

CITY COUNCIL PROCEEDINGS

BEMIDJI, MINNESOTA

Regular Meeting/Work Session – July 12, 2010

Pursuant to due call and notice, a regular meeting/work session of the City Council of the City of Bemidji, Beltrami County, Minnesota, was held on Monday, July 12, 2010, at 5:30 p.m. in the Conference Room of City Hall, Mayor Pro Tem Downs presiding.

Upon roll call, the following Councilmembers were declared present: Downs, Meuers, Waldhausen, Hellquist, Johnson, Negard. Absent: Lehmann

Staff Present: City Manager John Chattin, Finance Director Ron Eischens, Deputy City Clerk Michelle Miller

Other Present: Sandy Nelson, Miller McDonald, Inc. and Tiffany Fettig, Headwaters Regional Development Commission

Mayor Pro Tem Downs stated that the purpose of the meeting was to review the audit report prepared by Miller McDonald, Inc.

AUDIT REVIEW

Sandy Nelson, Miller McDonald, Inc., reviewed the 2009 Audit with the Council. The following items were discussed:

- The Auditor reviewed the Financial Summary stating that revenues increased by \$13,129,920 due mainly to an increase in intergovernmental income and sale of property. Expenditures increased by \$4,318,504 from the previous year.
- The following seven areas were tested for the Minnesota Legal Compliance by the Auditor: contracting and bidding, deposits and investments, conflicts of interest, public indebtedness, claims and disbursements, tax increment financing, and miscellaneous provisions. The City complied with the material terms and conditions.
- The Auditor identified one finding on internal control due to an accounting standard Statement of Auditing Standard #07-01. The City's auditor prepares the financial statements. The finding is considered to be a significant deficiency.
- The Auditor noted no instances of noncompliance or other matters that are required to be reported under Government Audit Standards.
- The City complied in all material respects with the requirements that are applicable to each of its major federal programs.
- The Auditor did not identify any deficiencies in internal control over compliance that they considered to be material weaknesses.
- The Auditor noted that the City meets recommended amount of reserves for cities.

REVOLVING LOAN FUND

Tiffany Fettig, Headwaters Regional Development Commission, noted the hard work by the Task Force to create loan policies for the Revolving Loan Fund. The process taken by the Task Force included understanding the big picture in light of potential changes with the JEDC; review of other gap programs available; review of City economic development funds; and identifying Council priorities. The Task Force focused on the following objectives: (1) livable wage jobs; (2) development of the South Shore; (3), development of the railroad corridor; and (4) the Quality Neighborhood Initiative. Fettig stated that the duration of a loan may be established on a per case basis. Fettig also stated that the Council could review all of the "tools" available to them if there is a certain business that the Council would like to see come to Bemidji, in particular, TIF might have to be looked at more closely in the future. Chattin stated that if TIF is considered, that the Council would have to review the current policy as there are "roadblocks" hindering the use of TIF at this time.

Motion by Meuers, seconded by Hellquist, to adopt the Revolving Loan Fund Policy. Motion carried with the following vote: Ayes: Johnson, Waldhausen, Downs, Meuers, Hellquist, Negard. Absent: Lehmann.

ADJOURN

There being no further business, motion by Johnson, seconded by Meuers, to adjourn the meeting. Motion carried. Meeting adjourned at 6:25 p.m.

Respectfully submitted,



Michelle R. Miller
Deputy City Clerk