

Minutes of the Finance Committee
Village of Shorewood Hills

Wednesday, February 6, 2012

(scheduled for review at next Finance Committee meeting)

1. **Call to Order:** at 5:37 pm.
 - a. **Committee Members Present:** Chair/Village Trustee Dave Benforado, Gard Strother, Karl Wellensiek and Fred Wade. Village President Mark Sundquist, Village Treasurer David Kuenzi, and Dave Ahmann were excused.
 - b. **Others Present:** Village Administrator Karl Frantz, Village Clerk Treasurer Cokie Albrecht, and Brad Viegut (RW Baird).
2. **Approval of Prior Meeting Minutes:** the Committee reviewed the draft minutes from the January 11, 2012, Finance Committee meeting. **Motion to approve by F. Wade, second by K. Wellensiek, motion passed.**
3. **Review and Possible Recommendations on Refunding of 2002 Bonds and Possible New Financings:**
 - a. D. Benforado reported that at the January Village Board meeting, the Board was supportive of an initial borrowing to refinance the 2002 Village bonds and fund the 2012 Village Capital Projects list.
 - b. B. Viegut summarized the parameters of a potential 2012 bond issuance for \$2.6M in 15 year G.O. bonds assuming conservatively a 2.55% rate (the \$2.6M consisting of \$1.3M refunding/refinancing of the 2002 Village bonds and \$1.3M in new projects). There was some Committee discussion about whether the various 2012 non-street and non-infrastructure projects (e.g., the Community Center roof, overhang and HVAC replacement) could come under that borrowing (State Statute 67.05(5)(b)), and K. Frantz stated that he would check on that with bond counsel. There was also discussion about whether the new chipper truck was needed in 2012, and if so, whether that could be paid for with a loan to the Village from the State Trust Fund (5 year loan at 2.75%). B. Viegut stated that the borrowing for 2013 (\$4.3M in 20 year G.O. bonds consisting of anticipated new projects for 2013-2015) could take place in 2013, or in the latter half of 2012 if interest rates start to noticeably rise.
 - c. **Motion by D. Benforado, second by F. Wade, to recommend to the Village Board the issuance of approximately \$2.6M in 15 year G.O. bonds assuming conservatively a 2.55% rate (the \$2.6M consisting of \$1.3M refunding/refinancing of the 2002 Village bonds and \$1.3M in new 2012 projects). The formal draft resolutions would be reviewed by the Finance Committee at its March 15, 2012, meeting, then scheduled for review and approval by the Village Board at its March 19, 2012, meeting, and the Village Board would then award the bonds to the winning bidder at its April 16, 2012, meeting. Motion passed.**
 - d. K. Frantz reminded the Committee of the importance of checking how the proposed project list and associated borrowings will impact Village utility rates. He circulated an e-mail about this dated February 6, 2012, from Baker Tilly's Vicki Hellenbrand, which said:

- i. *“There is no 2012 impact from debt since there is no new debt projected in 2012. However, the projects you are forecasting will increase the tax equivalent to the Village by about \$10K. That is about a 2.6 increase in rates just to cover that additional cost. You may choose to lower the tax equivalent (PILOT). For the following year borrowing, based on the email from [B. Viegut’s staff], the water increase would be about 12% for the debt alone and another 2.6% for the project’s impact on tax equivalent. To sum up, if you do the utility projects in the amounts of \$539K and \$620K, the Village tax equivalent will go up about \$20K [from its current \$24K] (nearly double), and will require about a 5-6% increase in rates. The Village can set the tax equivalent lower by resolution. The debt service will require an increase in rates of 12%, both [debt service and tax equivalent] combined, about 17 to 18%. That will be on top of the rate increase completed in between now and then (we have one in progress, about 11% or so) and doesn’t include any increases by Madison. The sewer impact is very small as the debt service is only about \$10K additional.”*
4. **Consideration of Changes to Recommend Regarding the “Village of Shorewood Hills Budget and Financial Policies” (last adopted by the Village Board on February 17, 2011) Concerning “Post Issuance Compliance Policy”:** B. Viegut summarized the background and need for this addition to Village Financial Policies. K. Frantz stated that he would review bond counsel’s model language and edit it to fit into the Village Policies for consideration at the Committee’s next meeting.
5. **Confirmed Future Meetings Dates/Topics:**
 - a. Thursday, March 15 (5:30 pm) – finalize recommendation to Village Board regarding debt refinancing/new issuance; discuss recommended changes to Village Board regarding Village Budget and Financial Policies; discuss potential recommendation to Village Board regarding FY12 budget amendment ; and
 - b. Wednesday, April 11 (5:30 pm).
6. **Adjourned:** at 6:19 pm.

Respectfully submitted by Dave Benforado on February 7, 2012.