



MINUTES OF A REGULARLY SCHEDULED MEETING OF THE **FINANCE COMMITTEE** HELD ON **TUESDAY, OCTOBER 1, 2019**, AT 7:15 P.M. IN THE NORTH CONFERENCE ROOM OF CITY HALL, 2000 NORTH CALHOUN ROAD, BROOKFIELD, WISCONSIN.

ALDERMAN SCOTT BERG PRESIDING

MEMBERS PRESENT: Alderman Scott Berg, Alderman Dan Sutton, Alderman Bob Reddin, Alderman Ron Balzer, Alderman Mark Nelson, Alderman Jerry Mellone and Alderman Renee Lowerr.

MEMBERS EXCUSED / NOT PRESENT: None.

OTHERS PRESENT: Director of Finance and Administration Robert Scott, Director of Community Development Dan Ertl, Economic Development Coordinator Todd Willis and Alderman Chris Blackburn.

1. Alderman Scott Berg noted a quorum was present and called the Finance Committee meeting to order at 7:15 p.m.
2. Announcements:
 - a. The next regularly scheduled Finance Committee meeting is October 15, 2019.
 - b. Special Finance Committee meetings to review the proposed 2020 budget are scheduled for October 10, 2019 at 7:00 p.m., and October 17, 2019 at 6:15 p.m. (if necessary).
- 3a. Minutes of the September 17, 2019 Regular Finance Committee meeting.

Motion by Alderman Dan Sutton, seconded by Alderman Jerry Mellone, to approve the minutes of the September 17, 2019 regular Finance Committee meeting. Motion carried 7-0.

Council Action Items

- 4a. Vouchers exceeding \$50,000 requiring immediate action.

None.

- 4b. Resolution approving furniture, fixtures, and equipment purchases from various vendors to equip the Brookfield Conference Center.

Motion by Alderman Mark Nelson, seconded by Alderman Ron Balzer, to approve the resolution approving furniture, fixtures, and equipment purchases from various vendors to equip the Brookfield Conference Center. Motion carried 7-0.

Finance Committee Only Items

- 5a. Staff report regarding status of hotel tax collections, Brookfield Conference Center debt service, and consideration of related transfer from Economic Development Fund to Conference Center debt service fund.

Director of Finance and Administration Scott summarized the staff report regarding this item (copy of written report available for review in the Finance department offices). In short, the 2019 budget and the structuring of the 2019 conference center bond issue were based on assumptions for hotel room tax collections that included a re-opened Residence Inn property and the two hotels under construction at the Corridor development. Those hotels have not opened and will not until 2020; as a result, hotel tax collections are falling short of projections (sales from existing hotels are in line with projections and running slightly higher than the prior year). In addition, staff confirmed with bond counsel that per the provisions of the resolution adopted by the Council that approved the general obligation bonds issued for the conference center, the City must have the funds on hand (in 2019) that will be used to abate property taxes that would otherwise be required to make the 2020 debt service payments on the conference center bonds – 2020 hotel tax collections cannot be assumed available to abate the property tax levy. Director Scott indicated that per the terms of the agreement with Visit Brookfield, the City will be retaining all 2019 hotel tax collections in excess of the amounts the City is allowed to retain per state law and the base payment per the contract with Visit Brookfield – that amount is estimated at \$254,000. The total shortfall in hotel tax collections is estimated at \$454,000.

Staff's recommendation is that a transfer of \$200,000 from the Economic Development fund, which has a current fund balance of \$800,000 (accumulated from previous hotel tax collections), be used to provide the balance of the funding for the 2020 debt payments. Director Scott noted that this situation should be a one-time issue during the transition period leading up to the conference center opening and the completion of the hotels under construction (including the Hilton Garden Inn adjacent to the conference center) and that the projections used for future years are conservative in nature – they assume base sales from existing properties at 2018 levels, and average occupancy for the new hotels. The projections do not include any bump in revenue from the 2020 Democratic National Convention, nor any effect of unanticipated economic recessions or similar circumstances. Finally, Director Scott also noted that the lower hotel tax collections will affect the cash flows for Visit Brookfield, which has approached staff about a potential change to the base payment per the contract for 2020 only. Staff is analyzing the request and preliminarily believes that a small increase may be possible without putting the City at risk regarding 2021 debt payments. Any such change to the Visit Brookfield contract will be a future item for consideration by the Committee and Council.

Following questions from the Committee, motion by Alderman Mark Nelson, seconded by Alderman Bob Reddin, to affirm the staff recommendation and to direct staff to prepare the necessary budget amendments to effect the transfer from the Economic Development fund. Motion carried 7-0.

6. Adjournment.

Motion by Alderman Dan Sutton, seconded by Alderman Bob Reddin, to adjourn the Finance Committee meeting. Motion carried 7-0. Meeting adjourned at 7:50 p.m.

Minutes respectfully submitted by Robert Scott, Director of Finance and Administration.