

# Village Of Brooklyn

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## Finance Committee Minutes April 6<sup>th</sup> 2011

The Finance Committee meeting was called to order at 6:35pm. Committee members in attendance were Dean Van Den Eng, Nadine Walsten and Dorothy Frandy. Also in attendance was Clerk/Treasurer Carol Strause.

**Motion:** Van Den Eng/Frandy to approve minutes of 03/09/2011. Motion carried unanimously.

The committee discussed having Clerk/Treasurer Strause and Deputy Clerk/Treasurer Brewer attend the Dane County Clerk's appreciation luncheon on May 4th from 10am to 3pm for Clerk's week. This is a great way to show our support of the hard work that both do day in and day out. The office would be closed during this time, but would be open before and after the event. **Motion:** Frandy/Walsten to approve Clerk/Treasurer Strause and Deputy Clerk/Treasurer Brewer's attendance at the Dane County Clerk's appreciation luncheon on May 4<sup>th</sup>. Motion carried unanimously.

The effect to the Village regarding the State's budget repair bill was discussed. Due to the temporary restraining order by the court, the Wisconsin Department of Administration halted implementing Act 10 and the Village is not presently deducting the 5.8% employee contribution toward the Wisconsin Retirement System. It is unclear how the legal matter will be resolved and if/when ACT 10 gets implemented, how the Village will have to handle collecting the 5.8% employee contribution. It is likely that the Village will have to collect the 5.8% contribution back to the original start date in ACT 10, which is listed in the bill as "the first pay period after March 13<sup>th</sup>"; however, there is no guidance from the State at this time. The committee urges all Village employees to be aware of this possibility and budget accordingly. As ACT 10 is written, the cumulative total of our employees paying 5.8% of their salary into the Wisconsin Retirement System and assuming at least 12% of their health care premiums beginning January 1, 2012, will result in approximately \$23,000 of savings per year to the Village.

The effect to the Village regarding the proposed 2011-13 biennial budget bill was discussed. The final impact to the Village regarding proposed decreases in Shared Revenue, Transportation Aid and Recycling Grants won't be known until the State finalizes the Budget Bill months from now. Using the most recent estimates, the Village will lose \$7,521 in Shared Revenue and \$8,390 in Transportation Aid for a total of \$15,911. The fate of recycling grants is unknown

at this time as many legislators support retaining funding for local recycling grants, but that could equal a loss of approximately \$5,000 if it passes as currently proposed. The proposed Budget bill also caps property tax increases at zero percent or the gain in value due to new construction and changes how debt service can be levied. The League of Municipalities, which the Village is a member, has proposed several changes to the bill and close attention to developments is necessary.

The committee reviewed the proposal that was presented at the March 14<sup>th</sup> Board meeting by Kevin Mullin of Hutchinson Shockey Erley & Co, Milwaukee, regarding restructuring the Village's water/sewer debt to minimize rate increases to the sewer utility. The Village's total General Obligation (G.O.) debt on 12/31/11 will be \$764,444 with the Village's debt capacity at \$3,879,636. The outstanding revenue bond 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, with a lower interest rate from the State Trust Fund Loan program. 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. Using General Obligation (G.O.) debt to back refinancing, the sewer debt coverage requirement by DOA would be 5% of debt service if backed by G.O. refinancing rather than 10% required if backed by a revenue bond and could save \$16,250 annually.

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 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 still needs to be investigated.

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. In order to be eligible for the lower rate; however, the Village must apply by June 15, 2011. If the Village applies, it is not obligated to go through with the financing.

**Motion:** Van Den Eng/Frandy to approve a contract with Hutchinson Shockey Erley & Co totaling \$10,000 to refinance debt. \$5,000 for the 2002 water revenue bond and 2007 General Fund BAN and \$5,000 for the 2008 Sewer BAN which would include the investigation on a possible lease between the Water and Sewer Utilities. Motion carried unanimously.

**Motion:** Van Den Eng/Frandy to apply for the Clean Water Fund Program loan by June 15, 2011. Motion carried unanimously.

Charter is discontinuing their complimentary video service to governmental customers and wants to charge \$39.99 per month to continue the service. Clerk/Treasurer Strause explained that the Village does not use the service and recommended that we not pay the monthly fee. **Motion:** Frandy/Van Den Eng to discontinue Charter video service. Motion carried unanimously.

Clerk/Treasurer Strause presented an updated proposal from Union Bank & Trust regarding a possible lease. The proposed amount of a five lease is \$2,500 per month, which is much higher than originally talked about. Union Bank & Trust indicated that the cost is high due to substantial remodeling costs. The consensus of the committee was that this proposal was not realistic or affordable. The committee asked Clerk/Treasurer Strause to contact UB&T to secure remodeling bids for review. The proposal will be forwarded for discussion to the Board meeting on April 11<sup>th</sup>.

Financial balance sheets were reviewed.

Budgets were reviewed.

There were no engineering or attorney fees for the month.

Payroll overtime was reviewed. The amount of overtime this past month is considerably less than previous months.

The monthly invoice worksheet was reviewed. Genesis Housing paid half of their in lieu of taxes and will pay the remainder in July. No update on the three remaining invoices.

Monthly bills were reviewed and will be presented to the Board at the next meeting.

**Motion:** Van Den Eng/Frandy to adjourn at 8:30pm. Motion carried unanimously.