

FINANCE COMMITTEE MINUTES
May 21, 2012
City Hall – 1st Floor Conference Room - West

Finance Chairperson Scott McMeans called the meeting to order at 6:01 PM

Present: Alderpersons Scott McMeans, Christopher Able, James Brey, Eric Sitkiewitz, Collin Braunel, (6:18 PM)

Absent: None

Also Present: Mayor Justin Nickels, Alderperson Allan Schema, Finance Director/Treasurer Steve Corbeille, Assistant Finance Director/Treasurer Tony Scherer, City Attorney Juliana Ruenzel, Human Resources Director/Risk Manager Deb Geiger, Director of Public Works/Parks and Recreation/City Engineer Valerie Mellon, Fire Chief Bill Manis, Deputy Fire Chief Todd Blaser, Robert W. Baird & Company Director Brad Viegut, Institutional Capital Management President Bob Moore, HTR Reporter Charlie Mathews.

Approval of Minutes

Motion by Alderperson Able, second by Alderperson Brey to approve the minutes of April 16th, 2012 Finance Committee meeting. Motion carried unanimously (4-0).

Public Input

No public input was presented.

ICM Investment Report

Chairman McMeans introduced Bob Moore of Investment Capital Management for his report to the Committee. Bob provided a brief overview of ICM and its roll with the administration of City funds. He spoke to changes in local government, economic diversity in local business, portfolio liquidity and a quick review of ICM's role in negotiating savings to bank custody and management fees.

Mr. Moore then took questions from the Committee. Alderperson Brey asked about the recent drop in the stock market. Mr. Moore began by suggesting that the Finance Committee and Council act as liaisons to the larger companies in the area; to speak with them and find out what direction they are heading and their plans in terms of employment, expansion, and other factors that could affect the City's revenue sources. Mr. Moore explained that although the European Crisis is a big factor, the market fluctuations are more in direct alignment with the Fed's liquidity provision programs (Quantitative Easing or QE), rising with the inception of each and falling as the programs reach their conclusion. It's his opinion that the most recent drop in the market is due to the latest such program coming to an end and the fear that the Fed's will not follow up with a QE3.

Alderman Able inquired about property values and new home construction. Mr. Moore explained that although there may have been an up-tick in new home construction as of late, banks are sitting on a large number of foreclosures and sooner or later they will be hitting the market. He went on to discuss Mortgage Medallions for multi-family dwellings and how they may affect future revenues. The council then participated in a discussion regarding local home starts and employment opportunities. Mr. Moore then spoke to these issues from a national perspective.

Bob Moore summed up his presentation by expressing that he feels the next big advancements in technology will produce a large number of job opportunities (3-D printer example). He feels the US needs to position itself to take advantage of these opportunities in order to turn the tables on the now emerging economies bolstered by inexpensive labor forces and little to no economic or environmental regulation.

2012 General Obligation Promissory Note Issue

Chairman McMeans opened the discussion with an overview to the Committee regarding the Moody's rating call, concluding that there was no change to the City's rating due to the lack of new, solid financial information, but that Moody's was pleased with some of the administrative actions taken by the City in an attempt to right the City's financial picture. Mr. Viegut concurred with the Chairman's analysis.

Brad Viegut then explained the process Baird went through for the sale of the note issue. He communicated to the group that the issue size was less than first discussed in April due to a dollar for dollar up-front premium. The note issue dropped in size from \$7,890,000 to \$7,655,000 and came in with a true interest cost 2.09%. The capital equipment portion of the issue amounted to \$2,795,000 at an interest rate of 2.34% while the refunding portion of the issue was \$4,860,000 with a TIC of 1.86%. Present value saving from the refinancing came to \$227,470 or a rate of 4.685%, a savings of approximately \$40,000 per year.

Fiscal & Time Saving Proposals/Initiatives for Council/Committee Meetings

The Committee began preliminary discussions regarding ways to save time and money on the preparation of the documents for council and committee meetings. Chairman McMeans was hoping to have a quantitative cost placed on the documents and preparation time. As of the time of this meeting the City Clerk had not been able to complete these calculations. The Committee discussed the need for copies of every document, ways they might reduce the amount of paper, man hours needed for the preparation of meetings and the possible use of laptops or iPads. Chairman McMeans requested that the Finance Department sit down with the Clerk's Office and come up with an analysis of the costs that go into meeting preparations.

The Committee then turned its discussion to the processing of claims. Mayor Nickels and City Attorney Juliana Ruenzel provided the Committee some background information explaining the claims process and how that process could be shortened by providing the City Attorney the authority to pay claims "up-front". Those payments would then be reviewed and approved by Council post payment. The Committee requested additional information from the Attorney's Office regarding the claims process and for the item to be placed on a future Finance Committee agenda.

Approval Of Credit Card

The Committee received a request from the Finance Department to approve a purchasing card with a \$2,000 credit limit for Finance/Director Treasurer Steve Corbeille.

Motion by Alderman Brey, second by Alderman Sitkiewitz to approve the issuance of a credit card to the Finance Director/Treasurer with a limit of \$2,000. Motion carried unanimously (5-0).

Chairman McMeans requested that this item to be placed on a future Finance Committee agenda in order to review and discuss the current credit card policy.

Periodic Reporting to the Finance Committee and Council

The Committee discussed the reporting that they would like to see coming out of the Finance Department. In general the Committee would like the Finance Office to provide the Committee with some exception reporting; less detail and more emphasis on where the problems are and the areas of concern. Alderman Brey stated that he is looking for departmental overviews showing the budget and actual amounts along with percentages. The Committee also added that they were still interested in having access to and learning how to operate the City's Springbrook software program.

2013 Budget Needs From the State of Wisconsin

Assistant Finance Director Tony Scherer explained the League of Municipalities web page where it updated the anticipated State program revenues for the 2013 budget and offered further detail to the Committee.

2013 Budget Goals and Objectives

Chairperson McMeans instructed Committee members to start thinking about how the Committee wanted to proceed, heading into the 2013 budget. He offered up two options; one of providing goals and objectives to the Mayor, the other to initiate more of an interactive dialog with the Mayor throughout the budget process.

Motion by Alderperson Able, second by Alderperson Brey to adjourn. Motion carried unanimously. Chairperson McMeans declared the meeting adjourned at 7:01 PM.

Respectfully Submitted,

Alderman Scott McMeans
By: Anthony Scherer
Assistant Finance Director

AS