

Meeting Minutes
FINANCE COMMITTEE
June 9, 2003 AT 6:25 P.M.
CITY WATER DEPARTMENT

PRESENT: Chairman Barr, Ald. Rackow, Phillips, Molski and Walther

ALSO PRESENT: Comptroller-Treasurer Schlice; Mayor Wescott, City Clerk Zdroik; Admin. Assistant Gebert; Directors Gardner, Schrader; Disher; Fire Chief Barnes; Personnel Specialist Jakusz; Superintendent of Maintenance Laidlaw; Operations Superintendent Krieski; Secretary Rentz; Surveyor Hild; Design Engineer Yauch; Ald. Seiser, Moore; Sowieja; Markham; Stroik; Kate Garsombke (Stevens Point Journal); Gene Kemmeter (Portage County Gazette); Mike Harrigan (Ehlers and Associates)

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1. Assessor's Report.
2. Funding for Temporary Engineering Consultant.
3. Request for Option to Purchase/Right of First Refusal for four lots on Heritage Drive-CAP Services.
4. Award of 2004 General Obligation Promising Notes.
 - a. \$1,490,000 Taxable General Obligation Promising Note Series 2003A.
 - b. \$2,295,000 Taxable General Obligation Promising Note Series 2003B.
5. Approval of Payment of Claims.
6. Adjournment.

1. ASSESSOR S REPORT

Motion made by Ald. Rackow, seconded by Ald. Molski to approve the report of the Assessor and place it on file.

Ayes: All Nays: None Motion carried.

2. FUNDING FOR TEMPORARY ENGINEERING CONSULTANT

Schlice stated that this would not be a direct employee of the City, but a independent contractor so there would not be any other benefits.

Chairman Barr questioned how many hours a week he would be working.

Mayor Wescott replied he is anticipating no more than ten hours, but there would certainly be times of the month where we wouldn't need the individual for a given week because we all know that the last two weeks of the month are slower than the first two weeks.

Chairman Barr questioned how the recruiting is going.

Mayor Wescott replied that we are currently talking with five candidates of which one or two we are going to speak to again, but this also gives us the flexibility to see what is available out there. The state of the economy may have some folks holding back on applying for jobs. We have to have an engineering seal available to us. There are few weeks that go by that some project doesn't flow into the City Planners office or the City Engineers office that requires that technical level of review and ultimate signing off by an Engineer. He would also allow us the opportunity to search and screen the next Director of Public Works. As some of you may remember Mr. Bonneville as former District 4 Administrator for DOT, so we certainly have a good contractor.

Motion made by Chairman Barr, seconded by Ald. Phillips to approve the funding for the temporary engineering consultant.

Ald. Phillips questioned that our past Engineers duties were not only the stamp or Engineering part of it, but it was to oversee the work done in the Department, do we have any idea who will be taking care of the other thirty hours now that Jon isn't there.

Mayor Wescott replied that right now, depending on the approval of the committee, he would meet with Mr. Bonneville and have that discussion and outline that work plan. His thinking is that Mr. Bonneville would be at least responsible for reviewing the Public Works and Engineering Designs and plans and assigning them within that division along with attending select meetings. He would be available to make recommendations to the City Council and Committees and we would also be using the professional Engineering seal that is available to him.

Ald. Sowieja questioned the funding.

Mayor Wescott stated that in the C/T's notes, it did state that it would be coming from the remainder of the Directors salary account.

Ald. Molski questioned if we would have money if we do hire someone.

C/T Schlice stated that Jon had some accrued vacation that was paid out so that salary will be paid out, but from that point forward, the money would not be paid out to anyone and would be available.

Ald. Phillips questioned if we should put a deadline, like December 2004, on this.

Mayor Wescott replied not at this time, but if it appears that we are going to get into a protracted search and screen for a Director, he would report that back to Council through Personnel.

Ayes: All Nays: None Motion carried.

3. REQUEST FOR OPTION TO PURCHASE / RIGHT OF FIRST REFUSAL FOR FOUR LOTS ON HERITAGE DRIVE - CAP SERVICES

C/T Schlice stated in the packet, there are copies of offers to purchase, they are looking at proposing to paying for each lot on August 15 of the particular succeeding year and they have purchased one of the lots this year, according to the price that the Council set previously, which would be lot ending with .08 on your map, which would be on the corner. They have a ten year program, and they have at least five years to go on the contract that they work on with SPASH to build the houses. There is quite a feature in the Gazette and tonight's Journal in regards to the house that was built on Church Street. They are trying to tie up the lots so that they can plan on their design. It doesn't say that we cannot give it to someone else if they come in, but they are asking for the right of first refusal. The problem being that they don't have \$80,000 that they can throw out on the table right now and tie it up for the next four or five years. It is up to the Committee if we wish to give them right of first refusal under the option.

Motion made by Ald. Molski, seconded by Ald. Walther to approve the request for option to purchase/right of first refusal for four lots indicated on

Heritage Drive for CAP Services.

Ald. Phillips questioned that if we are dealing with these five lots and there are other available lots in Stevens Point, such as where a house was demolished or whatever, would they be able to build on those also or would they have to purchase these first.

Director Gardner stated that it is their intent to build on those lots that they have under option. One of the problems that they have had is having to secure a source of lots and they are intending on breaking ground in about 6-7 weeks. One of the problems they have had in the past is not having secure stream of lots so this is one way to address that issue, to know where the next one is coming from.

Chairman Barr questioned if we have any obligation to the surrounding neighbors.

