously classified. Included within this category are bookshelves, office mechanical equipment, office furniture, appliances, furnishings, machinery items, maintenance equipment, communication equipment, books and similar items, vehicles, data processing equipment, and similar items. Items are no attached/non-removable from buildings. All supplies are excluded.

V. Valuation of Capital Assets

Purchased

Capital assets should be recorded at historical cost. Normally, the cost recorded is the purchase price or construction cost of the asset, but also included is any other reasonable and necessary cost incurred to place the asset in its intended location and intended use that can be directly related to the asset.

Purchased

Donated capital assets should be recorded at Fair valued at the date of donation.

VI. Depreciation of Capital Assets

Depreciation expense will be measured by the "straight line" depreciation method, which is historical cost divided over the estimated useful life of the asset.

$$\text{Formula} = (\text{Historical Cost}) / \text{Estimated Useful Life}$$

A full year of depreciation will be taken in the year of acquisition for the capital assets of equipment, vehicles, buildings, infrastructure and building improvements.

VII. Estimated Useful Lives of Capital Assets

The standards or parameters for estimating the useful lives of capital assets are based upon professional judgments and industry averages, therefore, determined to be objectively reasonable. The City of Albany will have subsequent review of estimated useful lives of capital assets once established to reflect changes in the condition of the asset or its use.

A range approach is used as a matter of policy, with specific estimated useful lives attached to specific assets when recorded in order to facilitate depreciation and tracking.

The following ranges are proposed as guidelines in setting estimated useful lives:

<u>Asset Class</u>	<u>Examples</u>	<u>Years/Range</u>
Land		N/A
Buildings	City Hall, Public Works	25-50
Improvements	Paving, flagpoles, outdoor lighting, sidewalks	10-50
Machinery & Equipment		3-20
Infrastructure	Roads, water & sewer system	25-50

VII. Capital Asset Records

Depending upon the information available and the category of the asset, fixed asset records should include all or part of the following:

Description

Asset Category (Land, Building or Equipment)

Serial Number

Purchase Cost

Acquisition Date

Estimated Useful Life

Salvage Value

Accumulated Depreciation

Depreciation Expense

Replacement Cost

IX. Disposals

Property should not be disposed of without prior approval of the City of Albany management.

This policy shall be retroactive beginning January 1, 2014.

Adopted by the City Council of the City of Albany this 21st day of January, 2015.

Daron Gersch, Mayor

Tom Schneider, Clerk/Adm.

(S E A L)