

**FINANCE COMMITTEE
OCTOBER 11, 2010 AT 7:26 P.M.
LINCOLN CENTER – 1519 WATER STREET**

PRESENT: Alderperson Moore, Molski, Stroik, Mallison and Brooks

ALSO

PRESENT: C/T Schlice; Mayor Halverson; Clerk Moe; Ald. Slowinski, Trzebiatowski, O'Meara, M. Stroik, Suomi; Directors Schraeder, Halverson, Morris, Lemke, Ostrowski; Assessor Siebers; Personnel Manager Jakusz; Deputy C/T Freeberg; Tricia Church; Asst. to the Mayor Pazdernik; Brian Kowalski; Matthew Brown; Reid Rocheleau; Barb Jacobs

1. CONSTRUCTION AND COST SHARE AGREEMENT BETWEEN PORTAGE COUNTY, THE VILLAGE OF PLOVER AND THE CITY OF STEVENS POINT.

Motion made by Ald. Stroik, seconded by Ald. Brooks to approve the construction and cost share agreement between Portage County, the Village of Plover and the City of Stevens Point.

Ayes: All

Nays: None

Motion carried.

2. CONTRACT CONTINGENCY APPROVAL.

C/T stated that when bids are accepted for projects, quite often the final bid comes in higher than the actual bid price due to things happening that we were not aware of prior to the project and change orders need to be made. Currently there is no allowance for these costs, even though the contract allows for change orders over the amount of up to 15%. Change orders are usually covered by other project funds which can cause a problem with those overall costs. Approval will allow appropriation of additional funds over the contract price and if unexpended those funds would be applied to future debt service payments rather than expended to another project.

Ald. Stroik questioned how the bid would be given to them and how and when they would know what the contingency would be.

C/T Schlice stated Engineering would calculate the contingency, which would then be part of the total appropriation for that project and would be known up front when given to the Council.

Ald. Brooks questioned how the change orders are handled now, if it is handled within Public Works and if major change orders come back to Council.

C/T Schlice stated that is correct, it is handled internally within Public Works and if it is over the 15% it is brought back.

Director Lemke stated that change orders can go both ways, sometimes they are more and sometimes they are less. If the change orders are above certain thresholds he goes to the Mayor for approval. There is a state statute that states that anything over 15% of original contract amount needs to be rebid. They want to be consistent and show the bid tabulation by showing the

actual bid item and another line item for the contingency amount, which will not be more than 15%.

Motion made by Ald. Molski, seconded by Ald. Brooks to approve the contract contingency.

Ald. Mallison asked for additional clarification on the change order process and who approves it.

Mayor Halverson stated that if there is any change order with any projects, he wants to see all change orders that are either a large proportion of the project or above a few thousand dollars. If they are above a few thousand dollars we look at what the allocated dollars were and if we have, for example, available dollars that are part of the borrowing, that is where John and I interface on availability of funds. The measures that we put into place to make sure the change orders get reviewed, to know that they are legitimate and to make sure that funds are available. Public Works handles them, but we also get involved, if the need is there.

C/T Schlice stated that the reason this is on the Finance agenda is because he wanted to make sure we had authorization for appropriation of funds up to this amount so that there is never a question coming back on whether we could or could not do this.

Ald. O'Meara stated that the statute that is being referred to is for award. The 15% is prior to award, before the contract is signed. It is also important that if we have large change orders that it has to come back to the Council.

Ayes: All Nays: None Motion carried.

3. COMMERCIAL REHABILITATION LOAN – BRILL.

C/T Schlice stated the terms of the program were that any of the loans do come to the committee for approval prior to being disbursed.

Motion made by Ald. Brooks, seconded by Ald. Moore to approve the commercial rehabilitation loan for Brill.

Ald. Stroik clarified that the City Attorney and the Administration still has a process to make sure that this person has the ability to repay the loan.

C/T Schlice stated that was correct, Community Development Director Ostrowski does work with the City Attorney when necessary.

Mayor Halverson reminded the committee that this secured as a first mortgage.

Ayes: All Nays: None Motion carried.

4. TAX INCREMENT PROJECT REVENUE BOND. A. GERRARD CORPORATION PROJECT. B. NORTHPOINT SHOPPING CENTER PROJECT. C. 500 VINCENT COURT PROJECT. D. 1501 NORTHPOINT DRIVE PROJECT.

C/T Schlice stated that in going through the file, it was discovered that these were not issued as

part of the original agreement and we need to issue a revenue agreement to cover the payments. This was sent to Foley and Lardner and they reviewed the developer's agreement and came up with the revenue bonds that are in the packet. Revenue bonds do not count against our borrowing authority, they are just subject to the revenue that we receive, so if we do not get any revenue, it does not get paid out.

Motion made by Ald. Mallison, seconded by Ald. Brooks to approve the tax project revenue bond for the Gerrard Corporation Project, the Northpoint Shopping Center Project, the 500 Vincent Court Project and the 1501 Northpoint Drive Project.

Ald. Molski questioned if this is the entire payout.

C/T Schlice stated yes, this is the cap and there has been a couple of payments made on the November 1st dates while these things were being run through with Foley.

Ald. O'Meara questioned why we went with a revenue bond rather than a G.O. bond.

C/T Schlice stated that G.O. would count against our debt, the developers agreement structure is that if they meet their development agreement, a portion of the tax increment would be the incentive payment to them. It is purely a revenue issue, G.O. says that we would have to pay it regardless.

Ald. O'Meara also stated that the interest on a revenue bond is higher than a G.O. bond.

C/T Schlice stated there is no real interest in this. The structure of the agreement we did, because of tax laws, shows principle and interest, but will not exceed to more than what is in the agreement.

Ayes: All Nays: None Motion carried.

Item # 5 was pulled from the agenda.

6. APPROVAL OF PAYMENT OF CLAIMS.

Motion made by Ald. Molski, seconded by Ald. Stroik to approve the payment of claims in the amount of \$1,270,910.22.

Ayes: All Nays: None Motion carried.

Adjournment at 7:41 p.m.