

**Community Development Authority
of the City of Onalaska**

Wednesday, August 11, 2021

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1 The meeting of the Community Development Authority of the City of Onalaska was called to
2 order at 4:01 p.m. on Wednesday, August 11, 2021. It was noted that the meeting had been
3 announced and a notice posted at City Hall.

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5 Roll call was taken with the following members present: Ald. Jim Olson, Ald. Dan Stevens, Joe
6 Bucheger, Ron Johnson, John Lyche, Mike Gargaro

7
8 Also Present (either in person or remotely): Mayor Kim Smith, Planning Manager Katie
9 Aspenson, Financial Services Director/Treasurer Sabrina Steger, Ald. Diane Wulf

10
11 Excused Absence: Ann Brandau

12
13 **Item 2 – Consideration and action on minutes from the previous meeting**

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15 Motion by Ald. Olson, second by John, to approve the minutes from the previous meeting as
16 printed and on file in the City Clerk’s Office.

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18 On voice vote, motion carried.

19
20 **Item 3 – Public Input (limited to 3 minutes/individual)**

21
22 Mike called three times for anyone wishing to provide public input and closed that portion of the
23 meeting.

24
25 **Consideration and possible action on the following items:**

26
27 **Item 4 – CDA Financials:**

28
29 A. 2021 CDA financials

30
31 The financial report included the following information:

- 32
33
- 34 • While the CDA is operating at a deficit for the fiscal year, Sabrina said it is her
35 understanding that is normal for this fund as there typically is not a substantial amount of
36 income in this fund.
 - 37 • There is \$114.67 in interest income. Sabrina noted interest rates are down in 2021.
 - 38 • LADCO fees totaled \$15,200. Katie said the reason the amount is twice as much as it
39 should be is because the total paid is for both 2020 and 2021.

40 Ald. Stevens referred to the \$114.67 in interest income and said he understands the yields on the
41 investment is significantly lower than what it has traditionally been. Ald. Stevens asked if there

Reviewed 8/13/2021 by Katie Aspenson

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42 are any thoughts as to when this could improve.

43

44 Mike told Ald. Stevens the city places most of its funds in a state pool, and it is at five basis
45 points. Mike said he calculates that the city is receiving four basis points.

46

47 John asked if there is any flexibility regarding other types of accounts.

48

49 Mike told John that if a choice is made to go outside the pool, there are secure investments in
50 treasuries and things that could be sold. Mike also noted mortgage-backed agency securities
51 have a better yield and said one may obtain a 15-year mortgage-backed security at approximately
52 1.1 to 1.3 percent with an average life of five years. Mike said that while that is an avenue as an
53 investment, the Common Council would have to approve the city's investment policy.

54

55 John said it appears that the current low interest rate environment will be present for a long time,
56 and he said he believes it is necessary to examine the investment policy as he does not believe
57 five basis points is worthy of being discussed. John said 5 percent would be more ideal.

58

59 Mike said it might be possible to find a one-year Certificate of Deposit at 40.

60

61 Ald. Stevens noted the City of Onalaska takes a very conservative approach regarding
62 investments, and he said his personal opinion is he believes there is room to be a little more
63 aggressive. Ald. Stevens said, "One hundred fourteen dollars on a \$400,000 investment, we
64 might as well just hide it downstairs in a safe somewhere."

65

66 John said, "Or repay some of our own debt early and have it come back to us – in essence, pay
67 off some city debt, then the city owes this ..."

68

69 Mike said, "Borrow the money from the CDA [and] get the city to pay something off."

70

71 Sabrina told CDA members she has never seen that happen and said she will need to perform
72 research and discuss whether or not it would be a possibility with City Administrator Eric
73 Rindfleisch. Sabrina said, "It's definitely something to look into. I would agree with what Mike
74 said [in that] interest rates are really low right now. [With] the atmosphere we're in right now,
75 unless you want a little bit more risk, we do keep the funds in the local government investment
76 pool just because of collateral reasons. It's a good place to keep our investments where we don't
77 have to worry about that."

