

Village of Weston, Wisconsin
OFFICIAL PROCEEDINGS OF THE JOINT
BOARD OF TRUSTEES & FINANCE COMMITTEE

held on Monday, April 19, 2021, at 5:00 p.m., in the Board Room at the Municipal Center.

AGENDA ITEMS.

1. **Board of Trustees Call to Order & Welcome by President Maloney.**
Meeting called to order at 5:10 p.m. by Board of Trustees President Maloney.
2. **Finance Committee Call to Order & Welcome by Chairperson Ermeling.**
Meeting called to order at 5:10 p.m. by Finance Committee Chairperson Ermeling.
3. **Roll Call by Recording Secretary.**
Roll call of Board of Trustees indicated 6 members present

<u>Member</u>	<u>Present</u>
Ermeling, Barb	YES
Fiene, Nate	YES
Maloney, Mark	YES
Meinel, Steve	YES
White, Loren	YES
Xiong, Yee	YES
Ziegler, Jon	YES*

**Ziegler present on Zoom after 5:55 PM*

Roll call of Finance Committee indicated 5 members present

<u>Member</u>	<u>Present</u>
Bender, Robert	YES
Ermeling, Barb	YES
Meinel, Steve	YES
Simmons, Ryan	YES
Sukup, Carrie	YES

4. **Approval of minutes from previous Finance Committee meeting: March 15, 2021**

Finance Committee motion by Simmons, second by Bender, to approve previous meeting minutes from March 15, 2021.

Yes Vote: 5 No Votes: 0 Abstain: 0 Not Voting: 0 Result: PASS

<u>Member</u>	<u>Voting</u>
Bender, Robert	YES
Ermeling, Barb	YES
Meinel, Steve	YES
Simmons, Ryan	YES
Sukup, Carrie	YES

5. **Public Comments.**
None.

ACKNOWLEDGE WORK PRODUCT TRANSMITTALS.

None.

EDUCATIONAL PRESENTATIONS & REPORTS.

None.

POLICY ISSUES – DISCUSSIONS/RECOMMENDATIONS.

6. Discussion and Possible Action on Municipal Building Finances and 5-Year Capital Improvement Plan

Trautman gave an overview of the Finance Committee's responsibilities and stated that the focus for Finance Committee is the affordability for the taxpayers.

Greg Johnson from Ehlers gave an overview of the Scenario C plan that was previously brought to the board and finance in 2020. Trautman added that Johnson was asked to present Scenario C as a reminder of what was recommended by Finance and endorsed by the Board in March 2020.

The two new scenarios presented are updated versions of Scenario C to reflect the 2020 borrowing. Johnson stated with a multi-use complex some portions are bond eligible and some are not. Due to this, initially the project is funded with interim construction financing notes for the total project and then refunding bonds can be issued once the interim financing is secured.

\$15.0 million update to Scenario C

Table 2 reflects the plan to issue 2022 general obligation (G.O.) bonds for street projects and to refund the interim building note and public safety/land note. The interest rates in the presented tables are based on current rates plus 75 basis points.

Table 3 is the update to Scenario C. The financing is structured to have a similar tax impact as the previous scenario where the debt service levy is fairly consistent year to year. Borrowings beyond 2024 have not been factored into the analysis, but room was left to accommodate future borrowings. Table 3 shows the tax impact for debt service on a \$200,000 home.

Table 4 analyzes the G.O. debt capacity of the Village based on borrowings through 2024.

\$15.5 million update to Scenario C

Johnson gave an overview of the second update to Scenario C which includes additional funding for the municipal complex of about \$500,000.

Johnson stated that Table 7 demonstrates that if project costs change, debt service costs can be structured to have a consistent levy impact.

Donner added clarification that the municipal complex shown in the scenarios includes the public safety building updates, the land purchase, and the proposed municipal building costs.

Trautman gave an overview of the estimated taxes for debt service spreadsheets that are included in the packet. Trautman clarified that the spreadsheets give a general idea of what

taxes may look like. The rates on the spreadsheets are based on equalized rates and values. Actual taxes will be based on assessed rates and values. Trautman drew attention to the "History of the debt service tax rate" table and stated that the decrease in the tax rate from 2018 to 2019 was planned to accommodate a borrowing for the new municipal building. Since the project was delayed the debt service rate ended up dropping in 2019.

Ermeling asked why equalized was used rather than assessed. Trautman stated since the analysis was based on estimates, it was decided to use equalized as it gives a general idea of taxes. Additionally, Ehlers uses equalized and projecting assessed is difficult because it changes each year.

Bender clarified that the debt service tax rate will not get above the rate it was in 2013 until 2025 and that even though we do not know what will be borrowed from 2026 and on, the existing debt will be dropping off. Trautman confirmed that was the case.

Simmons asked how the reassessment will impact these calculations. Trautman stated that it depends on how each property's assessment changes relative to the other properties in the community. If one assessment changes at the same percentage as the rest the individual properties in the community, the actual taxes will not change. A reassessment changes how the total property tax levy is distributed among properties; it does not mean more total taxes get collected. Maloney added that the Village portion of the total tax bill is around 30% so the total tax bill may still change depending on what the other jurisdictions do.

The spreadsheet for the updated Scenario C with a \$15.0 million building cost shows the total cost of the building debt for a \$200,000 home is estimated at \$2,885. For the updated Scenario C with a \$15.5 million building, the total building debt to be paid on a \$200,000 home is estimated at \$2,984.

