

**WORKSHOP MEETING  
OF THE COUNCIL OF THE  
CITY OF VADNAIS HEIGHTS  
OCTOBER 2, 2018**

The workshop meeting of the Council of the City of Vadnais Heights was held on the above date and called to order by Mayor Fletcher at 6:21 p.m.

The following members were present: Mayor Bob Fletcher and Councilmembers: Terry Nyblom, Craig Johnson, Greg Urban and Heidi Gunderson.

The following members were absent: None.

Also present: City Administrator Kevin Watson, Planning/Community Development Director Nolan Wall, Fire Chief Ed Leier, Finance Director Bob Sundberg, City Attorney Caroline Bell Beckman, and Deputy Clerk Peggy Aho.

Others present: Ling Becker, VHEDC

**1. Banking Services Presentation**

Mayor Fletcher noted that he is interested in looking at the City's banking and investment practices. Fletcher asked how we might reward businesses that are in our community. Finance Director Sundberg gave an overview of the materials he prepared for the meeting and reviewed how the City currently manages its monies, and what it can and can't do. He said that all funds the City invests in must be insured. He said that State Statute tries to make cities 100% protected from default of a bank or broker fund. Sundberg reviewed the current list of City holdings, cd accounts and money market accounts. He said that this list varies month to month.

Sundberg said that the advantage to using US Bank and 4M Fund means the City pays nothing for services and things such as deposit books, check stock and wires. He said that he is not sure if the local banks could offer banking services at no cost. The City also uses US Bank for services such as employee credit cards, and US Bank acts as the bond paying agent for all bonds, and there are also 800 to 900 City utility customers are set up with auto pay with US Bank. The free services would probably total between \$6,000 and \$10,000 a year. There would be hurdles if the City were to change banks.

Fletcher asked what would a local bank be earning on amounts invested with them. Sundberg replied that that would be difficult to know. Depending on the risk, the riskier the business the higher the interest rate, but probably 5 to 6%. Fletcher said those funds would probably come back to the City in some sort of reinvestment to the community.

City Administrator Watson said that the question for the Council would be to decide whether it should go out with request for information from the local banking institutions. He also said that the finance staff could do more regular requests of the local banks to see where they are at with rates. Fletcher asked what the magical figure is that the Council would be comfortable with losing in a deal knowing that the benefit instead would be going to a Vadnais Heights

business. Council Member Urban asked if the local banks are signaling that there is an issue in matching the current rates. Sundberg responded yes. Watson said that the City could regularly check with the local banks to see if they would be competitive.

Council Member Urban said it would be a great idea to invest in the local community and depositing in local banks will help the community, but they have to want the money. We don't want to significantly reduce the interest rates the City is receiving but we do want to give the local banks a level playing field for that opportunity.

Fletcher asked how much F&M and Peoples make in contributions each year toward the community. Ling Becker, VHEDC, replied that community banks have to give a percentage back to the community. A lot of what they contribute is their employees' time, not just donations.

Watson said setting the banking operations aside, if the City is going to invest in local banks, and they are not going to provide as competitive of an interest rate, what is the City willing to sacrifice in order to work with the local banks. Fletcher said that perhaps we would come to the conclusion that the local banks investment has value added and trim off that last zero, start by at least offering them the opportunity to have the same figure as US Bank.

Council Member Johnson asked about the 4M Fund. Sundberg explained that that US Bank is a conduit for the Fund and that the League of MN Cities runs the 4M Fund.

Watson said he believes the Council is interested in giving some business to the local banks. He said that the Council needs to keep in mind that we have 1 ½ staff in the City's Finance Department so ease of the system is a priority, but perhaps we can check on a quarterly basis and see what the interest rates are. Johnson asked about keeping a ¼ million at each of the local banks. Sundberg we do have about \$2.6 million at two of the local institutions now.

Urban said perhaps the banks should be more proactive and send out emails updating the City on their rates. Perhaps Becker can be a conduit for that. Gunderson agreed that having the banks reach out to the City on a regular basis would be a good idea. She suggested having the banks come to a Workshop meeting in October as we decide how to move forward. Watson asked if we should ask them to come in or just we be more proactive. Gunderson said that we should be more proactive and the banks should as well.

Fletcher asked what the Council's magic number would be shrink the amount in the 4 M 4M Fund and keep the ancillary services with US Bank. Could we make some of the funds available for local banks? Fletcher said whatever amount you can pull out and still keep the US Bank services and make the money available to the local banks. He said that he thinks the City should try to get \$2.5 million in each of the local banks. Sundberg said he could begin moving funds as the cd's come due. Gunderson said that the idea of reaching out to the local banks as the City had money available for investment sounds like a good idea.

## **2. Koehler Road Task Force Appointments Discussion**

City Administrator Watson noted that the City received two more people interested in being on the Task Force than the City were asking for. He asked if the Council would be okay with

increasing the size of the Task Force to include all residents that have applied. Council Member Gunderson said that sounds great, we should not turn anyone way that is interested in serving on the Task Force. Watson noted that the Park and Rec Committee meets later this month. He also asked that the Council identify who from the Council will be on the Task Force.

**3. Rush Line Corridor Station Discussion**

Council Member Johnson noted that the Rush Line BRT Policy Advisory Committee recently confirmed the project's recommended elements including station locations and routing changes for the study in the environmental assessment phase of the Project. Planner/Community Director Wall said that there are updated graphics relating to the proposed Rush Line station location on the east bound side of Hwy 61. The project recognizes that this stop will have significant pedestrian crossings and they don't want two crossings and this is why they are proposing both stations be on the south side of County Road E. The Council reviewed the aerials and discussed other Corridor plans.

The meeting adjourned at 7:01p.m.