Director Gardner replied that the lots are for sale for anybody who wants to build on them, so he does not believe so.

Chairman Barr stated this is different than moving in existing homes.

Ald. Rackow stated that he would tolerate having not building on one of those if a lot opened in the central city somewhere, somewhat similar to what we did on Church Street.

C/T Schlice stated with what we have coming down on the budget, we may not have a lot of extra funds to purchase a house and demolish it like we did with the one on Church Street in the immediate future.

Ayes: All Nays: None Motion carried.

4. AWARD OF 2004 GENERAL OBLIGATION PROMISING NOTES

A. \$1,490,000 TAXABLE GENERAL OBLIGATION PROMISING NOTE SERIES 2003A

B. \$2,295,000 TAXABLE GENERAL OBLIGATION PROMISING NOTE SERIES 2003B

C/T Schlice stated that the first two issues that we have for this month to consider are the ones that you approved previously. They are the taxable issues according to bond counsel, we need to separate the issuance of taxable and non-taxable issues by at least fifteen days so we will be doing the other two borrowings that we approved previously next month on meeting night. (Mike Harrigan of Ehlers and Associates is introduced). Ehlers and Associates was hired to conduct the sale of the general obligation notes for the City of Stevens Point and we have some real good news in regards to interest rates.

Mike Harrigan stated the sales results indicates that there are two issues here that are being considered. The first issue is in the amount of \$1,490,000 and these are taxable general obligation notes as opposed to tax exempt (which is what is normally issued) and the reason that taxable needs to be done is for the purpose and in this case, this is actually dollars being borrowed on behalf of the CDA. You will see in the documents that there were four bids that were submitted and the best bid is the first one listed provided by Bankers Bank out of Madison, along with the Pineries Bank, right here in Stevens Point. The range of interest rates is 1.3 - 4.4%, but the controlling number is the true interest rate figure, which is the average of the rates and it is at 3.4654% on a taxable basis for these bonds that go out to 2012. We had an estimate of interest costs while working on this, which was projected at 2.20 to 3.20, with a total cost of interest at \$168,306 over the life of the issue. We plugged in the actual rates and we came in at 155-220 resulting total interest cost of \$117,000, which is over \$50,000 less than the original estimate, so this is a very positive thing. We had very aggressive bidding but he pointed out that there was two things that mitigated in our favor. One of which is where Moody's Investor service re-rates the City, which the result was a AA3 level, which is a very high rating. He stated that they work for many communities across Wisconsin, Minnesota, and Illinois and we enjoy one of highest ratings available by Moody's and there are only about eight other communities rated at this level or above. The credit report states that the financial operations benefit from strong management and the support of ample reserves. Moody's believes that the City's financial position will remain favorable due to management's demonstrated record of prudent financial practices which has resulted in sound financial balances. They also state other positive things that they see with our communities situation, but basically what they are doing is telling you that you have done a very good job in managing your resources as a municipality and that AA3 rating means lower rates. The interest rate grid shows that the last time we were at this level was 1968 as far as municipal bond interest rates. So from a timing standpoint, we have got the best possible rate at this time.

The second issue was \$2,295,000 and that was is also being issued as taxable for the purpose of paying off the City's pension liability. We actually received ten bids for this issue, which is normal when you have large block sizes that are shorter, and the best bid is a UMB Bank out of Kansas City, Missouri and the interest rate is a 2.0422% and that goes out to 2007. Again, very aggressive bidding and the ranges went from 2.04 to 2.31.

If the Committee is prepared to recommend that the Council proceed, the bond attorney, Foley and Lardner, has prepared the resolutions. The two resolutions are standard general obligation debt resolutions.

Ald. Molski questioned whether or not we will have a problem with Mr. Adamski (of Pineries Bank) being on the Board of CDA.

Mr. Harrigan replied that he is not voting on this, it is just the Council voting on this.

C/T Schlice stated that this is a general obligation of the City itself, not the CDA, the CDA will be borrowing it from us.

Ald. Phillips questioned C/T Schlice's opinion on this.

C/T Schlice stated that he feels these are very good rates and he did check out some of the local markets and he also checked with Mr. Harrigan on what the open market would bring, which he just showed us. We are saving \$80,000 to \$100,000 from what we were quoted originally and we will be saving much more than we would if we would just call the local bank. With the borrowing, the CDA will be paying us back, there is no levy impact whatsoever, just an exchange of dollars and on the second one is structured so that it will not have any increase in our levy and it will be paid off in a couple of short years, it is also going to free up about \$120,000 per year on the ERP program providing that is still existence. The City is going to save over \$5,000,000 over the next 25 years that we would have paid out and still owed them \$3,000,000 so this is really saving the taxpayers a big chunk of money.

Motion made by Ald. Rackow, seconded by Chairman Barr to approve the funding of the 2004 Taxable General Obligation Promising Note Series 2003A in the amount of \$1,490,000 awarded to Bankers Bank.

Ayes: All Nays: None Motion carried.

Motion made by Ald. Phillips, seconded by Ald. Walther to approve the funding of the 2004 Taxable General Obligation Promising Note Series

2003B in the amount of \$2,295,000 awarded to UMB Bank.

Ayes: All Nays: None Motion carried.

5. APPROVAL OF PAYMENT OF CLAIMS

Motion made by Ald. Rackow, seconded by Ald. Molski to approve the payment of claims in the amount of \$526,315.18.

The claims were discussed.

Ayes: All Nays: None Motion carried.

Adjournment at 6:51 P.M.

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