

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

Wednesday, January 15, 2014

(scheduled for review at the next Finance Committee meeting)

1. **Called to Order at 5:41 p.m.:**
  - A. **Roll Call:** Committee Members Present: Chair/Village Trustee Dave Benforado, Village Treasurer David Kuenzi, Gard Strother, Fred Wade. Committee Members Absent: Village President Mark Sundquist, Dave Ahmann, Karl Wellensiek
  - B. **Others Present:** Village Administrator Karl Frantz, Village Clerk Cokie Albrecht.
2. **Meting Notice:** D.Benforado inquired and K.Frantz confirmed that the meeting had been properly posted in compliance with open meeting laws.
3. **Approval of Prior Meeting Minutes:** the Committee reviewed the draft minutes from the October 30, 2013, Finance Committee meeting. **Motion to approve the minutes by G.Strother, second by F.Wade.** Committee agreed to make two text corrections to Section G (“Committee Direction”) on p.4 – part of the text for Motion #1 was changed to read: “... pursue a water utility rate case analysis with the PSC and a sewer utility rate analysis adjustment.” **Motion passed (4-0).**
4. **Review recommendation on proposal from Baker Tilly/Virchow Krause to perform sewer and water rate study.**
  - A. K.Frantz circulated and summarized a letter dated Jan. 7, 2014, from Baker Tilly/Virchow Krause offering to provide the following services:
    1. **Sewer Utility:**
      - a. For **\$400**, provide Village ordinance language to implement a Wastewater Purchased Treatment Adjustment Clause (PTAC), a rate mechanism that calculates and passes through the annual MMSD rate adjustments (similar to the Purchased Water Adjustment Clause used by the Village water utility to pass through Madison Water Utility’s wholesale rate increases).
      - b. For **\$2,500**, perform a sewer utility rate analysis to ensure adequate cash flows, recommend rate modifications to Village Board.
    2. **Water Utility:**
      - a. For **\$4,500**, perform a water utility rate analysis to ensure adequate cash flows, recommend rate modifications, and file water rate case with the Public Service Commission.

- B. **Motion by G.Strother, second by F.Wade, to recommend that the Village Board accept the Baker Tilly/Virchow Krause letter offer of services dated Jan. 7, 2014, unless K.Frantz reports to the Village Board that Village staff can perform the sewer utility rate analysis and calculate recommended rate changes (i.e., eliminate the need for the \$2,500 sewer rate analysis). Motion passed 4-0.**
5. **Report on changing Village banking to Park Bank from BMO Harris.**
- A. K.Frantz reported the Village had been approached by Park Bank, now with a branch located in the Village (4000 block of University Ave., opening March 2014), as to whether the Village would consider Park Bank for its banking needs. As a result, K.Frantz, C.Albrecht and D.Benforado met with Park Bank officers at Village Hall in mid-November. Park Bank is willing to provide no-fee services, interest free checking, deposit accounts earning 0.5% more than the State of Wisconsin's Local Government Investment Pool, CDARS deposit accounts, and a free check scanning machine for electronic depositing of checks (BMO Harris had proposed charging the Village \$900 for such a machine). Frantz reported that the Village paid BMO Harris \$1,550 in fees in 2013, offset by \$500 in interest earnings. Frantz reported that Park Bank will provide a written proposal that will be reviewed with staff at a meeting at Village Hall on Feb. 8.
- B. **Motion by G.Strother, second by F.Wade, to direct staff to continue to pursue the possibility of moving Village banking services to Park Bank from BMO Harris to take advantage of efficiencies and financial benefits. Motion passed 4-0.**
6. **Consider addition to financial policies and procedures to address "credit risk".**
- A. K.Frantz reminded the Committee that the Village 2012 Audit Report completed by Baker Tilly/Virchow Krause noted a deficiency in the Village Financial Policies, that there was no policy on "credit risk." There was a brief Committee discussion regarding the Village Financial Policies and the concept of "credit risk" in general.
- B. F.Wade volunteered to review the Village Financial Policies and report back to the Committee at its next meeting with suggested language additions that would incorporate "credit risk" into the policies.
7. **Future Meeting Dates:** the Committee agreed to meet, if needed, on:
- A. Wed., Feb. 12 (5:30 p.m.);
- B. Wed., March 12 (5:30 p.m.); and
- C. Wed., April 16 (5:30 p.m.).
8. **Adjourned:** at 6:31 p.m.