

LOWELL TOWN COUNCIL
WORK SESSION
OCTOBER 10, 2022

A Work Session of the Lowell Town Council was called to order on Monday, October 10, 2022, at 5:30 P.M., by President Todd Angerman. Members present were John Alessia, Todd Angerman, Mike Gruszka, John Yelkich, and Shane Tucker. Also present were Clerk-Treasurer Judith Walters, Town Manager Craig Hendrix, Town Attorney David Westland, GIS Director Greg White, and Police Chief Jim Woestman. Also present were Peoples Bank Representatives Thomas Devine and James Dunne, and Cody Thompson of Krohn & Associates via Zoom. The purpose of the work session was general town business.

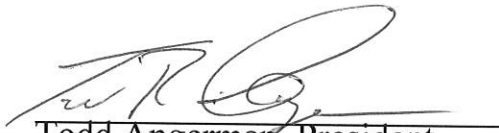
2023 Budget - Corby Thompson of Krohn & Associates summarized the proposed 2023 budget, which a public hearing is being held during the regular meeting. The total levied funds for 2023 is \$6,879,704. Mr. Thompson reviewed revenues and stated the Town of Lowell assessed valued increased by approximately 28%, which will result in a tax rate drop of sixteen cents. We did not qualify for a three-year growth appeal because our growth exceeded the state average. Discussion followed if the growth was due to the sale of the water utility or that Aunt Millie's no longer has a tax abatement. Mr. Thompson stated the town would qualify for a growth appeal for 2024. The 2023 budget includes a 5% cost of living adjustment for employees, an additional police officer and moving back the full time park director. Most other increases provided are attributable to increasing costs of goods and services. The General Fund increases of \$367,800 is approximately 10.9%. Councilman Yelkich asked if growth stopped would we be able to sustain the budget in place in three-five years. Mr. Thompson stated that the cash balances are growing and all appropriations are covered, and said the tax levy does not go down. He suggested a three-five year projections be done. Mr. Thompson also noted the Cumulative Capital Development Fund and CEDIT Funds continue to accumulate funds with 1.2 million in CCD and CEDIT Funds, which can be used for capital projects.

Water Proceeds Investment - Peoples Bank - Thomas Devine and James Dunne of Peoples Bank were present to work with the Council to develop an investment strategy. Mr. Devine and Mr. Dunne both spoke of their years of experience and thanked the town for the opportunity and spoke of Peoples Bank. Mr. Devine stated they need to develop an investment policy statement and determine what the Town is trying to achieve in short and long term investments. President Angerman stated the money is forever money and hopes the money is still there in 100 years, and only draw from the principal each year, and the principal amount continues to grow over the years. Councilman Yelkich stated the way the law is written we can only take 5% annually and the rest will go back to principal. He stated he would like to see the agreement made to be more difficult to get money out to make sure there isn't any reckless spending in years to come. It was noted the 5% can be drawn from the principal amount not on the interest earned, so on a 14 million dollar balance you could potentially at 4% earn \$700,000. Mr. Devine and Mr. Dunne stated due to the market conditions currently they would recommended starting conservatively and gradually go into high risk options. Discussion followed. Council members reiterated this was forever money and were okay to be a little aggressive to increase the principal so there is more of the 4-5% annually that can be drawn annually. Councilman Gruszka asked about borrowing against the balance to build a public works facility building and what would be the rate of repayment. Mr. Devine stated they would have to work with the lending office at Peoples, but they are interested in discussing the option. The Town would be using their investment portfolio as collateral. Attorney Westland asked when the agreement is completed how often can the town change where they are investing without getting a penalty. Mr. Devine said they can make changes at anytime, they tend to lean to VanGuard as their charges are low and you get the best return available. Mr. Dunne said the investment policy statement can state how often the town or investment committee would want to meet

with them to discuss any changes if their goals have changed. Councilman Alessia wants the spending policy to be difficult to change so they are never allowed to pull more than 5% from the principal. Attorney Westland stated a policy can't be made for future Councils and Councilman Alessia asked about an endowment fund. Discussion followed on how much to put in high risk and how much in low fixed secured rates. Council was okay with putting 60-70% in equity funds. Mr. Devine stated at this time their money market is making 2.8% interest and CD's could be purchased in five, four, two year terms to make that money more liquid. The current 17 million balance will be moved to Peoples Bank to the money market fund until the investment policy statement is approved. Mr. Dunne will forward a draft copy for Council review from discussions had. The next work session will include Barnes Thornburg to develop spending policy.

Front Loader - Town Manager Hendrix stated an opportunity presented itself to purchase a front loader for \$160,000 for Street Department from a local vendor. Funds would be available from water and cumulative funds. This item will be acted on during regular meeting.

No further discussion, the work session adjourned at 6:45 P.M.


Todd Angerman, President

Attest:


Judith Walters, Clerk-Treasurer