

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

**(Official Minutes)**

**Finance Committee Monthly Meeting**

June 26, 2014

The Finance Committee meeting was called to order by Village Clerk/Administrator Dennis Martin at 6:00 pm on Thursday, June 26, 2014.

**Members Present:** Jim Feeney, Rick McCue, Arlene Patek, Peg Pollitt, Craig Workman

**Member Absent:** Trustee Pat Kenny

**Also Present:** Martin, Trustee Rick Pappas, Treasurer Scott Vilona

**Elect Chairman Pro Tem**

Martin stated that Trustee Kenny informed him that a conflict had developed with his travel schedule and he could not make it back for the meeting, so the committee had to elect a temporary chairman to conduct the monthly meeting.

Feeney/Pollitt 2<sup>nd</sup> made a MOTION to elect Rick McCue as the chairman pro tem for the meeting, and the MOTION carried without negative vote.

**Visitors Heard**

None

**General Business**

**Approve Minutes for Meeting Held May 29, 2014**

Feeney/Workman 2<sup>nd</sup> made a MOTION to approve the minutes as submitted for the May 29, 2014 meeting, and the MOTION carried without negative vote.

**Engineering Firm Invoices Review Report**

Martin stated that he and DPW Streets Director Ron Adams and Utilities Director Dennis Barr are reviewing the monthly invoices from Ruckert-Mielke, as well as the pay orders. Martin stated that Workman has offered to review the reports with them to provide initial advice on the specific review items and details.

**2013 Audit Report – July 7, 2014 Village Board Meeting**

The 2013 Audit reports were delivered by CPA Patrick Romanesko and distributed to the Finance Committee members at the meeting. The audit and management review letter are scheduled to be presented at the next monthly meeting of the Village Board on Monday, July 7, 2014, at 6:00 pm.

**Recommendation on Interest Rate for TIF District No. 1 Debt Service Repayments**

Vilona stated that he contacted Jim Mann from Ehlers Associates, Inc., the village's financial firm, and Mann provided input on the interest rate that the Village can establish for the TIF District debt service payments being funded by the General Fund. Mann states in a June 25, 2014 emailed message to Vilona that he would caution the Village of setting a chargeback rate based on the current 4.2 percent blended interest rate the Village is being charged for its \$13.9 million outstanding debt. "I would caution charging this rate because the TID will ultimately pay back the principal plus the interest cost of the debt obligations. The question is what is the cost of money to the Village of having the funds advanced to the CDA/TID? Currently, the Village is investing funds on hand at a certain annualized rate – probably in the neighborhood of 0.20 percent. While one could argue that the Village would be in a position to invest the funds further out on the yield curve, it is doubtful that the Village would be able to achieve a rate of investment that would approach the average cost of money for the borrowings. While I am not suggesting simply using the current short-term investment rate, I think it would be reasonable to establish a policy of charging the average investment yield for the current year, plus one percent or something of the sort. I think it may stretch the bounds to charge the average coupon rate for the outstanding debt,"

Mann stated in the June 25 message. Pappas stated that the Village has had to borrow more funds to undertake capital improvement projects because the funds are not available in the General Fund budget due to state levy limits and the use of the General Fund budget for TID debt service payments. Pappas stated that the interest rate that the Village has to pay on those additional funds should be the percentage that is added to the debt service payment chargeback balance. Vilona stated that he agrees with Mann's assessment and with the fact that the TID will ultimately pay back the General Fund the principal plus the interest that is actually being charged for the TID borrowing. Pollitt stated that she also disagrees with Pappas and the Village should consider establishing a rate of 1.2 percent, which is reasonable. Pollitt stated that the TID Joint Review Board is now a standing board and the Village does not want to be in a position of charging an excessive amount of interest on the shortfall being carried by the General Fund. McCue stated that he agrees with Pollitt and there is no need for the Village to raise a red flag on charging any additional interest for the payback amount. McCue stated that he thinks that 1.2 percent would be adequate and the committee should make that recommendation to the CDA and Village Board. Pollitt/Feeney 2<sup>nd</sup> made a MOTION to recommend that the Village establish a 1.2 percent interest rate to be charged back to the TIF District with the total amount calculated with an amortization schedule dated back to when the General Fund started being used to pay the debt service payments for the TID borrowing, with the condition that Jim Mann verifies that the Village can charge interest back to that date. The MOTION carried without negative vote.

#### **Salary Increase Proposal for Beach Manager**

Martin stated that he would like authorization to give Beach Manager Danielle Foley a raise from her current salary of \$5,250 per summer. Martin stated that Foley has been a beach employee for eight years and she does an excellent job, including the interviewing and hiring of new summer staff members and the scheduling of the beach house employees. Martin stated that Foley's salary was limited in past years when no raises were authorized by the Village Board for several years. Martin stated that Foley has graduated from UW-Madison and this is her last season as beach manager, and she is currently training next year's beach manager. Following discussion, Pappas suggested that the administration look at establishing an hourly rate of pay for the beach manager position instead of a salary.

Feeney/Pollitt 2<sup>nd</sup> made a MOTION to recommend Village Board approval of a salary increase to \$6,400 for the 2014 summer season for Beach Manager Danielle Foley, and the MOTION carried without negative vote.

#### **AT&T Cellular Tower Lease Renewal Proposal**

Martin stated that he received a proposal from Md7 Lease Consultant Jeff Kruth to renew the cellular tower lease the Village has with AT&T, which expires on April 30, 2015. Martin stated that Kruth proposed to renew the lease for five five-year terms for \$15,265 per year based on regional market analysis and operational permanence statistics, with the rent to remain fixed until May 1, 2020. The rent would then be increased by 15 percent for the next five years, and every five-year term thereafter until the termination or expiration of the lease would feature a 15 percent rent escalator. Martin stated that Kruth also has proposed that three other provisions be added to the lease terms, but they have not yet been reviewed by the village attorney. Martin stated he was going to present the proposal to the Finance Committee for a recommendation; however, he was contacted on June 24, 2014 by Alexander Wright at NTP Wireless about negotiating a lease extension for AT&T. Martin stated that Wright inquired about receiving approval for a contract extension and for authorization on adding antennae to the cellular tower. Martin stated that he contacted both companies and requested that the AT&T lease renewal and equipment addition proposals be combined into one proposal, which will be presented to the Finance Committee for a recommendation at a future meeting.

#### **2014 Department Budgets Review**

Martin stated that the expense figures have been entered through May and the 2014 departmental budgets will be reviewed in the next month. Vilona stated that despite a rough start to the year, the DPW payroll budget is just over 50 percent as of the last payroll period. The committee

members asked about the pending union contract renewal negotiations and if the DPW union members would agree to a flexible workday schedule to help reduce overtime expenses. Pollitt stated that the Wisconsin Act 10 requirements only allow DPW union contract bargaining on wages and no other issues; so the workday and overtime sections could be eliminated from the union contract.

**Next Meeting Date**

The next monthly meeting was scheduled for Thursday, July 24, 2014 at 6:00 pm.

**Adjournment**

Workman/Feeney 2<sup>nd</sup> made a MOTION to adjourn the meeting at 6:42 pm, and the motion carried without negative vote.

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

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: 07/24/14