

FINANCE COMMITTEE
September 9, 2013 AT 6:00 P.M.
LINCOLN CENTER - 1519 WATER STREET

PRESENT: Alderpersons Moore, R. Stroik, Slowinski, O'Meara and M. Stroik
ALSO

PRESENT: Mayor Halverson; City Attorney Beveridge; Clerk Moe; C/T Ladick; Ald. Trzebiatowski, Suomi, Patton, Phillips, Doxtator, Wiza; Directors Lemke, Ostrowski, Schrader, Schatschneider, Jakusz; Asst. Police Chief Zenner; Fire Chief Kujawa; Kelly Pazdernik; Dennis Laidlaw; Brandi Makuski; Nate Enwald; Jessica Pacyna; Randy Roosa; Tricia Church; Laura Bronk.

ITEM #1 - Review of Personal Financial Disclosure from the Comptroller-Treasurer .

C/T Ladick stated that he wanted to disclose his past employment relationships with financial institutions because the depository resolution is being updated at this meeting. He identified his past employment relationships as M&I Marshall and Ilsley Bank, now known as BMO Harris Bank, and The Portage County Bank.

Non-action item, no motion made.

ITEM #2 - Review of Memo Explaining How City Bank Deposits are Protected.

C/T Ladick gave a brief summary of deposit protection for city deposits, explaining that the first \$250,000 is covered by the FDIC, the next \$400,000, balances ranging from \$250,000 to \$650,000, are covered by the Wisconsin Deposit Guarantee fund, and for deposits above \$650,000 we ask banks to pledge collateral, which means they pledge a specific bond or bonds, which the city would get in case of bank failure.

Mayor Halverson asked if the requirement to pledge collateral creates an impediment for smaller local banks to do business with the city.

C/T Ladick stated that it does present an issue when we are looking to increase the balance above \$650,000 because smaller banks do not always have sufficient collateral to pledge, and often once the \$650,000 threshold is crossed the rates can decrease because we are asking the bank to do something additional.

Aldersperson Trzebiatowski inquired about the reality of recovery if a bank were to fail, if the city would actually see something for its collateral, or if it would be a moot point.

C/T Ladick explained that it is considered good financial policy to have deposits collateralized, and the amount of collateralization is reflected on our financial statements. He stated that in the event of a bank failure, we would receive the pledge securities, so while it would not make a difference in an "end of the world catastrophe", it would make a difference in the event of a bank failure at a particular institution.

Non-action item, no motion made.

ITEM #3 - Resolution Designating Public Depository and Authorizing Withdrawal of City Monies.

Motion made by Ald. O'Meara, seconded by Ald. R. Stroik, to approve the updated Resolution Designating Public Depository and Authorizing Withdrawal of City Monies.

Ald. Moore stated that the resolution would increase the number of banks and also add the City Clerk as an authorized signer Savings, Money Market, and Certificate of Deposit accounts. Ald. Moore asked C/T Ladick why so many banks were being added.

C/T Ladick stated that he can typically get the best rates on amounts of \$650,000 or less because of the collateralization issues discussed in item #2. He also stated that more banks helps spread our risk, and gives us the flexibility to shop around for the best rates. The C/T stated that the updated resolution with additional banks is the result of an active search for the financial institutions with the best rates.

Ald. Slowinski asked how many banks the city currently uses, and how often money is moved or shopped around.

C/T Ladick stated that we have about 6-7 banks currently, and that most CDs are for a term of 1 year or less.

The claims were discussed.

Ayes: All

Nays: None

Motion carried.

ITEM #4 - Discussion of federal changes impacting "Build America Bonds", and options for refinancing.

C/T Ladick stated that because the interest rebate on Build America Bonds has been reduced, we now have the option of refinancing this bond. However, in order for a refinancing to make financial sense, we would need to convert it from a revenue bond to a general obligation bond. Because of our level of general obligation debt in comparison to our overall debt capacity, and possible future needs for financing with general obligation debt, C/T Ladick stated that we was not comfortable with refinancing it as a general obligation bond, even though it would save \$135,000, and therefore recommended against refinancing.

Ald. Slowinski clarified that although it would save \$135,000, the recommendation was to leave it where it is because of changing it would affect the amount that we can borrow.

C/T Ladick stated that is correct, if we refinanced this bond would tie up some of our credit limit.

Mayor Halverson stated that it is unfortunate that when we took out this bond it was done this way because of the interest rebate, and at that time we would not have expected the rebate component to be revoked, but it is now essentially being revoked.

C/T Ladick added that the federal government has only reduced the interest rebate by 8.7%, and that in the future it is a possibility that the interest rebate could be restored to its original level or reduced further.

ITEM #5 - Approval of Funding for Carlson- Dettmann Salary Study.

Motion made by Ald. R. Stroik, seconded by Ald. Slowinski, to approve the funding for the Carlson-Dettmann Salary Study.

Ald. Moore stated that he decided to put this item on the agenda because it was left off the finance committee when it was originally approved, so he wanted to bring it back for designating an account to take the money out of.

Ald. Wiza asked if there was any additional money being approved.

Ald. Moore stated that there was not.

C/T Ladick stated that his intention is to take the funds out of contracted personnel services, which would over-spend the line item by about \$25,000. He intends to under-spend the contingency line item by \$25,000 to offset this.

ITEM #6 - Approval of Payment of Claims.

Motion made by Ald. Slowinski, seconded by Ald. M. Stroik to approve the payment of claims in the amount of \$6,966,716.16.

Adjournment at 6:16 p.m.