Meinel asked why the 2021 and 2022 borrowings vary between the \$15M and \$15.5M spreadsheets. Trautman stated that the refunding portion was netted on the \$15.5M spreadsheet instead of being broken out separately like it was on the \$15M spreadsheet.

On the spreadsheet comparing the \$15M and \$15.5M scenario debt service for a \$150,000 home, White asked if the increases are due to higher principal or higher interest. Trautman and Johnson responded that it is due to the different variables used when calculating the debt repayment schedule for the two scenarios and not attributed to any specific variable.

Trautman gave an overview of a spreadsheet handed out that shows the estimated taxes for the presented scenarios (attached to minutes). Trautman added that Assessed Out is the assessed value outside the TIF. This gets added with the Value TIF column to get the total assessed value. The Operating, Debt, and TIF columns represent the taxes levied. The Operating portion goes to the general fund, aquatic center, and capital project funds. The Debt is the debt amounts levied to make principal and interest payments. The TIF column is the amount of increment that the TIF generates (Village portion only). The projections include the assumption that the Village will levy the full amount the state allows. Bender asked if any projections on TIF closure are included. Trautman stated that is not included in the projection and added that a TIF closure does not mean the full TIF increment comes back to the Village. A calculation is done when a TIF is closed to determine the amount the Village gets to raise the levy.

Ermeling asked when the Village is looking to borrow. Trautman stated we are looking to borrow in 2022 with the first debt payment reflected on the levy in 2023.

Trautman also added that with all of the federal grant money coming out there may be impacts to borrowing rates as more people borrow. Johnson stated there is still strong demand for municipal debt. Johnson also added that contractor availability may become an issue as more projects are taken on.

Fiene stated he has been hearing questions on the increased material costs due to the pandemic and if we would have substantial savings if we waited. Donner stated that whatever is supplied by the contractor under the bid is set and that it would be to our advantage to get this project moving. Donner stated we are 30 days into receiving the bids and have 90 days to respond.

Maloney asked if there was a clause that the locked in bid prices could change. Jon Wallenkamp from Kueny responded that he was not aware of a clause like that.

Meinel asked if there is a benefit to waiting until 2022 versus borrowing some in 2021 with low rates. Johnson stated we could break the debt issuances into smaller phases. Fiene asked what the advantage of borrowing in phases is. Meinel responded that rates may continue to go up if borrowing is delayed. Bender added there would be additional fees for each issuance. Trautman stated the interest rate from the most recent Intercity issuance was 0.89%.

White asked Johnson the timeline between borrowing and receiving the funds. Johnson stated the borrowing could occur in under 90 days.

Finance motion by Bender second by Ermeling to recommend the Village Board move forward with the \$15M scenario and adjust costs based on the construction costs the Board determines.

On the question: Simmons asked what the \$500,000 reduction is related to. Maloney responded that it was a 20% reduction to the administration office space. Wallenkamp from Kueny stated it comes down to \$76/sq foot of office space. Donner stated the reduction is related to a smaller building and for excluding the VRF HVAC system. The \$15.5 represents the full building and the VRF HVAC system. Donner stated the Building Committee recommendation was to move forward with the \$15.5M. Wodalski stated the recommendation is not based on the building size; it is based on the borrowing size and then other projects can be adjusted to fit within the borrowed amount.

Original vote called, but votes were unclear. Roll call vote called:

Yes Vote: 4 No Votes: 1 Abstain: 0 Not Voting: 0 Result: PASS

<u>Member</u>	<u>Voting</u>
Bender, Robert	YES
Ermeling, Barb	YES
Meinel, Steve	NO
Simmons, Ryan	YES
Sukup, Carrie	YES

Board motion by Xiong second by White to move the decision to the Board meeting.

Roll call vote called:

Yes Vote: 7 No Votes: 0 Abstain: 0 Not Voting: 0 Result: PASS

<u>Member</u>	<u>Voting</u>
Ermeling, Barb	YES
Fiene, Nate	YES
Maloney, Mark,	YES
Meinel, Steve	YES
White, Loren	YES
Xiong, Yee	YES
Ziegler, Jon	YES

RESOLUTIONS/ORDINANCES.

None.

FUTURE ITEMS.

7. Next meeting date(s):

– Mon, May 17, 2021 @ 4:30 p.m. Finance Committee Meeting

8. Topics for future meetings.

Final 2020 financial statements

9. Remarks from Staff.

Trautman stated the audit is next week and we are finishing up financial statements.

10. Remarks from Board Members

None.

11. Remarks from Committee Members

None.

12. Announcements.

None.

ADJOURNMENT OF BOARD OF TRUSTEES.

Motion by White, second by Fiene, to adjourn the Board of Trustees meeting at 6:27 p.m.

Yes Vote: 7 No Votes: 0 Abstain: 0 Not Voting: 0 Result: PASS

<u>Member</u>	<u>Voting</u>
Ermeling, Barb	YES
Fiene, Nate	YES
Maloney, Mark,	YES
Meinel, Steve	YES
White, Loren	YES
Xiong, Yee	YES
Ziegler, Jon	YES

ADJOURNMENT OF FINANCE COMMITTEE

Motion by Bender, second by Simmons, to adjourn the Finance Committee meeting at 6:28 p.m.

Yes Vote: 5 No Votes: 0 Abstain: 0 Not Voting: 0 Result: PASS

<u>Member</u>	<u>Voting</u>
Bender, Robert	YES
Ermeling, Barb	YES
Meinel, Steve	YES
Simmons, Ryan	YES
Sukup, Carrie	YES

Jenna Trittin, Recording Secretary