

VILLAGE OF GRAFTON

FINANCE COMMITTEE MEETING MINUTES

JUNE 6, 2011

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

Finance Committee members present: Jim Brunnquell, Richard Rieck, and Susan Meinecke

Finance Committee members absent: Jim Grant

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

Others Present: Trustee Lisa Harbeck, Sue Hass, Bill Hass

HEAR PERSONS REQUESTING TO BE HEARD

None.

PRESENTATION OF HOTEL MARKET STUDY

Sean Skellie, Vice President of Business Analysis, IDM Group, reviewed the Hotel Market Study. The previous two years have been bad for hotel occupancy. Hotel occupancy is now on the rise and it would be a good time for a community like Grafton to have a large hotel development with an attached banquet facility. This type of development would not take business away from current hotels; however, it would encourage new business to come to the community.

Sue Hass 1226 Water Terrace, questioned if the market study was done in the Grafton area. Mr. Skellie said it was. Mrs. Hass also questioned the absence of data in the report. Mr. Hofland stated that only the executive summary of the report was posted on-line. A full report is available for review.

Mrs. Hass expressed concern that a new hotel facility with a banquet hall would take away from current Grafton businesses.

President Brunnquell questioned what a good timeline for proceeding would be. Mr. Skellie stated a two year development timeline is average.

ECONOMIC DEVELOPMENT LOAN TO GILMAN PARTNERS LLC

Finance Director Styduhar stated management staff at SKF Precision Technologies (SKF) has discussed with staff and the Finance Committee regarding obtaining an Economic Development Loan (EDL) in August, 2010 and February, 2011 in closed session. Conditions have arisen in which a group of management staff at SKF has the opportunity to purchase the Grafton operations.

Mark Ziebell, SKF's Controller has met with Mr. Styduhar to review the Village's revolving loan program's guidelines and requirements. Borrowing \$340,000 of the EDL's funds would require the equivalent of 17 full time employees to be hired or retained within 2 years of the loan's approval. Also, 51 percent of the jobs need to be available to low to moderate income persons. In previous meetings, the potential collateral discussed was the two largest pieces of machinery and equipment valued at \$445,000.

President Brunnuell questioned if they would be leasing the existing manufacturing building. Mr. Ziebell replied yes.

Motion by Trustee Rieck, seconded by Trustee Meinecke to recommend to the Village Board authorize an Economic Development Loan to Gilman Partners, LLC in the amount of \$340,000. Approved unanimously.

RESOLUTION: DESIGNATING PUBLIC DEPOSITORY

Finance Director Styduhar stated he has met with representatives from American Deposit Management Company (ADMC) and have identified an opportunity to provide additional security and higher rate of return on Village deposits.

Deposits through ADMC will be insured at 100 percent. Access to funds will be managed via the internet providing an efficient way to deposit and request funds. The March interest rate on ADMC managed funds was 0.49 percent. The Village benchmark for rate of return is the State of Wisconsin Local Government Investment Pool which had an interest rate of 0.17 percent in March.

Motion by Trustee Meinecke, seconded by Trustee Rieck to recommend to the Village Board adopt the Resolution Designating Public Depository. Approved unanimously.

RESOLUTION: APPROVING ASSIGNMENT OF FUND BALANCES

The Governmental Accounting Standards Board (GASB) has recently issued Statement No. 54 which is effective beginning with financial statements for the year ended December 31, 2011. The statement clarifies the definitions of governmental type funds, in particular special revenue funds.

The Resolution names the Finance Director as the authorized person to create committed fund balance and assign fund balance as appropriate.

Motion by Trustee Meinecke, seconded by Trustee Rieck to recommend to the Village Board adopt a resolution approving assignment of fund balances. Approved unanimously.

FUND BALANCE POLICY

Finance Director Styduhar stated that this policy change is concurrent with the new requirements for GASB 54.

Motion by Trustee Rieck, seconded by Trustee Meinecke to recommend to the Village Board establish the Fund Balance Policy, as presented. Approved unanimously.

REFINANCING OF DEBT

Finance Director Styduhar stated there are two bonds which are callable. Refinancing these bonds will allow the Village to save on interest. The analysis presented shows a \$113,000 savings over the life of the bonds.

It is anticipated that the Resolutions will be presented at the Village Board meeting on June 20, and the sale of the bonds is scheduled for July 18. The closing will be in August.

Motion by Trustee Rieck, seconded by Trustee Meinecke to recommend the Village Board adopt the initial resolution authorizing \$4,995,000 Taxable General Obligation Refunding Bonds and \$1,445,000 in General Obligation Refunding Bonds. Approved unanimously.

PERFORMANCE MEASUREMENT ACCOUNTABILITY POLICY

Administrator Hofland reviewed the policy. These are items the Village has informally been doing. The policy will allow the Village to apply for an award regarding performance measurements.

Motion by Trustee Rieck, seconded by Trustee Meinecke to recommend the Village Board approve performance measurement accountability policy. Approved unanimously.

RESOLUTION: EMPLOYEE CONTRIBUTION TO PENSION

President Brunnuell requested this item be tabled to allow time for the Village Attorney to review.

Motion by Trustee Meinecke, seconded by Trustee Rieck to table the resolution to allow WRS contributions by employees to be on a pre-tax basis to allow time for attorney review. Approved unanimously.

The Committee agreed that this resolution can be placed directly on a Village Board agenda upon successful review by the Village Attorney.

OLD BUSINESS

None

NEW BUSINESS

None

ADJOURN

Motion by Trustee Rieck, seconded by Trustee Meinecke, to adjourn at 5:46 p.m. Approved unanimously.