

## **VILLAGE OF GRAFTON**

### **FINANCE COMMITTEE MEETING MINUTES**

**MONDAY JUNE 15, 2015**

Chair Jim Brunnquell called the meeting to order at 5:00 p.m.

Committee members present: Village President Jim Brunnquell, Trustee Sue Meinecke, Trustee David Antoine, and Trustee Lisa Harbeck

Staff present: Village Administrator Darrell Hofland, Director of Administrative Services Paul Styduhar, and Administrative Assistant Chris Stannis

Others Present: Todd Taves, Ehlers Senior Municipal Advisor

#### **HEAR PERSONS REQUESTING TO BE HEARD**

None

#### **TID CASH FLOW PRO FORMAS**

Todd Taves was present to review cash flows for the Tax Incremental Districts (TIDs). For all projections, staff assumed a flat tax rate and one percent increase in values going forward. TID No. 2 (Grafton Business Park) included a correction for the double valuation of Regal Beloit. There will be a projected \$2,000,000 increase in 2015 from the Kapco expansion and the day care construction. All available increment through the life of the TID No. 2 will be donated to TID No. 3. TID No. 2 is projected to close in 2020 in good standing with no debt.

TID No. 5 (Grafton Commons) is the other donor district. There are no significant changes in value. All available increment through the life of the TID No. 5 will be donated to TID No. 3 and TID No. 4. TID No. 5 is projected to close in 2033 in good standing with no debt.

TID No. 3 (Downtown Redevelopment) has been losing value (28 percent) from 2008 including nearly \$1,600,000 last year. The projections reflect the Lumberyard project revenue in 2017 and costs associated with the purchase of Lumberyard property. The Village will refinance existing debt this year for past TID No. 3 expenses. This district will have a negative fund balance until the district closes in 2026. In 2016, the Village will need to advance funds to assist TID No. 3 in paying its expenses.

TID No. 4 (South Commercial District) has been losing value since 2007 (43 percent). It is anticipated that increment valuation will increase in 2015 over 2014. The projections include \$19,000,000 increase in value by 2018 from Village Pointe Commons. The Village will refinance existing debt this year for past TID No. 4 expenses. Restructuring the debt will allow for better cash flow associated with the debt payments. Starting in 2029, this district is projected to have a healthy fund balance and is projected to close in

2032 with a significant fund balance. From 2016 - 2024, the Village is projected in its need to advance funds to assist TID No. 4 in paying its expenses. In the next couple of years, there may be an opportunity for the existing debt to be restructured as principal payments become callable. The restructuring of this debt would result in further benefit to the TID for cash flow purposes.

There was a discussion about what happens if TIDs close with a loss. Mr. Taves indicated that the General Fund would pick up any deficits. State statutes allow for a three year extension for TIDs that are in debt at time of the regular closing year.

A suggestion was discussed about extending TID No. 3 and TID No. 4 by three years or filing for a Distressed TID status which would extend the TID 10 years. If the Village files for a Distressed TID status, there are certain parameters the Village would need to consider. To file for a three year extension, the Village would have to submit to the Board of Review.

No action taken as this is for informational purposes only.

### **2015 DEBT ISSUANCE**

The Village borrows for projects approved in the Budget or that have become priority each year. The proposed debt to be issued in 2015 consists of a refunding, non-taxable projects and taxable projects and will be issued in two separate bond issues.

A parameters resolution will allow Village staff to approve the sale of the bonds within parameters set forth in the resolution. The parameters include the amount of the bonds and rates (interest and savings). This will enable the sale to occur on July 9 to take advantage market conditions.

This will go to the Village Board tonight for consideration.

### **INVESTMENT POLICY UPDATE**

The last review of the Village's Investment Policy was 2010. The policy update reflects the position title change from Finance Director to Director of Administrative Services as well as changes in State Statutes and a restatement of the collateralization of funds requirement.

Motion by Trustee Meinecke, seconded by Trustee Harbeck, to recommend the Village Board to enter of the updated Investment Policy.  
Motion carried.

### **INSPECTION CONTRACT WITH VILLAGE OF SAUKVILLE**

In fall of 2011, the Village entered into an inspection contract with the Village of Saukville. The Village of Saukville is satisfied with the services they have received from the Village. In return for services provided, the Village of Grafton receives a percent of the permit revenue.

Motion by Trustee Antione, seconded by Trustee Harbeck, to recommend the Village Board to enter into a 2016-2017 inspection contract with the Village of Saukville. Motion carried.

### **PROPERTY APPRASIAL FOR PROVIDENCE PLACE**

Darrell Hofland, Village Administrator, discussed history regarding St. Paul Lutheran Church on behalf of Providence Place. Mr. Hofland indicated that Property Management Consultant for Providence Place, Ron Spear and Village Assessor Ernie Matthies met to discuss the PILOT agreement, the property's value and the need for independent appraisals.

Village staff requested and received a proposal from Moegenburg Research, Inc. for \$3,000 to assist the Village in identifying the value for the property.

Motion by Trustee Harbeck, seconded by Trustee Meinecke to authorize the Village Administrator to hire Moegenburg Research, Inc., Brookfield, WI for \$3,000 to appraise the value of Providence Place, 815 Washington Street. Motion carried.

### **OLD BUSINESS**

#### Room Tax

The committee discussed how well the hotels did in the first quarter as compared to the same quarter in 2014. Last year, Comfort Inn and Suites had issues with a significant number of rooms not being available for occupancy.

At the State legislative level, changes are being considered regarding room tax.

### **NEW BUSINESS**

#### Financial Services Request for Proposal

Paul Styduhar, Director of Administrative Services, updated the Finance Committee in regards to banking services and fees. The Village's current bank cannot honor "no fees" and the Finance Department has sent out a request for proposal. Six banks have responded to the request for proposal and will bring this back to the Finance Committee on July 6.

Monica Stern, Accountant, sits on the board of directors for First Bank Financial Centre.

### **ADJOURN**

Motion by Trustee Harbeck, seconded by Trustee Antoine to adjourn at 5:50 p.m. Motion carried.