



CITY OF WAUWATOSA
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COMMITTEE ON BUDGET & FINANCE

Tuesday, October 5, 2010 – 7:15 p.m.

PRESENT: Alds. Berdan, Causier, Donegan, Ewerdt, McBride, Walsh, Wilson -7

EXCUSED: Ald. Hanson

ALSO PRESENT: Mr. Archambo, City Administrator; Mr. Kesner, City Attorney; Mr. Wojcehowicz, Water Utility Supt.

Ald. Ewerdt in the Chair

Proposed Resolutions for Waterworks System Revenue Bonds and Taxable General Obligation Refunding and Street Improvement Bonds (Build America Bonds). Paul Thompson of Hutchinson, Shockey, Erley & Company, was present. He reported that three bids were received for the City of Wauwatosa \$7,750,000 Waterworks System revenue bonds (rated AA-2). The fixed rate is 3.54% for 19 years, a good rate for revenue bonds.

The \$10, 200,000 City of Wauwatosa taxable general obligation refunding and street improvement bonds are primarily for fire station #1. The IRS will rebate to the city 35% of the interest costs. The interest rate after interest subsidy for 20 years, fixed, is 2.66%. Interest from the IRS will be \$155,068.

Build America Bonds are not tax-exempt. In the future, if the federal government reduces or eliminates the interest subsidy, the bonds can be refinanced with tax-exempt bonds, so the city will not suffer due to the subsidy reduction. These bonds are AAA-rated by Moody's.

(Ald. Walsh present 7:22 p.m.) -7

Mr. Thompson added that with both of these bonding issues, the interest rate was substantially higher as little as three weeks ago. It was estimated that the waterworks bonds' rate would have been 3.66% then (versus 3.54% now), and the general obligation bond interest rate would have been 3.77% (versus 2.66% now).

Mr. Thompson also noted that the outstanding lease revenue bonds for TIF #2 were upgraded by Moody's from a AAA-3 rating to an AA-2 rating. While this action does not impact the interest rate, the rating upgrade is a welcomed by the bond-holders.

It was moved by Ald. McBride, seconded by Ald. Wilson to recommend approval of both resolutions. -7

The meeting adjourned at 7:24 p.m.

Carla A. Ledesma, City Clerk