

**VILLAGE OF FONTANA ON GENEVA LAKE
WALWORTH COUNTY, WISCONSIN**

(Official Minutes)

Finance Committee Monthly Meeting

January 30, 2014

The Finance Committee meeting was called to order by Chairman Pat Kenny at 6:00 pm on Thursday, January 30, 2014.

Members Present: Trustee Kenny, Arlene Patek, Rick McCue, Jim Feeney

Also Present: Jim Mann, Village Clerk/Acting Village Manager Dennis Martin, Trustee Rick Pappas, President Arvid Petersen, Maureen Schiel, Interim Village Treasurer Scott Vilona

General Business

Approve Minutes for Meetings Held October 3 and 18, 2013

McCue/Patek 2nd made a MOTION to approve the minutes as submitted for the October 3 and 18, 2013 meetings, and the MOTION carried without negative vote.

2014 Bonding Plan – Jim Mann, Ehlers and Associates

Interim Village Treasurer Scott Vilona presented the updated 2014 Road/Utility Construction Cost Estimated spreadsheet, which was used to calculate the proposed bonding amount. Jim Mann and Maureen Schiel of Ehlers presented the 2014 bond projections calling for total borrowing of \$4,475,000. The bonding total includes \$1,295,000 General Obligation Bonds for sewerage improvements, \$2,365,000 General Obligation Bonds for water system improvements, and \$815,000 General Obligation Bonds for street improvements and street improvement funding. Mann stated that if the Village is going to be going out for bonds in 2014, the sooner the better as the interest rates are relatively low right now, but they may escalate at any time. Mann then presented and answered questions about the TIF debt service payment shortfall that is being covered the last several years by the General Fund. Mann stated that the General Fund will have to cover the cash increment shortfall for several more years unless more revenue is generated through new development in the TIF District. Petersen asked Mann if the Village should go through the approval process to declare the TIF District distressed. Mann stated that the Village could add up to 10 years to the TIF District lifespan and recoup the General Fund expenses that are allocated for the debt service payments, and there is no negative side to having the TID declared stressed. Mann stated that the TIF project plan cannot be amended if the district is declared stressed, but the existing approved projects can still be funded and completed. Mann stated that the current projections show that if the TIF District does not have any increased value generated from the current assessed level, the generated increment will pay off the TID debt service completely with five additional years added to its initial lifespan. The CDA Board, which reviewed the current TIF legislation on having a TID declared distressed last year, will have to meet to initiate the Joint Review Board approval process. Schiel presented the bonding projection spreadsheets and stated that the current borrowing proposal does not call for refunding any of the current debt payments. Schiel stated that the proposed bonding will add an average of 10 or 11 cents to the Village tax rate for debt service payments. Mann stated that the Utility Analysis in the bonding proposal shows that the Sewer Utility and the Water Utility will be able to handle their portions of the debt service payments without requiring a rate increase. Mann stated that the initial amortization schedule is set up for the Village to ease into the debt service payments; however, the schedule would result in the village not being in a good position to borrow any more funds until 2019, or it would have an adverse effect on the current bond rating. Mann stated that if the Village is going to need to borrow more funds prior to 2019 for its infrastructure improvement plan, the amortization schedule needs to be adjusted so larger debt service payments are made up front. Mann stated that he will run two or three other projected amortization schedules with more expensive payments made up front and they will be ready for review by the committee by next week. Following discussion, the committee came to the consensus that the proposed \$4,475,000 bonding plan could be recommended for approval consideration at the February 3, 2014 monthly

meeting of the Village Board, contingent on the amortization schedule being fine-tuned and presented to the Finance Committee for a recommendation at a special committee meeting to be held Thursday, February 6, 2014 at 6:00 pm. Mann stated that he will have to provide information and answers to any questions on the bonding amortization schedule via conference telephone call on February 6, 2014 as he has a conflicting meeting to attend.

Feeney/McCue 2nd made a MOTION to recommend Village Board approval of the \$4,475,000 2014 Bonding Proposal as presented by Ehlers, with the required resolutions to be considered by the Village Board at its monthly meeting on Monday, February 3, 2014, and contingent on the bonding amortization schedule to be reviewed and recommended at a special meeting of the Finance Committee on Thursday, February 6, 2014 at 6:00 pm. The MOTION carried without negative vote.

Foley & Lardner, LLP submitted an Engagement Letter Agreement for bond counsel for the General Obligation Corporate Purpose Bonds, Series 2014A with the fees expected to be \$1 per \$1,000 principal amount issued, with a minimum fee of \$5,000.

Feeney/McCue 2nd made a MOTION to recommend Village Board approval of the Foley & Lardner, LLP Engagement Letter Agreement for bond counsel for the General Obligation Corporate Purpose Bonds, Series 2014A as submitted, and the MOTION carried without negative vote.

Monthly Review Items

Vilona stated that since the 2013 Audit has not yet been completed, he has not completed the December monthly financial statements since many of the figures still have to be adjusted following the end of the year. Vilona stated that following the audit process in February, the monthly statements will be drafted and circulated for review.

Open Positions on Finance Committee

Mike Sheyker is living in Arizona until he and his wife purchase a new home in Fontana, so his committee membership is currently inactive. There are two other positions that will need to be filled. Former member Drew Gilchrist stepped down during 2013, and Vilona resigned his position when he assumed the contracted Interim Village Treasurer position. Kenny asked the committee members to think of possible replacements.

Next Meeting Date

The Finance Committee scheduled another meeting for Thursday, February 6, 2014 beginning at 6:00 pm to discuss the final recommendation for the 2014 Bonding amortization schedule.

Adjournment

Trustee Kenny/McCue 2nd made a MOTION to adjourn the meeting at 6:47 pm, and the motion carried without negative vote.

Minutes prepared by: Dennis L. Martin, Village Clerk/Acting Village Manager

Note: These minutes are subject to further editing. Once approved by the Finance Committee, the official minutes will be kept on file at the Village Hall.

APPROVED: 3/20/2014