

Village Of Brooklyn

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Finance Committee Minutes April 27th 2011

The Finance Committee meeting was called to order at 5:07pm. Committee members in attendance were Dean Van Den Eng, Nadine Walsten and Dorothy Frandy. Also in attendance was Clerk/Treasurer Carol Strause as well as Kevin Mullen and Joe Marton of Hutchinson Shockey Erley & Co, Milwaukee.

Kevin Mullen presented information regarding refinancing scenarios related to the water and sewer utilities. The Village Board approved hiring Hutchinson Shockey Erley & Co, Milwaukee to restructure the Village's water/sewer debt at the April 11th, 2011 Board meeting.

The Village's total General Obligation (G.O.) debt on 12/31/11 is scheduled to be \$764,444 while the Village has additional debt capacity of \$3,879,636. The outstanding debt for the sewer utility is \$4,642,099 which includes a Bond Anticipation Note (BAN) that needs to be refinanced in 2012 in the amount of \$2,015,000.

The proposal involves refinancing the 2002 water revenue bond, which has a 12/31/11 projected balance of \$835,000. The current estimate for the State Trust Loan Program is 3.75% for a ten year loan. The actual interest rate will be established when the Village applies for the loan. If the rate remains at 3.75% the Village would save \$87,466 in interest payments.

In addition, the proposal involves refinancing the 2007 General Fund BAN, which has a 12/31/11 projected balance of \$370,000 and the 2008 Sewer BAN, which has a 12/31/11 projected balance of \$2,015,000. The proposal involves refinancing the 2008 Sewer BAN with a combination of a \$1,175,000 Revenue Bond and \$850,000 of General Obligation (G.O.) debt. Hutchinson Shockey Erley & Co will get further guidance from the DNR and DOA and report back to the committee.

Since the Water Utility has a healthy revenue stream and would save money on refinancing the 2002 water revenue bond, the proposal includes charging the Water Utility for leasing space at the WWTP for equipment storage to the Sewer Utility. This transfer would help make up the deficit that the sewer is currently experiencing to minimize future sewer rate increases. Parameters for charging rent to the Water Utility for storage of vehicles and equipment will be investigated by Hutchinson Shockey Erley & Co.

A provision in the proposed 2011-2013 biennial budget bill raises the interest rate on Clean Water Fund Program loans from 2.4% to 3.2%. The lower rate would save the Village \$16,120 annually on the 2008 Sewer BAN. In order to be eligible for the lower rate; however, the Village must apply by June 15, 2011.

Motion: Van Den Eng/Frandy to adjourn at 5:58pm. Motion carried unanimously.