

Courthouse
Emmetsburg, Iowa
February 7, 2023, 8:00 a.m.

The Palo Alto County Board of Supervisors met in regular session. Members present: Ronald Graettinger, Chair; Keith Wirtz, Roger Faulstick, Linus Solberg. Absent: Craig Merrill. Present: Jay Clasing; Peter Hart, County Attorney; Jim & Sharon Neighbors; Delray Bredehoeft; Carla Larson. Present on conference call: Walter Davis-Oeth, County Engineer.

Unless otherwise indicated, all of the motions offered at this meeting were carried with the following vote: Ayes: Faulstick, Wirtz, Solberg, Graettinger. Nays: None. Absent: Craig Merrill.

Ronald Graettinger Chair, called the meeting to order and led the Pledge of Allegiance.

Motion by Solberg, 2nd by Wirtz to approve the agenda for February 7, 2023. Motion Carried.

Motion by Wirtz, 2nd by Solberg to approve the minutes for January 31, 2023. Motion Carried.

Motion by Wirtz, 2nd by Faulstick to approve the Veteran Affairs claims report for February 3, 2023. Motion Carried.

Motion by Solberg, 2nd by Faulstick to approve the Recorder's Monthly report for January 2023. Motion Carried.

Jay Clasing met with the Board to discuss the all-systems permit in Palo Alto County. Present by conference call: Walter Davis-Oeth, County Engineer. Jay presented information on grain wagons, semi-trailers & 7-axle semi-trailers. Walter stated that the county has until 2025 to volunteer for the permit. The county is gathering more information at this point.

Kyle Hagen, Deputy Sheriff, met with the Board to approve Ryan Jergens as a Sheriff Reserve.

Motion by Wirtz, 2nd by Faulstick to approve Ryan Jergens as a Sheriff Reserve for Palo Alto County. Motion Carried.

Carla Larson was present for public comment and stated that the Airport Board is being ignored. Jim Neighbors asked about Veteran Affairs grant. He was referred to Vicky Merwald, VA Director. Colby Dewitt, Representing Senator Joni Ernst, was present to update the Board on issues Joni is working on.

Carmen Moser, Auditor, presented the notice for the maximum property tax dollars hearing for FY24.

Motion by Solberg, 2nd by Faulstick to set the date for the maximum property tax dollars hearing for March 7, 2023, at 9:00 a.m. in the Courthouse Boardroom. Motion Carried.

Carmen Moser, Auditor, presented the GASB 87, Right to Use Lease Asset Policy for Palo Alto County.

Motion by Solberg, 2nd by Wirtz to approve Resolution No. 2-7-2023 for the Right to Use Lease Asset Policy. Motion Carried.

Resolution No. 2-7-2023
Palo Alto County Right-To-Use Lease Asset Policy

GASB Statement No. 87, "Leases", is effective **beginning July 1, 2021**. (FY2022). GASB 87 requires a lessee to recognize a lease liability and an intangible right-to-use lease asset.

For counties reporting on the accrual basis of accounting, the cumulative effect, if any, may require a restatement of beginning net position, fund balance, or fund net position (as

applicable). **This means leases in existence on June 30, 2021 will need to be reported as the beginning balance (July 1, 2021) for leases of FY2022.**

A right-to-use lease asset is an intangible capital asset. The asset represents the right to use an underlying asset identified in a lease contract, as specified for a period of time. The County will recognize the intangible right-to-use lease asset when:

- (a) The contract conveys control of the right to use another entity's nonfinancial asset (the underlying asset) as specified in the contract for a period of time in an exchange or exchange-like transaction. (GASB 87, paragraph 4)
- (b) The minimum noncancelable contract term is greater than twelve months.
- (c) The contract does not transfer ownership of the underlying asset.
- (d) The underlying asset is used to conduct county business. (This will not apply to custodial funds.)

The following leases are not GASB 87 leases and are excluded from this policy:
(GASB 87, paragraph 8)

- (a) Leases of intangible assets, including rights to explore for or to exploit natural resources such as oil, gas, and minerals and similar nonregenerative resources; licensing contracts for items such as motion picture films, video recordings, plays, manuscripts, patents and copyrights; and licensing contracts for computer software.
- (b) Leases of biological assets, including timber, living plants, and living animals.
- (c) Leases of inventory.
- (d) Contracts that meet the definition of a service concession arrangements (as specified in GASB 60, paragraph 4).
- (e) Leases of assets financed with outstanding conduit debt, unless both the underlying asset and the conduit debt are reported by the lessor.
- (f) Supply contracts, such as power purchase agreements.

