

MARSHALL MUNICIPAL UTILITIES

75 East Morgan
Marshall, MO 65340

April 2, 2021

The Board of Public Works met in a special open session at 12:00 p.m. at the Marshall City Council Chambers of the City Office Building, 214 N. Lafayette, Marshall, MO 65340. Board members present were Wick Jacobi, President; Steve Mills, Secretary and Spencer Fricke, Member. Board Vice President Ken Bryant was absent. Also present from MMU were General Manager Jeff Bergstrom, Controller Tony Bersano and HR Manager Megan Baldrige. Present from the City of Marshall were: Mayor Julie M. Schwetz; Council Members Kirk Arends, Leon Thompson, Chuck Hines, Charles Guthrey, Craig Thompson, Dan Brandt and Tom Hagedorn; City Administrator David Haugland, City Attorney Josh Taylor, and City Clerk Julie Lewis were also present. Council Member Dewey Hendrix was absent.

The agenda was approved on a motion made by Mr. Mills, seconded by Mr. Fricke.

Mayor Julie Schwetz welcomed the Board of Public Works and MMU staff. She stated the meeting was to discuss the funding request from the City on the agenda for the next City Council meeting. She indicated the second reading of the ordinance requesting \$1.7 million of MMU funds to finance the demolition of the Hab Center property.

General Manager Jeff Bergstrom provided a memo he had sent to the Board of Public works regarding calls he had received about statements made at the March 15th City Council meeting. He also provided copies of MMU's Revenue & Expense Summary and MMU's Cash summary. He stated MMU Management and the Board wanted to take this opportunity to correct some statements made by members of the City Council during the March 15th meeting and that it was important to make decisions based on accurate information. He then handed the meeting off to MMU Controller Tony Bersano to go over the handout, explain and answer questions as needed.

City Council Member Leon Thompson interrupted the presentation, questioning the conduct of the General Manager and delivery of the MMU Board Packets. General Manager Bergstrom attempted to explain but was continually cut-off by Councilman Thompson. Controller Bersano questioned the reasoning of the outburst and Board President Wick Jacobi then interrupted stating they haven't been given the opportunity to present the financial data. Mayor Schwetz called the meeting to order.

Councilman Arends stated he appreciated the data and apologized if he had misspoke about MMU's reserves. He went on to state he thought that the City Council and Board were in agreement and asked the Board if their opinion changed about getting the Hab Center property demolished. Board Member Spencer Fricke stated he didn't think the Board's feeling had changed about how important it was to get it done but it's the manner in which it gets done. Board President Jacobi stated that it should be based upon true numbers and true information. When questioned, Board Secretary Steve Mills commented that the Board didn't want the City to take \$1.7 million because they don't want to open up that jar, but we have figured out a different way and let's talk about that.

General Manager Bergstrom went on to state previously the request was tied to the sale of an asset, and what is being asked now is different than what had been talked about before. He stated that there was lots of discussion before but that there was never an agreement. Councilman Charles Guthrie asked if the sale has changed, because it had been started two years ago. General Manager Bergstrom replied that there have been a lot of delays, especially with the things occurring in energy markets but that he probably won't know for sure until June. There is no update, but he knows their focus has changed, and is hopeful it will happen, but it was not guaranteed.

Board President Jacobi stated it is out of their hands. It is not a 100% deal. He continued that originally, we were tying those funds to an action. Now, the City is requesting funds before that action is complete, so the

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Board has tried to find a way to tie them to something else. He stated it needs to be structured in a way we are strong. Councilman Chuck Hines requested to talk about the transaction and how to make it work.

General Manager Bergstrom presented information based on the original plan not happening. What MMU offered is similar to an interdepartmental loan, as done with the other departments. Controller Bersano stated the last loan was based on T-bill rates, adjusted every year in June and December, on a 7 year note. Ideally, he would like it to work as a line of credit. The City would pay a bill, take out a line of credit on a loan to pay the bill, and then start paying the loan back. It could be put off until June when the T-bill rates are adjusted. General Manager Bergstrom stated the Board wants to work with the City, and maybe to put repayment off until it can be worked in the City's budget. Board President Jacobi stated it would be similar to a construction loan, were the City provides MMU with an invoice, MMU pays the invoice and the City will pay interest only on the amount of the invoice, up to \$1.7 million+/- and it's not revolving and not available forever. Additional possible terms were also discussed.

Councilman Tom Hagedorn then asked City Attorney Josh Taylor if the City agrees to a loan instead of a transfer of funds, is the first reading of the ordinance still good. General Manager Bergstrom stated the ordinance is just a request and City Administrator Dave Haugland added that the Board can dictate how they want to handle it and it won't have to be taken back to the City Council, because the ordinance is requesting the \$1.7 million +/- 10% for contingency. Once it is passed a signed copy will be sent to the Board as the formal request from the City, then it will be up to the Board to figure out how they will respond. HR Manager Megan Baldrige inquired if the ordinance was for a transfer of funds and MMU countered with a loan, shouldn't the ordinance be changed. City Attorney Josh Taylor concurred that if MMU set the terms, the City Council would have to approve the terms in the form of a resolution.

Councilman Arends then requested starting the payback in 12 months, hoping that the sale of the asset will be done in the first quarter of next year. General Manager Bergstrom replied that his only concern was with timing for the Wastewater Treatment Plant improvements, as the loan for the City will be coming from the Electric Department funds and those same funds will have to be used as a loan to the Wastewater Department, and they can't all be used. He also stated he is looking into other areas of funding for those improvements such as grants and other sources.

Councilman Arends then stated that of the \$2.4 million the City received from the American Rescue Plan, there is a line item specifically for infrastructure and sewer is one of those. He added that if there was a way they could transfer funds from that and MMU could transfer for something else, to make it work for everybody. He also stated he had been contacted by House Representative Kurtis Gregory asking if the City had any projects that need to be funded, and told him MMU could possibly use it for the sewer project. General Manager Bergstrom stated that MMU's approach was to go with what they have, and then if other things happen, then they adjust. But they don't like to count on things that haven't happened.

General Manager Bergstrom stated he would work with City Attorney Taylor and would plan on a special meeting to finalize the agreement. Mayor Schwetz added that she felt there was some repair work to be done as a matter of employees of all aspects of city departments. She feels there's been a wound and it has created an "us versus them" mentality and it needs to be quickly band-aided and healed so we can move on and communicate in a way that is in the best interest of the City as a whole.

On a motion by Mr. Mills, seconded by Mr. Fricke, the Board adjourned the regular meeting at 12:42 p.m.

BOARD OF PUBLIC WORKS
/s/Steve Mills, Secretary

4/02/2021