

**Village of Shorewood Hills
Finance Committee
Approved Meeting Minutes
Wednesday, February 13, 2019**

1. **Call to Order** – Finance Committee Chairperson Fred Wade called the meeting to order at 5:32 pm.
2. **Roll Call Committee** – Members present were Mr. Wade, Sean Cote, Gard Strother and Mark Lederer. Also in attendance were 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 October 24, 2018 Finance meeting minutes**
Mr. Strother moved and Mr. Lederer second a motion to approve the October 24, 2018 minutes with one change.
Vote: 7-0 (approved).
5. **Discussion and possible recommendations regarding compliance with GASB 75 and engagement of actuarial**
GASB 75 requires an actuarial review of Other Post-Employment Benefits (OPEB) offered by the Village. Mr. Frantz explained there is a Milliman salary and benefits survey that can be used to estimate if the Village's OPEB are material. He completed the survey and it showed that the OPEB liability is probably material. If the Village decides not to comply with GASB 75, that will be noted in the annual financial audit. If the Village does not do the actuarial review and in 3+ years, the Village goes out on the market to borrow money, we can probably complete the review and clean up that note in the audit.
Mr. Cote felt the potential impact on the bond rating would outweigh the cost of doing the study.
Mr. Lederer agreed that there is no reason to have another mark on the financial statements. He asked if there was an alternate methodology for municipalities with <100 employees. Mr. Frantz indicated Key Benefit Concepts, LLC could do a simplified study. Mr. Wade said the Village should clarify if the proposed full study or alternate method is appropriate and recommended. He also asked why the Village's OPEB would be considered material, given how few employees we have.
Mr. Cote moved and Mr. Lederer seconded a motion to recommend the Board accept Key Benefit Concept's proposal for an actuarial study using the alternate method for the quoted cost (\$3,275) including a presentation to the Board. The acceptance would be subject to the study being completed in time for the 2018 audit report.
Vote: 3-0-1 (Mr. Wade abstaining).
6. **Review five-year capital plan and its financing with possible recommendations**
This item was not discussed.

7. Review financial condition of storm water utility and rates with possible recommendations on adjustments

Mr. Frantz reviewed the Stormwater Utility's cash, operating revenues, debt, capital improvement expenses and future projects. He explained how Equivalent Residential Units (ERUs) are calculated and the current fee amounts. He provided an example of increasing the fee from ~\$9 to ~\$13. The Stormwater Utility would see an increased revenue of ~\$211,000 annually. If the Village does not change the rate, it will need to reduce expenses (projects).

Mr. Lederer asked if there are any County or State standards we must meet.

Mr. Frantz said there is a water quality standard for reduction of suspended solids in stormwater. He added that the ad hoc Stormwater Committee is not going to consider the Utility in their discussions.

Mr. Lederer and Mr. Cote asked about details of the expenses and what the Village wants to accomplish with the Utility.

Mr. Lederer suggested that the Public Works Committee should look at the Utility and figure out goals and costs of projects, then bring the discussion back to the Finance Committee to find the money to sustain the Utility.

8. Set next meeting dates

At its next meeting the Committee may review the 5-Year Capital Plan and cash in the Capital Projects Fund, along with the looming expense of the Rustic Bridge replacement in 2023.

9. The meeting was adjourned at 6:37 pm.

Respectfully submitted,

David Sykes
Administrative Services Manager/Deputy Clerk