



**CITY OF WAUWATOSA**  
7725 WEST NORTH AVENUE  
WAUWATOSA, WISCONSIN 53213  
Telephone: (414) 479-8917  
Fax: (414) 479-8989  
Web Site: www.wauwatosa.net

## **BUDGET & FINANCE COMMITTEE MEETING**

Tuesday, May 12, 2009  
Committee Room #2

PRESENT: Aids. Ewerdt, Donegan, Jay, Walsh, Krol, Organ, Berdan – 7

ALSO PRESENT: J. Archambo, City Admin.; A. Kesner, City Atty.; B. Aldana, HR Director/Asst. City Atty.;  
R. Braier, Finance Dir.; C. Ledesma, City Clerk; N. Welch, Comm. Dev. Dir.

Ald. Ewerdt as Chair called the meeting to order at 8:02 p.m.

### **Bid results for the official newspaper for the City's legal publications**

The committee reviewed a memo from the City Clerk regarding the only bid received for the official newspaper for the city's legal publications. As required annually by state statutes, it was advertised for bids. Ms. Ledesma commented that only one bid was received and the rates are unchanged from last year and are within the legal allowable limits by Wisconsin State Statute.

Moved by Ald. Donegan, seconded by Ald. Krol  
to recommend approval of the award for the city's legal  
publications from the Journal Sentinel, Inc., for  
CNI Community Newspapers – 7

### **Proposed revision of consolidated fee schedule for the Building Department**

The committee reviewed a memo from the Chief Building Official requesting changes to the consolidated fee schedule to reflect a change in state agent status and changes in the State of Wisconsin fee schedule.

Ms. Welch reported that the state agent status was recently changed to remove the limit of plan review for buildings less than 50,000 cubic feet. The city will be reviewing all plans for buildings less than 50,000 cubic feet.

Moved by Ald. Krol, seconded by Ald. Organ  
to recommend approval updating the 2009 consolidated  
fee schedule to reflect the new state fees - 7

### **Reallocation of Community Development Block Grant funds for Muellner Building**

This item was tabled after the final agenda was dispersed.

### **Resolution authorizing the issuance of \$9,400,000 General Obligation Promissory Notes and the issuance sale of \$9,400,000 Note Anticipation notes, Series 2009**

### **Resolution authorizing the borrowing of \$5,300,000 and providing for the issuance and sale of Taxable General Obligation Promissory Notes**

The Finance Director said he will be addressing items four and five together. Mr. Braier introduced Paul Thompson, Executive Vice President of Hutchinson Shockley Erley & Co. who will discuss the Build American Bonds (BAB).

Mr. Braier reviewed the documents provided in the packet with the committee. Document A is a timetable which reflects a June 16<sup>th</sup> sale date of the bonds. He said the other items listed before June 16th are things that need to be done prior to the sale; is asking for approval to proceed.

Documents B and C are related to the Build America Bonds which Mr. Thompson will discuss later. This is an interesting option that the city has never had before.

Documents D and E are sample debt service schedules for \$5,300,000 showing the market rates in regards to the Build American Bonds. Document D shows the accrued interest of \$987,522.08 if we issued the notes tax exempt. Document E shows the Build American Bonds and that we would pay a higher interest rate because it is taxable. However the federal government would pay 35% of the interest so the total interest amount could be reduced by \$85,564, so in this instance we would be able to issue debt for less than our normal debt service.

Documents F and G are for the second bond anticipation note for the fire station which is temporary borrowing until the station is built. This note would mature next November, it is part of the city plan for two stage temporary borrowing and then go out for permanent financing once the project is complete.

Document H is a list of all the projects that the \$5,300,000 will be used for. The Engineering Department has put together a schedule by contract with anticipated time frames for the projects. There are spending restrictions when we borrow money of this size which has previously been discussed with this committee.

Document I is a report of how we are doing with last year's bond issue. The far right column indicates the minimum spending that needs to be accomplished by specific dates. Last year the city borrowed \$6,200,000 and the chart shows that we are on target. Mr. Braier said the city is doing well in meeting the IRS requirements.

Document J is a list of 2008 bond issue projects which shows how those projects are proceeding as well.

Mr. Braier reviewed the draft Professional Official Statement (POS) which tells a story about Wauwatosa and will be used to market the bonds to be sold.

Mr. Thompson discussed the Build America Bonds (BAB) which are available through the American Recovery and Reinvestment Act of 2009 (ARRA). These bonds became available in February 2009 and expire January 1, 2011. These are taxable bonds which feature a tax credit in lieu of issuing traditional tax-exempt bonds. There is just a small window of time to issue these bonds for normal public works projects which under normal circumstances tax-exempt bonds would be issued. The BABs are taxable although the federal government will pay 35% of the interest every six months which really lowers the rate from 9.86 to 9.01. Mr. Thompson said rules and regulations have been published but one of the problems is that there is no guarantee how long the government will continue to pay the 35% interest expense. He said if the Treasury stopped the 35% interest payments the City would be making interest payments based on a taxable rate rather than tax exempt. Mr. Thompson said the notes will have an extraordinary call provision that if any time the federal government arbitrarily withdraws the 35% interest subsidy, the City of Wauwatosa will have the right to immediately refinance these to tax-exempt bonds. This should solve the uncertainty of whether or not the government will continue to pay the subsidy.

