

Members Present: Gary Steber, John Halada, Don Gardner, Larry Neuens and Jeanette Bomberg.

Members Absent: None

Others Present: Ed Kelley, Sherry Johnson, Susan Theer, and Ed Wenger, all Florence County Board Supervisors; Joe Bestor, Florence County Financial Planner; Donna Trudell, Florence County Clerk; Jen Steber, Florence County Human Services Director; Jeff DeMuri, Florence County Highway Commissioner; Jeff Belongia, Investment Manager from Hutchinson Shockey Erley & Co.; and Francie Freeberg from the County Highway Department.

The meeting was called to order by Chairman Steber.

It was then moved by Gardner, seconded by Halada and voted unanimous to approve the agenda as submitted.

DeMuri updated everyone on the purpose of this meeting. This was called so that the full county board could get the information on bonding for our highways, etc. He noted that in 2004 it cost approximately \$65,000 per mile to pave our highways and today the cost is between \$150,000 to \$175,000 per mile. Usually highways only last an estimated 15 years. In order to keep up with the resurfacing of our all our county roads we would have to do approximately 3.3 miles per year. CTH "N" from the four-way to Florence is 9 miles long and at \$160,000 per mile it would cost approximately 1.5 million to resurface just that portion of the highway. We cannot budget for those kinds of expenses so that is the reason for this meeting. Jeff Belongia from Hutchinson Shockey Erley & Company is here to explain about bonding for capitalized projects since interest rates are low. DeMuri said that he wants to bond for repairs to the worst county roads and possibly even for repairs/renovations or a new highway building. He did stress that his first concern is the roads themselves.

Information/discussion on bonding for roads, etc.: Mr. Belongia works for a firm to provide financing to municipalities for capital improvement projects. That is all they do. They do not provide funds for non-governmental agencies. The firm's name is Hutchinson Shockey Erley & Company. Mr. Belongia has worked with Florence County and the Town of Florence several times in the past during his career.

To go ahead with financing by either a Bond or a Note, the County Board would have to pass an "intent resolution" by 75% of the total county board members. Then the resolution is good for three (3) years but we are not under any obligation at this point. This is just to get the ball rolling. Once the "intent resolution" is passed they will apply for the investment rating. Getting an investment rating is done through a firm called Standard & Poor's Ratings Services. Since Florence County has no debt service at this time, it is possible that we might get an A+ or higher rating which has an impact on our rates. Mr. Belongia had run a scenario of bonding for 2.5 million and it appears the estimated cost would be around \$.35 per thousand dollars of valuation.

Due to the low interest rates this is an ideal time to finance capital improvement projects. It was noted that debt service projects (equipment and capital expenditures) have no limits for the tax levy but operational levies do have limits based on the tax laws. Once the investment rating is obtained investors are contacted to see if they would agree to purchase either a bond or a note. After the investors are in place we would know what our true interest rate would be. At this time the county board would then have to vote to accept the interest rate and it has to pass with 51% of the majority of the county board in attendance at the meeting. The "intent resolution" should be specific by stating a dollar amount not to be exceeded and that it is for highway purposes. Mr. Wenger asked what is usually the public's concerns about financing capital improvement projects and was told "need". If approved by the county board and funds are received, we would have up to three (3) years to expend the monies. If the county decided to just sit on the money, then the IRS would come into play and we would be forced to pay them the interest we may have earned.

Special Highway meeting

April 29th, 2014

Page 2

DeMuri said that he would like to use his CHIP and CHIP “D” monies to help pay for some of the cost of the projects. It was noted that this is for resurfacing only, and not for a total reconstruction. If we encountered some problems areas that problem would then be addressed.

Bomberg also noted the needs for the highway building has many problems as it currently exists. There are safety, issues, electrical issues, extremely high heating bills, maintenance issues (i.e. new roof), etc.

If the county board passed the “intent resolution” the process will then take approximately another 45 days to complete. DeMuri said that there will be a contractor in the Spread Eagle area this summer and it would be an ideal time to get a better price for the some of the resurfacing.

Mr. Bestor, County Finance Manager said he felt that the county should have a capital improvement plan in place for the full county. If the county isn’t ready to complete a capital improvement project then we shouldn’t be asking for those funds now.

DeMuri has already approached the Audit and Budget Committee regarding bonding, and that was why this meeting was held. At that time there were many questions and it was felt that the board could make a more informed decision by talking direct with Mr. Belongia. The Board members present felt that DeMuri should go back to the Audit and Budget Committee to proceed with this issue.

Mr. Belongia said that he appreciated being invited here to inform every one of the process needed to proceed with bonging. He further stated if people here have additional questions they should feel free to call him.

There being no further business it was moved by Gardner, seconded by Neuens and voted unanimous to adjourn to the next regular meeting on May 12th, 2014.

Respectfully Submitted,

Francie Freeberg
Office Manager