78

79 Ald. Stevens noted these are funds the CDA already has that are part of the community, and he
80 said there really is no risk involved to it. Ald. Stevens said Robert W. Baird will lend the city the
81 funds when it is time to do the Capital Improvements Projects, and he added, "That can be a
82 couple points. That's a lot more than we're getting right now. I don't see that there's a lot of

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83 risk in this. If we can increase the yield, I think it's a good bet."

84

85 John said, "Just for example, just taking it up by 2 percent on \$400,000, that's \$8,000 a year.
86 And how many other pools of funds are within the city structure that might fall into the same
87 category?"

88

89 Ald. Stevens said, "The risk is if we tie it all up, then we're not liquid and the city needs to
90 budget how much it's going to be able to pay back."

91

92 John said he believes any number of banks could extend a line of credit to the city because it is a
93 pretty good credit risk, "which would get us over a 60, 90, 120, 180-day timing difference."

94 John added, "It seems to me that we're just not doing a good job of cash management at this
95 point."

96

97 Mayor K. Smith told CDA members she wants to remind them that when the purpose of the
98 CDA, "the reason that that money is there is so that it can be invested in a project that will be
99 beneficial for our community. Exploring ideas is great, but I would prefer to see energy
100 extended trying to find a project where we can be investing in our community in a way that will
101 be more changing than just purely investing the money."

102

103 John told Mayor K. Smith that while he agrees with her, he also said, "The same holds true that
104 if we find a project that's going to take 60, 90, 120, 180 days – you pick the timeframe – to
105 actually implement and fund those kinds of activities, if we in concert with this also had a line of
106 credit that said if that project comes along, we have readily available cash to get to it, and in the
107 meantime we're actually earning something on these, I think we're being unfair to our taxpayer
108 by letting it and earning five basis points."

109

110 Mayor K. Smith told John that while she does not disagree with that, she said she wanted to
111 remind CDA members to remember the CDA's purpose.

112

113 Mike said, "I think what we could conceivably do as well, depending on where these funds sit,
114 you could always look into a money market account and maybe even get 45, 50 basis points.
115 Any bank would be willing to lend against that deposit account as collateral to be able to move
116 forward with the project if it was ... or even in a CD. ... If you would have a CD in a local bank
117 up to the \$249,000, depending on what the interest rate is, you could take out a loan against that
118 and it would be 100 percent collateralized. That would allow us another option, or we could
119 borrow money from a different city entity that maybe we could consider if it got to be that big of
120 a project, which we would need anyway. Four hundred thousand [dollars] isn't going to provide
121 a lot of opportunities for us. As we've talked about other properties just around the Main Street
122 corridor, it's well beyond \$400,000 to be able to accumulate any additional land masses."

123

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124 John said, “The idea of repaying some of our own debt is appealing to me because we’re being
125 fiscally responsible on two fronts.”

126

127 Ald. Stevens said, “The challenge is we want to have liquidity that can work within the city
128 budget that if something comes up that we can fund it in that normal time. Typically if we see a
129 project, it doesn’t happen overnight. It’s something that’s planned and there are consultants, and
130 it takes a long time for that to happen. We’re not looking at a long-term investment. We’re
131 looking at short-term investments that have a little bit better yield and would generate a little bit
132 more income for the CDA. Kim’s point is well-taken [in that] eventually we’d need to find
133 places to spend it that benefit the community. But barring that, the money is just sitting there,
134 and I think it’s a shame that we’re losing the opportunity to generate some revenue.”

135

136 Sabrina told CDA members she will perform additional research and see what options are
137 available regarding moving the funds into a money market account or investing them elsewhere.

138

139 John told Sabrina, “Let’s not lose the point of repaying existing city debt and having it backed
140 with a line of credit or something along those lines. I suspect that a money market is going to
141 earn us 25 to 50 basis points, max, whereas we’ll have city debt sitting out here that’s costing the
142 city a couple percent or 200 basis points. With this kind of money, there would be no
143 prepayment penalty that would be invoked on this. If we back it with a line of credit on the other
144 side, we’ve done two good things. We’ve reduced the risk to the city, we’ve increased the return
145 to the CDA, and we’ve created a vehicle that wouldn’t otherwise exist.”

