

**Item 23-0772: Request to apply for a Safe Drinking Water Loan and to approve a Resolution declaring official intent to reimburse expenditures for loan disbursement payments**

**Finance Committee**  
Mon, Jun 26, 2023, 5:30PM

**Aldersperson Brad Firkus (District 3) 00:58**

We have no public hearings or appearances tonight. So we will move into action items starting with 23-0772 request to apply for a safe drinking water loan and approve a resolution declaring official intent to reimburse expenditures for loan disbursement payments.

**Aldersperson Katie Van Zeeland (District 5) 01:16**

Move to approve.

**Aldersperson Sheri Hartzheim (District 13) 01:18**

Second.

**Aldersperson Brad Firkus (District 3) 01:19**

Alright. We have a motion and a second. Any comments or questions to start discussion? Alder Hartzheim.

**Aldersperson Sheri Hartzheim (District 13) 01:27**

Thank you chair. I would like clarification because I believe I understand this. But I would like clarification that the city--the DPW--would only receive these or want to receive these loans if there was principal repayment or principal forgiveness allowed. But not all of them are available as principal forgiveness. Is that correct?

**Director Jeri Ohman (Finance) 01:52**

Thank you. That is correct. So we're applying for this loan with the hopes or the intention that we'll receive the principal forgiveness. If we do not receive the principal forgiveness, we will not go through with the loan itself.

**Aldersperson Sheri Hartzheim (District 13) 02:06**

Thank you. May I follow up?

**Aldersperson Brad Firkus (District 3) 02:07**

Yes.

**Aldersperson Sheri Hartzheim (District 13) 02:08**

Thank you. Director Ohman, just as a follow up to that, how--I see that you, er that the census tracts was were provided to us. How do we know what the terms of this loan will be beforehand? Like what--is, are there application terms that say, "These are the tracks that would be principal forgiveness"? Or--when do we find that out? And at what point are we able to say, yes, we're going to accept these, or no, we're not?

**Director Jeri Ohman (Finance) 02:35**

I believe when we are told what our award amount is, we're also told whether or not any portion of that is principal forgiveness. And I'm just going to turn back here and look for the confirmation on it. Yes. So and we don't have to agree to the loan once we receive those terms. So if we decide that we're not receiving the principal forgiveness part of it, we can decline any part of that loan.

**Aldersperson Sheri Hartzheim (District 13)** 03:04

We can decline it in a portion, and we will say we only will accept the principal forgiveness portions?

**Director Jeri Ohman (Finance)** 03:12

I believe so. If there's any piece that would not be part--would not have a principal forgiveness piece to it, we would not accept that.

**Aldersperson Sheri Hartzheim (District 13)** 03:22

Okay. Thank you. And then lastly, is the resolution just--well, it looks like it's a requirement of the loan, but it's just a portion of what we're approving today. We're approving that DPW can go out for these loans, provided they will be for principal forgiveness. But we're also approving the resolution that says we as a city will only use these funds to fix personal properties with lead service.

**Director Jeri Ohman (Finance)** 03:53

So it's kind of the reverse. So what that resolution is stating is if we pay any portion of these lead replacements prior to receiving the funds from the loan that we intend on reimbursing ourselves.

**Aldersperson Sheri Hartzheim (District 13)** 04:10

Okay.

**Director Jeri Ohman (Finance)** 04:11

This is actually something that we do with the debt issue for general obligation debt as well as our water, sewer and stormwater that issues where we'll actually pay amounts prior to receiving those debt issues. And we do have a resolution on file from, I believe the date was, 1997 that was basically stating that we'll reimburse ourselves from those debt proceeds for any amounts for those projects that we spent already during that year.

**Aldersperson Sheri Hartzheim (District 13)** 04:42

Okay, thank you.

**Aldersperson Brad Firkus (District 3)** 04:45

All right. Anyone else? Okay, see none. We'll go ahead and vote. All those in favor? Aye. Opposed? Abstentions? Motion passes four to zero.