

**MINUTES OF THE FINANCE COMMITTEE MEETING HELD  
SEPTEMBER 6, 2016**

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Present: Alderpersons McSweeney, Schandel and Tutaj

Also Present: City Administrator Johnsrud, City Clerk/Treasurer Uecker, City Engineer Dejewski, Library Director Krahn, City Attorney Alexy, Alderman Klug, Mayor St. Marie-Carls, interested citizens

Chairman McSweeney called the meeting to order at 5:33 p.m.

Moved by Alderwoman Schandel, seconded by Alderman Tutaj to place on file the minutes of the Finance Committee meeting held July 19, 2016. Motion carried.

**Resolution for Inclusion under Group Life Insurance (ETF)**

City Administrator Johnsrud explained to those present that the adoption of this Resolution would allow the City to offer additional units of life insurance to employees. There would be no cost to the City as this is a voluntary benefit for employees. Currently the City, as a benefit, offers one unit of life insurance to qualified employees. It would also allow employees to purchase insurance for their spouse and/or dependents.

Moved by Alderman Tutaj, seconded by Alderwoman Schandel to recommend to the Common Council the adoption of the Resolution for Inclusion under Group Life Insurance. Motion carried.

**Resolution for Inclusion under the Income Continuation Insurance Plan (ETF)**

City Administrator Johnsrud explained that adoption of this resolution would allow for employees to have an option for income continuation in the event of a serious illness or accident. Again, there would be no cost to the City as it is a voluntary benefit. ETF has several different options for employees and this could benefit employees who do not have a large sick bank of hours.

Moved by Alderman Tutaj, seconded by Alderwoman Schandel to recommend to the Common Council the adoption of the Resolution for Inclusion under the Income Continuation Insurance Plan. Motion carried.

**2<sup>nd</sup> Quarter Financial Report**

Included in the packet was the Bank Reconciliation Report and the Investment Report for the period ending June 30, 2016. The Bank Reconciliation showed a cash balance of \$647,361.52. Investments for the same period totaled \$5,760,351.34. Alderwoman Schandel had questions on outstanding items which City Clerk/Treasurer Uecker answered.

Moved by Alderman Tutaj, seconded by Alderman McSweeney to approve and place on file the 2<sup>nd</sup> Quarter Financial Report. Motion carried.

**2017 Budget Update**

City Administrator Johnsrud told the Committee members that the budget worksheets have been distributed to the Department Heads and that he will begin meeting with them over the next couple of weeks. He informed those present that the City has lost \$20M in equalized value for this year which will have an effect on taxes. Property and Casualty Insurance premiums have increased about \$16,000 which is mostly due to Workers Compensation Insurance. After meeting with our insurance broker, it is estimated that the City will see a 6-8% increase in health insurance premiums for 2017. For 2015, the City had a \$106,000 (.22%) surplus at year end – most of which can be attributed to the \$65,000 paid by the Molasky Group for building permits. For 2017, the budget will be about priorities. City Administrator Johnsrud will have the Administrator’s Budget by the end of September for the Finance Committee. That timeline will allow for approximately one month to review the budget, make any changes and have the Budget Public Hearing on November 15<sup>th</sup>. Having the hearing then will allow the Clerk/Treasurer’s Office to get all the information gathered and calculate tax bills in a timely manner.

### **Schedule of General Obligation Debt Outstanding and TID Update**

Todd Taves, from Ehlers and Associates, presented to the Finance Committee a detailed update regarding the City’s debt and TID’s. The City currently has four outstanding bond issues – three are for the Civic Center and one is for TID #4. Mr. Taves went through the handout, explained each debt issue and gave projections for the Debt Service levy going forward. The levy for 2017 will be \$733,106. Using calculations from the 2016 tax bills, the tax rate for Debt Service will be \$1.35 in 2017. The City is currently at 39.04% of the allowed debt limit – but that will increase when the 2005 CDA Bonds are converted to General Obligation (GO) debt. At that point, the City will be at 50.05% of the allowable debt limit.

#### TID #3

Mr. Taves reviewed the valuation history of TID #3 as well as the adjustments made to the valuation by the Department of Revenue. He explained the valuation error in 2008 as well as the adjustment the Department of Revenue will be doing for 2016. The current adjustment is due to value within TID #3 that had not previously been reported. The missing parcels were discovered when the City prepared the documentation for TID #5 which is serving as an overlaying/donor TID for TID #3. That adjustment will be backed out for the 2017 valuation. Because of the adjustment, TID #3 will have positive cash flow going forward and the potential is there to repay the General Fund for some of the advances made. For 2016 the increment is expected to be \$840,417 for the 2017 budget. In subsequent budget years, the TID is projected to generate an estimated \$359,034 annually.

CDA Leave Revenue Bonds – these bonds are callable in 2017 and it is recommended to restructure the debt into GO bonds. One of the main reasons to recall and restructure the debt is the good interest environment. Currently the Lease Revenue Bonds are at 4.0% and converting to GO bonds would decrease the interest to a projected 1.1%. Repayment for the GO bonds would be 17 years or can be shortened to 13 years. The tentative schedule for the refinancing would be:

Presale planning	September-October
Adoption of Presale Resolution	November
Adoption of Sale Resolution	December 6 <sup>th</sup>
Estimated Closing Date	December 29 <sup>th</sup>
Redemption Date for 2005 CDA Bonds	March 1, 2017

#### TID #4

In the first two years, the TID lost value, but in 2014 and 2015 the value has again increased to a positive value. While TID #4 has GO debt, the projects show that there will be enough increment to cover the debt service payments. Currently the City is only making interest payments, but will start making principle payments in 2017.

#### TID #5

This TID was created in 2015 as an overlaying district to TID #3. It can also serve as a donor TID to #3. In 2016 the certified value decreased – the City had expected a positive \$2.5M incremental value based on the assessed values reported. That increase was swallowed up due to the DOR value/equalized value change. There are a lot of other projects with potential in TID #5. The City just needs to be aware of the percentages given in TIF Incentives so there is always enough cash flow in TID #5. Ehlers will update the development assumptions to reflect the delay in the Bear development construction timeline, the potential Sherman & Associates project, the potential Mandel Project and any other project brought forward to the City.

No action was needed on the report from Ehlers as it was informational for the Finance Committee.

Moved by Alderwoman Schandel, seconded by Alderman Tutaj to adjourn. Motion carried.

Time: 6:36 p.m.