

**Minutes of the Finance Committee
Village of Shorewood Hills**

Wednesday, January 9, 2013

(scheduled for review at the February 13, 2013, Finance Committee meeting)

1. **Called to Order at 5:31 pm:**

A. **Committee Members Present:** Chair/Village Trustee Dave Benforado, Village President Mark Sundquist, Dave Ahmann, Gard Strother, Fred Wade, Karl Wellensiek. Village Treasurer David Kuenzi was excused.

B. **Others Present:** Village Administrator Karl Frantz, RW Baird's Brad Viegut.

2. **Approval of Prior Meeting Minutes:**

A. The Committee reviewed the draft minutes from the December 12, 2013, Finance Committee meeting.

B. **Motion to approve the minutes by F. Wade, second by K. Wellensiek, motion passed (6-0).**

3. **Presentation by RW Baird's Brad Viegut (financing implications of draft five year capital plan):**

Viegut walked the Committee through his analysis of the financing implications of the staff draft five year capital plan. He analyzed it with two scenarios: (A) Borrowing \$15.5M, the entire amount; and (B) Borrowing \$11M, assuming no Fire Station renovations, no Community Center renovations, and half the amount originally requested for future street projects, i.e., no replacement of underground utilities. In both scenarios, Viegut assumed that Village equalized value (TID in) would increase by the new construction growth projected in TID #3 and #4 followed by 2% annual increases, that the Village assessed value (TID out) would increase by 2% annually, that the Village operating budget would increase by 2% annually, and that there would be no further Village borrowings. Viegut then analyzed the necessary borrowings to support those two scenarios, assuming 20 year general obligation bonds for non TIF debt and 13 year general obligation taxable bonds for TIF debt (the shorter maturity matching the TIF life), against the constitutional debt limit (5% of equalized value, TID in) and the Village debt limit policy (principal and interest payments shall not exceed 25% of Village operating budget). Viegut's analysis found that:

A. **Scenario A (\$15.5M):** constitutional debt limit not exceeded and Village policy limit exceeded (in a *major* way between years 2017-2024); and

B. **Scenario B (\$11M):** constitutional debt limit not exceeded and Village policy limit exceeded (in a *minor* way between years 2017-2024).

The consensus of the Committee was to ask K. Frantz to revise and update the five year capital plan list, eliminating the items which are no longer needed or reducing the amount of certain items based on new information. The Committee also asked Frantz to add a column to indicate which items could be general fund expenses rather than debt supported expenses, and add another column to set aside Fire Station/Community Center renovation expenses and 50% of the street projects expenses (i.e., no underground utility replacements). The Committee also asked B. Viegut to calculate the maximum borrowing assuming that the Village borrows up to 90% of the maximum Village debt limit policy.

4. **Review and possible recommendations on “Village Budget and Financial Policies” document:** First adopted by the Village Board on July 21, 2008, the document was recently revised to include the post-issuance compliance policy recommended by the Committee and adopted by the Village Board on November 20, 2012. The Committee reviewed and discussed the document.
 - A. **Motion by K. Wellensiek, second by M. Sundquist, that the Village Board be apprised that the Finance Committee had reviewed and discussed the “Village Budget and Financial Policies” document, and that it has no further recommended changes to the document, motion passed (6-0).**
5. **Committee Agreed on the following Committee meeting dates:**
 - A. **Wednesday, February 13, 2013 (5:30 pm).**
6. **Adjourned:** at 6:35 pm.

Respectfully submitted by Dave Benforado on January 13, 2013.