

Finance Committee Meeting Minutes
November 7, 2006

Chairman Jones called the meeting to order at 7:16 p.m. and the Clerk confirmed that appropriate notice was given.

Members present: Mayor Sullivan and Aldermen Jones, Cochrane and Larsen

Staff present: Gard, Lamp, Frye, Kitsembel, Gallo, Beguhn, Bednarski, Dodge and Coenen

Others present: Aldermen Gross, Morgan, Snyder, Antonneau, Hollatz and Atty. Chapman

2. Consider/recommend Extension of Financial Auditing Services Contract

Kitsembel reported that the City's contract for auditing services expired with the 2005 year-end audit. In 2001, the City awarded a five-year contract to Schenck & Associates SC that included an option to extend the contract an additional three years if the parties could mutually agree on terms. Schenck has been the City's auditing firm since 1995 and staff has been very pleased with the services received. They are proposing to extend the current contract terms with price increases of 3% per year for auditing services and no increase for the tax incremental district audits. The increase is a flat fee for each year and previous years increases are comparable. Staff is recommending the contract extension.

Motion by Cochrane to recommend to Council extending the Financial Auditing Services Contract with Schenck & Associates SC; second by Larsen. Motion carried 3-0.

3. Consider/act on TIF #4 Financing

Kitsembel reported that the City has been incurring expenses with TIF #4 since it was created in 2003 and to date we have incurred approximately \$830K. Additionally, we expect to incur costs in the near future for the Highway 16 Jurisdictional Transfer Project. The City has not yet secured any financing for TIF #4 and to date expenditures have been funded through an advance from our General Fund Reserves. Larsen asked what the expenditures are to date. Kitsembel responded that over half was for Berkshire and the rest was for the DOT, Schreiber/Anderson and staff allocations.

Staff is recommending that the City borrow \$5M before the end of 2006 because the City needs to reimburse itself for the funds already expended and secure funds for the upcoming expenditures that could occur before the end of the year. It is advantageous to borrow less than \$10M per year because the debt is considered bank qualified and this yields the City a lower interest rate. Also, the City could be incurring debt in 2007 for the remainder of TIF #3 costs. We have approximately \$9M left to spend in TIF #3, therefore it is advantageous to borrow for TID #4 in 2006. Further, if we borrow \$5M or less in a year, we are considered a small issuer. That status allows the City to earn unlimited arbitrage for three years and provides us flexibility in the timing of spending the proceeds. Staff is recommending short-term borrowing, which is a three-year bond anticipation note. This will allow the City to monitor the development in the TIF and structure the long-term debt appropriately before we secure permanent financing in three years. Finally, staff is recommending that the City issue no more than \$5M in debt in 2006.

Motion by Cochrane to approve the recommendation of staff to go forward on the TIF #4 financing, not to exceed \$5M in 2006; second by Jones. Motion carried 2-0. Larsen abstained.

Motion by Cochrane to adjourn; second by Larsen. Motion carried 3-0. The meeting adjourned at 7:29 p.m.

Minutes taken by
Diane Coenen, City Clerk

Ald. Larsen, Secretary