146

147 Sabrina told John she will look into it.

148

149 Mayor K. Smith asked Sabrina to consider multiple debt sources, including Enterprise Funds.

150

151 Sabrina told Mayor K. Smith she will do so.

152

153 Motion by Joe, second by Ron, to approve the 2021 CDA financials.

154

155 On voice vote, motion carried.

156

157 B. 2022 CDA draft budget

158

159 Sabrina told CDA members there are few changes from the 2021 budget and said, “The only big
160 item that I did change was due to the fact that the interest rates are so low, and assuming we stay
161 where we are, we’ve discussed moving that money in some sort of fashion – whether it’s a loan
162 or whether we put it into a money market account – I dropped the interest income down to
163 \$200.” Sabrina also noted expenses stayed the same.

164

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165 The 2022 CDA draft budget is as follows:

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167 **Transfer in – Special Projects: \$0**

168 **Interest income: \$200**

169 **Other Contractual Services: \$0**

170 **Transcription Contractual: \$700**

171 **Office Supplies: \$150**

172 **Postage: \$100**

173 **Copy Usage & Paper: \$300**

174 **Subscriptions & Dues: \$7,830**

175 • **LADCO membership: \$7,500**

176 • **7 Rivers Alliance membership: \$330**

177 **General Advertising: \$0**

178 **Seminars, Conferences & Travel: \$1,320**

179 • **WEDC Trainings & Conferences: \$1,040**

180 • **UW-La Crosse Economic Indicators Events: \$100**

181 • **LADCO Events: \$180**

182 **Operating Supplies: \$500**

183 **Printing & Forms: \$200**

184 **Total Expenditures: \$11,100**

185

186 John asked if the CDA had ever expended funds in the Seminars, Conference & Travel line item.

187

188 Katie said, “No, not since I’ve been here. That has been a placeholder for the potential to go to
189 one of those conferences. I think there was intention in 2020, but COVID locked out pretty
190 much any conference you can do. [It is] the same thing for 2021; some are starting to come back
191 online. We have left it in there specifically for that purpose. Primarily it was to serve Eric [City
192 Administrator Rindfleisch] to be able to attend some of those trainings, which wouldn’t
193 necessarily be a bad thing, especially since we have now successfully obtained two downtown
194 reinvestment grants in the amount of \$250,000. One [is] for Misty’s [Dance Unlimited, and] one
195 [is] for the Great River Residences. Having more knowledge related to these types of funds
196 could be a very good thing for the city as a means to assist our downtown businesses or
197 businesses within our area. I think keeping it in for next year is a good, and if we don’t make it,
198 then I think it would be a discussion to have for potential removal for 2023.”

199

200 Ald. Stevens said he believes attending some seminars is part of City Administrator
201 Rindfleisch’s performance goals, and he said he believes removing it from the budget would be
202 detrimental. Ald. Stevens said he believes that line item probably should remain in the 2022
203 budget.

204

205 Katie noted City Administrator Rindfleisch has an administrative budget in addition to this, and

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206 she told CDA members she also would have the opportunity to attend a conference via this line
207 item if City Administrator Rindfleisch was unable to attend it.

208

209 Sabrina told CDA members Katie is correct in stating that City Administrator Rindfleisch has a
210 separate seminar conference travel for other conferences he attends on behalf of the city. Sabrina
211 said it is proper to keep that line item in the 2022 CDA budget, reiterating Katie's point that she
212 has the ability to attend a conference if City Administrator Rindfleisch is unable to go.

213

214 Motion by Ald. Stevens, second by Joe, to approve the 2022 CDA draft budget.

215

216 On voice vote, motion carried.

217

218 **Adjournment**

219

220 Motion by Ald. Olson, second by Joe, to adjourn at 4:20 p.m.

221

222 On voice vote, motion carried.

223

224

225 Recorded by:

226

227 Kirk Bey