Threshold for Capitalization of Right-To-Use Lease Assets

The establishment of a right-to-use lease asset capitalization threshold policy has been recommended. The policy should be approved by the Board of Supervisors. The threshold is to be consistently applied by all departments and offices of the County for financial reporting purposes and should overall capture most right-to-use lease contracts. All right-to-use lease assets at or above \$5,000 must be reported.

As a general rule, the threshold should be applied to individual lease contracts.

Right-to-use lease asset classifications:

The lessee is required to disclose the amount of lease assets (and the related amortization) by major classes of underlying assets, separately from other capital assets. (GASB 87, paragraph 37)

At a minimum, the following major classes of underlying lease assets will be disclosed by the County.

- Right-to-use leased land.
- Right-to-use leased buildings.

- Right-to-use leased equipment.
- Right-to-use leased improvements other than buildings.

Measurement and amortization:

Measurement: A lessee should initially measure the lease asset as the sum of the following: (GASB 87, paragraph 30)

- (a) The amount of the initial measurement of the lease right-to-use asset. (A lessee should measure the lease liability and right-to-use asset at the present value of payments expected to be made during the lease term. (GASB 87, paragraph 21)) (For the year of implementation, the lease liability and right-to-use asset should be measured as of July 1, 2021.)
- (b) Lease payments made to the lessor at or before the commencement of the lease term, less any lease incentives received from the lessor at or before the commencement of the lease term
- (c) Initial direct costs that are ancillary charges necessary to place the lease asset into service.

Amortization: A lease asset should be amortized using the straight-line method over the shorter of the lease term or the useful life of the underlying asset (except if the lessee is reasonably certain a purchase option will be exercised). The amortization of the lease asset should be reported as amortization expense. (GASB 87, paragraph 31).

At a minimum, amortization should be calculated on a monthly basis.

Motion by Solberg, 2nd by Wirtz to approve Resolution

No. 2-7-2023. Ayes: Faulstick, Wirtz, Solberg, Graettinger. Nays: None. Absent: Merrill

Resolution Passed this 7th day of February 2023.

Ronald Graettinger, Chair

Attest: Carmen Moser, Auditor

The Board discussed the Cherokee Public Health budget request of \$10,000 for amendment to FY23 budget. Motion by Wirtz, 2nd by Faulstick to amend the FY23 budget for \$10,000 and consider the final funding amount at a later date. Ayes: Graettinger, Wirtz, Faulstick. Absent Merrill. Nays: Solberg. Motion Carried.

MINUTES APPROVING PRELIMINARY
OFFICIAL STATEMENT

419285-19

Emmetsburg, Iowa

February 7, 2023

The Board of Supervisors of Palo Alto County, Iowa, met on February 7, 2023, at 9:00 o'clock a.m., at Courthouse Boardroom, Emmetsburg, Iowa.

The meeting was called to order by the Chairperson and the roll being called, the following named Supervisors were present and absent:

Present: Ronald Graettinger, Linus Solberg, Keith Wirtz, Roger Faulstick.

Absent: Craig Merrill.

It was reported that a preliminary official statement had been prepared in connection with the sale of the County's \$6,700,000 General Obligation County Purpose Bonds, Series 2023, and it was now necessary to set the date for the sale of those bonds, to make provision for the approval of the preliminary official statement and to authorize its use by Piper Sandler & Co.

Supervisor Keith Wirtz introduced the resolution next hereinafter set out, related to setting a date for sale of bonds and approving preliminary official statement, and moved that the resolution be adopted; seconded by Supervisor Ronald Graettinger. After due consideration, the Chairperson put the question on the motion and the roll being called, the following named Supervisors voted:

Ayes: Graettinger, Solberg, Wirtz, Faulstick.

Nays: none.

The Chairperson declared the resolution duly adopted, as hereinafter set out.

••••

On motion and vote, the meeting adjourned.

Ronald Graettinger, Chairperson, Board of Supervisors

Attest: Carmen Moser, County Auditor

RESOLUTION NO. 2-7-2023(A)

Resolution authorizing the use of a preliminary official statement in connection with the sale of General Obligation County Purpose Bonds, Series 2023

WHEREAS, the Board of Supervisors (the "Board") of Palo Alto County, Iowa (the "County"), has established the Palo Alto County Industrial Park Urban Renewal Area (the "Urban Renewal Area"); and

