

Minutes of the Finance Committee
Village of Shorewood Hills
Wednesday, October 10, 2007
(reviewed and approved Wednesday, October 24, 2007)

- 1) **Called to Order:** Chair Benforado called the meeting to order at 5:32 pm. Committee members present: Chair/Village Trustee Dave Benforado, Village President Mark Sundquist, Dave Ahman, Gard Strother, Karl Wellensiek, Jerry Weygandt. Committee Member Fred Wade was excused. Village Administrator Karl Frantz, Village Clerk Cokie Albrecht, RW Baird's Bradley Viegut and Village resident Tom Young were also present.
- 2) **Noted Compliance with Open Meeting Law:** Benforado noted the meeting had been properly noticed.
- 3) **Approved Prior Meeting Minutes:** the Committee reviewed the draft minutes from the September 26, 2007, Finance Committee meeting.
 - a) **Motion to approve** by Sundquist, second by Wellensiek. **Motion passed.**
- 4) **Continued Discussion of 2008 Village Budget:**
 - a) **Implications of the State Budget on the Village Budget:** Since the State Budget hasn't been approved by the Legislature yet, the Village can't prepare a 2008 budget since we don't know whether there will be a levy cap and if so what it will be, and we don't know how T.I.D. or debt service will be treated in those levy calculations. Frantz updated the Committee on minor revisions to the draft 2008 Village budget numbers that we have been working with since the September 12, 2007, meeting. While our former analysis assumed:
Exp.: \$2,948,394
- Rev.: \$1,008,104
Levy: \$1,940,290
revised Village staff estimates indicate the following:
Exp.: \$2,946,414
- Rev.: \$994,533
Levy: \$1,951,881
Frantz explained that the \$11,600 increase in the levy to balance the budget was caused by a slight decrease in estimated expenses and a greater decrease in anticipated state aids (e.g., State Highway aids). Frantz stated that assuming (1) a 3% cap on the levy increase, (2) 50% of TID allowed in levy calculations, and (3) debt service incurred before July 2007 is not considered in the calculations, the above revised estimated 2008 levy would be achievable.
- 5) **Future Capital Debt Service Schedules:**
 - a) RW Baird's Bradley Viegut spoke to the Committee about future debt financing options, passing out a 9 page document title "Village of Shorewood Hills, Summary of Example Financing Options" dated October 10, 2007. That

document summarized three different financing options for a \$5-6 million long term Village debt (net of the NAN proceeds), what the impact on the mill rate would be over time and what the increased Village property tax impact would be on three typical Village homes, and how that new debt service would fit into a forecasted Village budget through 2012. The sense of the Committee was that the middle scenario (#2), which assumed a 15 year debt term, and which had slightly higher payments in the first ten years which in turn created an opportunity for future debt load to be added ten years into the 15 year term was preferred.

- b) Viegut advised the Committee that the existing “AA-” bond rating that the Village has obtained is very valuable. He stated that it is the fourth highest bond rating available and is considered a premier class of bonds. He indicated that most communities in Wisconsin with that bond rating would issue 10 year bonds for long term debt such as the debt we are contemplating. He did say that we could issue 15 year bonds for these projects, and would have to simply explain it and justify it in greater detail.
 - c) Viegut advised that the Village should consider the following timeline for issuance of this new debt:
 - i) Committee review in Jan./Feb. 2008;
 - ii) Village Board initial authorization in March 2008;
 - iii) Village Board award in April 2008; and
 - iv) Closing of the new bond issuance and payoff of the existing NAN in May 2008.
- 6) **Confirmed Future Meeting Dates:**
- a) Wednesday, October 24 (5:30 pm) – tentative extra meeting if needed for FY '08 budget.
 - b) Tabled scheduling of remaining 2007 and future 2008 meeting dates until next meeting.
- 7) **Adjourned:** at 6:34 pm.

Respectfully submitted on October 21, 2007, by Dave Benforado, Chair