Mr. Thompson said as the market revolves around the BABs, the finance director may come back to the committee in June to advise the city is not going to issue the BABs. This would happen if it were determined that the taxable market for municipal bonds which is traditionally a small market, and that there may not be enough buyers nationwide. That in turn would drive the interest rates up on the taxable BABs, which would drive interest rates down on tax-exempt bonds. If it were determined that there was a real disparity in rates where the savings would

disappear, Mr. Braier would come back to the committee. Mr. Thompson said that they will be watching this closely and will be running a debt schedule weekly to see where they are at on the interest savings. This will be monitored closely.

Ald. Ewerdt asked about the call provision on the note. Mr. Thompson explained that it is a right to pre-pay without a penalty.

Ald. Donegan asked about the interest rate. Mr. Thompson advised that the tax-exempt option is pretty secure and there probably would not be much change unless something dire happens. Mr. Thompson also noted that with the city's AAA rating, they will receive the most favorable rates in the market.

Ald. Organ wondered if it is such a good time to be a seller or issuer of bonds and if the government makes a change regarding the subsidy, couldn't we find ourselves in such a good bond market. Mr. Thompson explained that there is a risk but it was unlikely that you would see tax exempt rates higher than taxable rates. He said even then there are strategies that could be taken.

Ald. Donegan said in following up on Ald. Organ's concern, that borrowing conditions could dramatically change three or four years from now. The city has the opportunity to lock in now for ten years or take this risk that might be thrown into an unpredictable market for an \$86,000 savings. Mr. Thompson said the federal government would have to stop giving the 35% subsidy and the city would never refinance when they have the opportunity to receive this 35% interest subsidy. He said the government is receiving more taxes than they normally would, as the buyers will be pay taxes on what they buy which equals more than the 35% subsidy. Ald. Donegan noted that the call provision being made on the note sale is a good option for the slight risk being taken.

Moved by Ald. Donegan, seconded by Ald. Krol  
to recommend approval of both items in a single vote – 7

**\*Memo from the Asst. City Attorney regarding the claim of Deann Crawford**

Ms. Aldana explained the claim of Deann Crawford, 7900 Harwood Avenue. The claim is for damage to her car when she struck a large hole in front of 7900 Harwood Avenue. The hole was checked and/or patched numerous times by the City prior to this incident. The City recommends denial of the claim due to the fact that the City was not negligent.

Moved by Ald. Jay, seconded by Ald. Walsh  
to recommend denial of the claim by Deann Crawford  
in the amount of \$518.09 – 7

**Vouchers**

Name	Dept.	Reason and location	Date	Amount
Ellen Krueger	Health	WI Association for Professionals in Infection Control (APIC) 2009 Seminar - Pewaukee	4/30/09	200.24
Amy Beals	Health	Healthy Communities, Healthy People Conference - Middleton	04/27 - 04/29/09	269.11
Pat Sobczyk	Water	Access 2003 Level 2	4/30/09	75.00

Nancy Welch	Community Development	National APA Conference - Minneapolis	04/25 - 04/29/09	1,378.92
Tamara Szudy	Community Development	National APA Conference - Minneapolis	04/25 - 04/29/09	1,810.48
Jennifer Ferguson	Community Development	National APA Conference - Minneapolis	04/25 - 04/29/09	1,415.36
James Case	Fire	Annual Fire Department Instructor's Conference - Indianapolis	04/23 - 04/24/09	57.00
Scott Erke	Fire	Annual Fire Department Instructor's Conference - Indianapolis	04/23 - 04/24/09	147.24
James Wojcehowicz	Water	WI Dept. of Natural Resources Certification		45.00
Gary Raymond	Police	Motorcycle In-Service - Milwaukee	4/20/09	68.00
Dale Weiss	Police	Law Enforcement Executive Training - Appleton	4/23/09	96.31
David Wheaton	Building	Required continuing education for inspector license - Onalaska	04/21 - 04/24/09	360.84

Moved by Ald. Donegan, seconded by Ald. Walsh that the vouchers be allowed and paid – Ayes: 7

**\*Update regarding tax litigation: Covenant v. City of Wauwatosa**

Moved by Ald. Walsh, seconded by Ald. Organ to convene into closed session per Wis. Stat. 19.85(1) (g): conferring with legal counsel for the governmental body who is rendering oral or written advice concerning strategy to be adopted by the body with respect to litigation in which it is or is likely to become involved, and may reconvene into open session - 7

The meeting adjourned at 9:23 p.m.

Carla A. Ledesma, City Clerk  
City of Wauwatosa

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