



CITY OF WAUWATOSA
BUDGET AND FINANCE COMMITTEE
MINUTES • AUGUST 6, 2013

Special Meeting
Committee Room #2
7:15 PM

7725 West North Avenue, Wauwatosa, WI 53213

PRESENT: Alds. Donegan, Birschel, Hanson (7:18pm), Tilleson, Dubinski,
Wilson - 6

NOT PRESENT: Alds. Organ, Ewerdt

ALSO PRESENT: J. Ruggini, Finance Dir; A. Kesner, City Atty; K. Mullen, Quarles
& Brady; J. Moldenhauer, Ald.

Ald. Wilson as Chair called the meeting to order at 7:16 p.m.

BUDGET AND FINANCE COMMITTEE ITEMS

1. Resolution authorizing the issuance and sale of approximately \$3,465,000 General Obligation Refunding Bonds, Series 2013

The Committee reviewed a memo from the Finance Director regarding the sale of General Obligation Refunding Bonds in the amount of \$3.315 million and the sale of General Obligation Promissory Notes in the amount of \$6.25 million.

Mr. Ruggini explained that the City of Wauwatosa had a successful sale of bonds on the morning of August 6, 2013. For the sale of \$6.25 million in tax-exempt General Obligation Promissory Notes, four underwriters offered competitive bids and Robert Baird had the low bid with a rate of 2.129842%. He noted that this rate is very good considering the current market climate.

Mr. Ruggini explained that the sale amount of the General Obligation Refunding Bonds was reduced from the authorized \$4.1 million to \$3.315 million due to a \$600,000 principal payment scheduled in December. He noted that the City saves a total of \$178,000 in interest costs over the next five years by refunding these bonds, which equals approximately 4.3% of the outstanding principal.

Mr. Ruggini mentioned that the City's Aaa rating was reaffirmed by Moody's after City staff traveled to Chicago and met in person with Moody representatives to review the City's complete debt profile. He noted that Moody's was not concerned with the City's debt levels, but they were concerned regarding the decrease of property value.

Mr. Kevin Mullen explained that the City's meeting with Moody's was a forward thinking move that reflected the City's plan and resolve to remain fiscally responsible.

Ald. Wilson expressed thanks to Mr. Ruggini and congratulated his department on another Aaa rating.

Ald. Donegan asked Mr. Ruggini to explain the reduction in property value, and to clarify the difference between assessed and equalized value.

Mr. Ruggini stated that the City's equalized value was \$5.7 billion in 2007, but is down to approximately \$4.9

billion. He explained that equalized value attempts to correct for the market and does not relate to tax increment financing. He explained that the Covenant Healthcare and General Electric (GE) cases greatly impacted the City's decrease in assessed value. He stated that the City's assessed value as of 1/1/12 was \$5.4 billion and the equalized value was \$4.9 billion. He stated that he expects the two values to converge toward the equalized value and that he expects assessed value as of 1/1/13 to reduce to about \$5 billion.

Ald. Tilleson praised Mr. Ruggini for his excellent management of City finances and the reaffirmed Aaa rating. He asked Mr. Ruggini to compare the City's reduction in property value to surrounding municipalities.

Mr. Ruggini stated that he has not researched the topic, but would guess that the City of Milwaukee was hit harder by the foreclosure crisis. He noted that the Covenant Healthcare and GE cases probably caused Wauwatosa equalized value to decline at a greater rate than surrounding municipalities such as Brookfield and Waukesha.

Ald. Tilleson asked how the bond rates compare to last year's bond sales.

Mr. Ruggini stated that the rates are slightly higher than last year and Mr. Mullen explained that the market has corrected in the area of tax-exempt bonds.

In response to Ald. Tilleson's question, Ald. Donegan noted that the City Assessor has previously reported on Wauwatosa property value based on home sales and that Wauwatosa compared favorably to surrounding municipalities.

Ald. Wilson moved, Ald. Birschel seconded
to recommend approval of the sale and issuance
of \$6,250,000 in General Obligation Promissory Notes
to be dated August 20, 2013 - Ayes: 6

RESULT:	RECOMMENDED FOR APPROVAL [UNANIMOUS]	Next: 8/6/2013 7:30 PM
TO:	Common Council	
AYES:	Donegan, Wilson, Dubinski, Hanson, Tilleson, Birschel	
ABSENT:	Organ	
EXCUSED:	Ewerdt	

- Resolution authorizing the issuance and sale of \$6,250,000 General Obligation Promissory Notes, Series 2013

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ABSENT:	Organ	
EXCUSED:	Ewerdt	

The meeting adjourned at 7:24 p.m.

Carla A. Ledesma, CMC, City Clerk