

**CITY OF FLANDREAU
1005 W. Elm Avenue
Flandreau, SD 57028-1404**

**COUNCIL PROCEEDINGS
March 27th, 2023**

The City Council of the City of Flandreau, South Dakota, met in a special session on Monday, March 27th at 5:00 p.m. at the City Council Chambers, 1005 W. Elm Avenue, Flandreau, SD.

Present: Mayor Dan Sutton. Aldermen: Curt Ahlers, Brad Bjerke, Mark Ekern, Mike Fargen, Karen Tufty, and Tim Yeaton. Absent: None. Also present were City Administrator Cohl Turnquist, and Finance Officer Lori Kneebone.

Mayor Sutton asked to add an Executive Session for Personnel following the Fire Station Funding Discussion.

Motion by Ahlers and seconded by Yeaton to approve adding Executive Session for Personnel following Fire Station Funding Discussion. The following members voted aye: Ahlers, Bjerke, Ekern, Fargen, Tufty and Yeaton. Nays: None. Absent: None. Motion carried.

The amended agenda was reviewed. Motion by Bjerke and seconded by Ekern to adopt the amended agenda. The following members voted aye: Ahlers, Bjerke, Ekern, Fargen, Tufty and Yeaton. Nays: None. Absent: None. Motion carried.

Mayor Sutton informed Council the reason for the special meeting was to discuss some recent changes in the Fire Station Funding Plan. Rural Development, one of the City's funding sources, informed the Mayor and Administrator Turnquist that \$202,640 funds the City presumed to be emergency or contingency funds, that was approved via Resolution 2023-08 at the previous Council Meeting, would actually need to be spent in its entirety before drawing on the funds available from Rural Development. Mayor Sutton thanked Bill Nibbelink and USDA Director Nikki Gronley for speaking with him and taking the time to review documents relating to Rural Development's Loan Requirements.

Administrator Cohl Turnquist shared 2 funding plans with the Council. The first plan was to "stay the course" and continue using Rural Development as a funding option. The breakdown of this plan is Rural Development funding for \$572,360 for 35 years at a locked-in interest rate of 2.50%; First Savings Bank funding \$775,750 for 25 years at 3.77% interest rate, which is locked-in for 5 years; and an additional loan from First Savings Bank at \$475,000 for 25 years at 4.9% interest rate, which is locked-in for 3 years. This plan would allow for a lower interest rate on part of the funds. The original amount USDA/Rural Development awarded the City was \$775,000, but the contingency funds of \$202,640 are subtracted from \$775,000 as that would now be the City's responsibility. If change orders are needed for the project, or the project goes over budget, the \$202,640 of contingency funds could then be drawn from Rural Development after all the applicant contribution funds are spent.

The second plan is to completely fund the project through First Savings Bank. There would be 3 separate loans; \$775,750 for 25 years at 3.77% interest rate, locked-in for 5 years; \$775,000 for 25 years at 4.9% interest rate, locked-in for 3 years; \$475,000 for 25 years at 4.9% interest rate locked-in for 3 years. This plan would allow the City to keep the \$202,640 of funds allocated as contingency

to only be spent in an emergency. This plan has a higher interest rate that could fluctuate in 3-5 years.

After much discussion, the Council decided to “stay the course” and utilize the funds available from Rural Development, along with the loans from First Savings Bank. Council members felt the savings in interest over the lifetime of the loan, and the lower locked-in interest rate would still be beneficial to the City, even with the challenges of working with Rural Development. No official action was taken on this item, as no changes to the funding project was made.

Motion by Yeaton and seconded by Ahlers to go into Executive Session on a Personnel issue at 5:47 p.m. The following members voted aye: Ahlers, Bjerke, Ekern, Fargen, Tufty and Yeaton. Nays: None. Absent: None. Motion carried.

Motion by Bjerke and seconded by Ekern to come out of Executive Session on a Personnel Issue at 6:10 p.m. The following members voted aye: Ahlers, Bjerke, Ekern, Fargen, Tufty and Yeaton. Nays: None. Absent: None. Motion carried.

Council Comments: None.

The Mayor declared the meeting adjourned at 6:11p.m.

Daniel D. Sutton
Mayor

ATTEST:

Cohl Turnquist
City Administrator