

FINANCE COMMITTEE MINUTES
December 21, 2009
City Hall - First Floor Conference Room West

Chairperson James Brey called the meeting to order at 5:30 PM

Present: Alderpersons, James N. Brey, Dean W. Graunke, Eric J. Sitkiewitz, and Jill C. Hennessey.

Absent: Christopher T. Able.

Also Present: Alderpersons Jason Sladky and Scott McMeans, Finance Director/Treasurer Brian Ruechel, Assistant Finance Director Tony Scherer, Director of Public Works/City Engineer Valerie Mellon, Transit Director Derek Muench, Robert W. Baird & Company Director Brad Viegut and Roncalli high school students.

Credit Card Request for Maritime Metro Transit

Transit Director Derek Muench is requesting permission to have a credit card for Maritime Metro Transit. Transit currently uses a personal charge card to make material and supply purchases. Finance Director Brian Ruechel stated the credit card would have a \$2,000 line of credit.

Motion by Alderperson Sitkiewitz and second by Alderperson Hennessey to approve a credit card for Maritime Metro Transit Director Derek Muench. Motion carried unanimously.

2010 Bond Issue Financing Plan/Timetable

Brad Viegut, the City's financial consultant, discussed with the committee the 2010 Bond Issue financing plan and timetable. Mr. Viegut stated that bond issue financing possibilities consisted of traditional tax-exempt borrowings or taxable Build America Bonds (BABs)-direct pay. Mr. Viegut explained that unlike the City's customary tax-free issues, BAB's are taxable bond issues. Issues of this type generally result in a higher interest rate and consequently higher interest payments. But with the issuance of BABs the Federal Government provides issuers a subsidy, or rebate equal to 35% of their annual interest costs. With the subsidy, the total interest paid is less than that of a traditional tax-exempt bond issue. Mr. Viegut provided funding assumptions for the 2010 Bond issue using traditional tax-exempt borrowings of \$5,795,000 with an interest rate of 3.81% and BABs of \$5,850,000 with an interest rate of 4.81%. Issuing BABs would achieve savings for the City of \$349,072 when compared to the traditional tax-exempt borrowing.

Motion by Alderperson Sitkiewitz and second by Alderperson Graunke to recommended the use of Build America Bonds for financing the 2010 Bond Issue. Motion carried unanimously.

Refunding of 2000; 2001; 2002 General Obligation Bonds

Brad Viegut provided documentation to the committee members explaining the refunding opportunities for the outstanding General Obligation Corporate Purpose Bonds issued May 1, 2000, April 1, 2001, and April 1, 2002.

It is anticipated that the refunding of these Bonds will realize a present value savings of \$378,722 with a present value savings percentage of 3.679%, above the City's 2.0% PV savings threshold.

Motion by Alderperson Sitkiewitz and second by Alderperson Hennessey to approve the refunding of the 2000, 2001, and 2002 General Obligation Corporate Purpose Bond Issues.
Motion carried unanimously.

Chairperson Brey declared the meeting adjourned at 6: 05 PM.

Alderperson James N. Brey
Chairperson
Finance Committee

By: Brian C. Ruechel, CGFM
Finance Director/Treasurer