WHEREAS, the Board proposed to enter into a General Obligation Urban Renewal Loan Agreement (the "Road Improvement Loan Agreement") and to issue general obligation bonds in a principal amount not to exceed \$5,200,000 pursuant to the provisions of Subsection 331.441(2)(b)(14), Section 331.402, Section 331.442, and Chapter 403 of the Code of Iowa, for the purpose of paying the cost, to that extent, of undertaking the Palo Alto County Road and Bridge Improvement Projects, an urban renewal program in the Palo Alto County Industrial Park Urban Renewal Area approved by action of the Board of Supervisors on April 27, 2021, and in lieu of calling an election upon such proposal, has published notice of the proposed action and has held a hearing thereon, and as of January 10, 2023, no

petition had been filed with the County asking that the question of entering into the Road Improvement Loan Agreement be submitted to the registered voters of the County; and

WHEREAS, the Board also proposed to enter into a General Obligation Urban Renewal Loan Agreement (the “Public Safety Building Loan Agreement” and together with the Road Improvement Loan Agreement are sometimes referred to hereafter as the “Loan Agreements”) and to issue general obligation bonds in a principal amount not to exceed \$1,500,000 pursuant to the provisions of Subsection 331.441(2)(b)(14), Section 331.402, Section 331.442, and Chapter 403 of the Code of Iowa, for the purpose of paying the cost, to that extent, of undertaking the Public Safety Building Project, an urban renewal project in the Palo Alto County Industrial Park Urban Renewal Area approved by action of the Board of Supervisors on April 27, 2021, and in lieu of calling an election upon such proposal, has published notice of the proposed action and has held a hearing thereon, and as of January 10, 2023, no petition had been filed with the County asking that the question of entering into the Public Safety Building Loan Agreement be submitted to the registered voters of the County; and

WHEREAS, pursuant to the provisions of Section 331.402 of the Code of Iowa, the County previously combined the Loan Agreements into a single loan agreement (the “Loan Agreement”); and

WHEREAS, a Preliminary Official Statement (the “P.O.S.”) has been prepared by Dorsey & Whitney LLP (the “Disclosure Counsel”) as bond and disclosure counsel to the County to facilitate the sale of the General Obligation County Purpose Bonds, Series 2023 (the “Bonds”) in evidence of the obligations of the County under the Loan Agreement, and it is now necessary to make provision for the approval of the P.O.S. and to authorize its use its use by Piper Sandler & Co. (the “Underwriter”) as the underwriter of the issuance of the Bonds;

NOW, THEREFORE, Be It Resolved by the Board of Supervisors of Palo Alto County, Iowa, as follows:

Section 1. The County Auditor is hereby authorized to take such action as shall be deemed necessary and appropriate with the assistance of the Underwriter and Dorsey & Whitney LLP (the “Disclosure Counsel”), as the City’s disclosure counsel, to prepare the P.O.S. describing the Bonds and providing for the terms and conditions of their sale, and all action heretofore taken in this regard is hereby ratified and approved.

Section 2. The use by the Underwriter of the P.O.S. relating to the Bonds in substantially the form as has been presented to and considered by the Board is hereby approved, and Disclosure Counsel and the Underwriter are hereby authorized to prepare and use a final Official Statement for the Bonds substantially in the form of the P.O.S. but with such changes therein as are required to conform the same to the terms of the Bonds and the resolution, when adopted, providing for the sale and issuance of the Bonds, and the County Auditor is hereby authorized and directed to execute a final Official Statement for the Bonds, if requested. The P.O.S. as of its date is deemed final by the County within the meaning of Rule 15(c)(2)-12 of the Securities and Exchange Commission.

Section 3. Further action with respect to the Loan Agreement and the Bonds is hereby adjourned to the meeting of the Board scheduled for February 28, 2023.

Section 4. All resolutions or parts thereof in conflict herewith are hereby repealed to the extent of such conflict.

Section 5. This resolution shall be in full force and effect immediately upon its adoption and approval, as provided by law.

Passed and approved February 7, 2023.

Ronald Graettinger, Chairperson, Board of
Supervisors

Attest: Carmen Moser, County Auditor

Committee Reports: Keith: IDDA; juvenile justice; drainage meeting; Farm Bureau meeting. Ron: statewide supervisors meeting; Linus: Farm Bureau meeting.

The Board had a conference call on Drainage District Tri Joint 1 with Pocahontas and Humboldt counties. Collin Klingbeil, Jacobson-Westergard, filed the engineer's report and presented it to the Joint Board. Collin is not recommending repairs or improvements. Collin is not recommending reclassification.

The joint board made a motion to accept the engineer's report. The joint board approved the Tri Jt 1 engineering bill for \$310 for Jacobson-Westergard. The conference call adjourned at 10:46 a.m.

Motion by Solberg, 2nd by Wirtz to adjourn. Motion Carried.

Ronald Graettinger, Chairman

Carmen Moser, County Auditor