

VILLAGE OF GRAFTON
FINANCE COMMITTEE MEETING MINUTES
JUNE 7, 2010

President Jim Brunnquell called the Finance Committee meeting to order at 5:00 p.m.

Finance Committee members present: Jim Brunnquell, Jim Grant, Ron LaPean, Richard Rieck

Staff/Officials present: Village Administrator Darrell Hofland, Finance Director Paul Styduhar, and Administrative Assistant Rachel Reiss

HEAR PERSONS WISHING TO BE HEARD

None.

2011 -2015 CAPITAL IMPROVEMENT PLAN

The Finance Committee briefly reviewed the 2011-2015 Five Year Capital Improvement Program (CIP). Administrator Hofland stated the tax levy requirements to fund the CIP across the years are consistently around \$670,000 per year. His concern is that this level of funding is approximately \$125,000 over the present tax levy requirement. A tax levy increase of \$0.10 would need to occur.

Mr. Hofland stated there were some items delayed by a year due to tax levy restraints. The hope is the items that have been removed can be purchased this year within the Municipal Services Facility budget.

Trustee Grant reiterated the importance of the street improvement program. The Village has been lucky to be able to fund the program.

Trustee Grant questioned if there was anything on the list that could have been done without. Mr. Styduhar stated the only item that may be removed would be the financial software. That purchase is dependent on the current software provider and their upgrade requirements.

Trustee Grant requested that departments look into leasing vehicles. It may be possible that is a better option.

Motion by Trustee Rieck, seconded by LaPean, to recommend the Village Board approve the 2011-2015 5-Year Capital Improvement Program.
Approved unanimously.

CONDUIT BOND POLICY

Finance Director Paul Styduhar stated businesses may request that the Village Board approve and issue securities on behalf of the requestor or borrower. The borrower is financially obligated to repay the debt not the issuer. The most common type of conduit financing is Industrial Revenue Bonds.

Mr. Styduhar stated he is recommending a \$500 fee associated with staff time and materials to issue these securities.

President Brunnquell stated this fee seems low. The value of the Village's rating and quality of service are high.

The Committee came to a consensus to charge \$1,000 for requests for conduit financing.

Motion by Trustee Grant, second by Trustee Rieck, to recommend the Village Board approve a Conduit Bond Policy, with a charge associated with the cost at \$1,000. Approved unanimously.

DEBT SERVICE AND RATE OF RETURN ON INVESTMENTS

Director Styduhar stated the Village's year ending 2009 outstanding debt, including TID's, is at 75.8 percent of the State Limit. The Non-TID portion of the debt is at 25.9 percent.

President Brunnquell questioned if room tax could be used in lieu of tax levy to pay debt. Mr. Styduhar stated a portion of room tax does go toward debt.

Administrator Hofland stated the graph within the Capital Improvement Program presentation shows debt is not expected to increase higher than current levels over the next five years. This includes the possibility of borrowing \$7.5 million for anticipated projects.

Mr. Styduhar stated only 30 percent of the debt is currently being paid by tax levy.

Mr. Styduhar reviewed the Village's current rate of return on investments. The Village's current rate of return on investments, through April, is 0.65 percent. The current year to date rate of return of the LGIP is 0.20 percent. The year to date rate of return on Village investments in 2009, for the same period was 1.03 percent.

OLD BUSINESS

Annual Operating Permit for Grafton Hotels

Director Styduhar stated the Baymont Inn and Suites has submitted the application and paid for the hotel operating permit. The Hampton Inn and Suites will be contacted this week to remind them of the new permit requirement.

Room Tax Summary

Administrator Hofland reviewed the Room Tax Summary report. The first quarter shows a positive increase in revenue from Room Tax.

NEW BUSINESS

None.

CONVENE TO CLOSED SESSION

Motion by Trustee Grant, seconded by Trustee LaPean, to convene to closed session at 5:26 p.m., pursuant to Wisconsin Statutes 19.85(1)(g) for Litigation matters (Status of Cedarburg Pharmaceuticals Loan default).
Approved unanimously by roll call vote.

A closed session of approximately 12 minutes was held. During the closed session, the Village Board discussed the outstanding loan with Cedarburg Pharmaceuticals.

RE-CONVENE TO OPEN SESSION AND THE REGULAR ORDER OF BUSINESS

Motion by Trustee LaPean, seconded by Trustee Grant, to adjourn the closed session and reconvene into the regular order of business, at 5:38 p.m. Approved unanimously.

ADJOURN

Motion by Trustee LaPean, seconded by Trustee Grant, to adjourn at 5:38 p.m. Approved unanimously.