Village of Shorewood Hills
Finance Committee
Approved Meeting Minutes
Monday, October 8, 2018

1. **Call to Order** – Finance Committee Chairperson Fred Wade called the meeting to order at 5:31 pm.

2. **Roll Call Committee** – Members present were Mr. Wade, Dave Ahmann, Karl Wellensiek, Sean Cote and Carl Gulbrandsen. Mark Lederer and Gard Strother were excused. Also in attendance were Brad Viegut (R.W. Baird), Dan Lindstrom (Vierbicher), Village Administrator Karl Frantz and Administrative Services Manager/Deputy Clerk David Sykes.

3. **Note Compliance with open meeting laws** – Mr. Frantz confirmed the meeting had been properly posted and noticed.

4. **Review/approve September 27, 2018 Finance meeting minutes**
Mr. Wellensiek and Mr. Wade had some grammatical suggestions and additions to provide more detail to the draft minutes. Mr. Gulbransen moved and Mr. Cote second a motion to approve the minutes with modifications.
Vote: 5-0 (approved)

5. **Update on public fire protection expense study**
Mr. Frantz said Vicki Hellenbrand of Baker Tilly is working to finalize the draft study before the Board meeting on October 15. It will include better examples of business and residential properties and a better estimate of the median value home in the Village.

6. **Review and recommendation on debt issuance, TID performance and timing for upcoming tax increment district public improvement and acquisition projects**
Mr. Frantz reviewed items to be included in the borrowing as discussed at the previous meeting. He updated the Committee on some possible changes. TID 4 has $108K in unspent debt proceeds, from a previous borrowing, that could be applied to these projects and reduce the new borrowing. Mr. Frantz asked Mr. Lindstrom and Mr. Viegut to provide borrowing and TID cash flow analysis for a variety of possibilities:
    1) Complete the entire Marshall Court streetscape
    2) Stop the streetscape at a point behind University Station (reducing the cost by ~40%)
    3) Using 10-year Notes or Bonds
    4) Using 15-year Notes or Bonds

With the intent of maximizing the surplus that could be available to fund the University Avenue reconstruction in 2021.
Mr. Viegut modeled payment schedules for possible borrowing which backload payments to match the cash flow of the TIDs.
Mr. Lindstrom evaluated the cash flow of the TIDs in relation to debt service payments. He also explained the characteristics of the TIDs has changed as a result of the 2017 property reevealuation done in the Village.
Mr. Frantz explained TIF 5 was originally expected to break even, but after the revaluation it is projecting a significant surplus ($1.15M). TIF 4 is the opposite. It was expected to be the cash producer but it is projected now to have a small surplus (~$60K).

Mr. Lindstrom mentioned that TID 5 could be amended to become a donor TID and provide its surplus to TID 3 for reconstruction of University Avenue. It was suggested that the Village talk to the Joint Review Board (JRB) that oversees the Tax Increment Districts and explain the changing nature after the reevaluation.
Mr. Lindstrom also suggested there is another option available to the Village. In 2014, the Technical College system changed the way they calculate a millrate and theirs was cut in half. If the Village can prove to the JRB, that the reduction in millrate adversely affected the performance of the district, then the Village can request a 3 year extension of the district. His rough estimate is lower performance of $25-30K per year (since 2014) for the life of the TID 4 (closing in 2028). Extending TID 4 could produce ~$1.2M per year in revenue.
Mr. Viegut discussed the timing of a possible borrowing. It could be desirable to pay back the TID 4 advance ($184,509) from the General Fund prior to 2019. If the Committee made a recommendation within the next couple of weeks, a bonding could be in front of the Board at its December meeting.
Mr. Cote recommended the 10-year borrowing option.
Mr. Wellensiek mentioned a Promissory Note would be more flexible than a Bond.
Mr. Cote moved and Mr. Wellensiek seconded a motion to fund projects in TID 3 and TID 4 in an amount up to $2,370,009 that includes the TID 4 advance payback of $184,509 to the General Fund financed using a 10-year Note.
Vote: 5-0 (approved)

7. Continue work on 2019 Village general and other fund budgets and possible recommendations

Mr. Frantz reviewed revisions to the General Fund budget projections since the last Committee meeting, which include moving the PFP fee to the utility bills, removing the $50,000 TIF advance repayment, a lower estimate of the Madison Fire fee, and an increased amount for State Highway Aid than was originally estimated.
Mr. Frantz also mentioned the Debt Service Fund has some residual proceeds from previous borrowings. That money is available for the Village to use, possibly for capital projects, if needed.

8. Set next meeting dates

The Committee decided to meet next on Wednesday, October 17 at 5:30 pm.

9. The meeting was **adjourned** at 7:19 pm.

Respectfully submitted,

David Sykes
Administrative Services Manager/Deputy Clerk