

FINANCE COMMITTEE

Date and Time: Tuesday, July 22, 2014 @ 4:30 pm., Board Room

Members Present: Nagle, Winters, Kellbach, Nutting

Members Absent: Oberbeck

Others Present: Tipple, Groat, Giese, Hardel, Hebert, Jacobson, Klein, Kujawa, Mohelnitzky, Werth, Whalen, Seubert, Wagner, Rasmussen, Goede, Kent Olson, Deb Ryan

In accordance with Chapter 19, Wisc. Statutes, notice of this meeting was posted and sent to the Daily Herald in the proper manner. It was noted that there was a quorum present and the meeting was called to order by Chairperson Winters.

Public Comment on matters appearing on the agenda.

Deb Ryan, 702 Elm St, commented it seemed to her that there was a trend of the city not knowing what is going on with loans and keeping track of them. She felt loan and contract monitoring should be done on a monthly basis.

Discussion and possible action on removing funding for the Director of Public Works and/or City Engineer position from the 2014 budget - Keene Winters

Winters indicated he put this on the agenda to advance the issue to the Council floor for discussion. Nagle stated he firmly believed we need someone to come in from outside of the city with no political or economic agenda to look at our operations. We have a lot riding on our budget coming up and are in a crisis mode and he felt we would be remiss if we didn't have someone versed in cities and urban environments advise us.

Wagner stated that the HR Committee after long discussion asked the HR Director to create a job description heavy on administrative and engineering knowledge and to get an estimated bid of what it would cost to have a company do a search, as was done with the Fire Chief. He clarified we did not actually begin looking or say that we were actually going to hire someone. We were proactive in discussing with the employees and engineers on what worked in the department and what didn't. He commented it is very difficult for someone who doesn't have an engineering background to do the day to day work, as the Mayor has been trying to do. Mayor Tipple agreed there are 95 employees of the department that need guidance on an everyday basis. He did not disagree with having an outside study on operations, but felt it was irresponsible not to fill the position as soon as possible.

Rasmussen pointed out the money they want to pull out of the budget is the money that needs to be paid to Marquardt to the end of the year; it is an agreement we made and we have to meet our obligation. She did not understand why they would want to leave large departments essentially unmanaged indefinitely and believed it was only setting them up for failure. She stated we are opening ourselves up to a lot of problems if we don't get a qualified person in that position.

Motion by Nagle, second by Winters to remove funding for the Director of Public Works and/or City Engineer position from the 2014 budget. Motion fails 2-2.

Consider amendment to August 20, 2007 development agreement Scannell Properties #92 LLC and Apogee Wausau Group, Inc. (Wausau Window and Wall) - Ann Werth

Ann Werth explained in the original agreement to build Wausau Window and Wall there was a stipulation that it would have a value of \$19 million and that has not been met. She stated this was a 15 year agreement with the city which they would like to honor and they are requesting that it start over in 2014 and continue forward.

Motion by Nagle, second by Nutting to approve the amendment to the development agreement. Motion carried 3-1. (*Winters was the dissenting vote*)

Presentation of the 2013 audit - Schenck CPA's Jon Trautman

Joh Trautman presented the details of the 2013 audit and financial statements. (*On file*)

Review & possible change in scope of work for the 2013 Audit - Keene Winters

Winters was interested in their consulting work and the use of their experience with other communities to help us bring best practices. He stated we have had some control issues come up, four of which the Council was concerned

with: 1) there were reports of two instances where serial purchases were used to avoid bidding requirements; 2) a \$1 million overpayment to the DOT that was recovered; 3) some unauthorized sole source purchases; and 4) the recent discovery that a developer was noncompliant with their 2007 development agreement. Winters questioned if these were good candidates for a consulting job. Trautman indicated they could provide assistance with their direction on the areas and the focus and then he could provide an estimate of the cost. Winters stated they were looking for some version of testing to tell us whether these were isolated or systemic issues and then some recommendations on how to do it more efficiently or with better controls.

Nagle suggested the Council consider the scope of work as a Committee of the Whole. Rasmussen felt they needed to have some idea of what it was going to cost before considering it as a Committee of the Whole. Groat commented after these errors were found changes were made to ensure there was a more stringent review of transactions. She suggested they may want to focus more on procedural processes rather than looking back at mistakes that might have happened in the past. Trautman agreed the most important objective is what to do going forward, not looking back.

Motion by Nagle, second by Nutting have Jon Trautman come back to a future meeting with an estimate of cost. Motion carried 4-0.

Consider Budget Modification Tax Increment District Number Seven for Developer Payment of \$77,000, Olson Tire.

Ann Werth indicated Economic Development met previously and considered a project that would demolish the Stettin School on Stettin Avenue that has been vacant since the early 2000's. The original request of Kent Olson was denied and he has now requesting \$77,000 towards the costs of demolition of the building, abatement and REI. She noted the total cost of this is \$79,895. She indicated the \$77,000 would come from TID #7 and he would be receiving an approximately \$300,000 loan from McDevco which has made arrangements with the Alexander Foundation. Integrity Bank will work with Mr. Olson for the final portion of his financing. Nagle noted the development agreement was approved by Economic Development this afternoon.

Winters indicated he would be voting no because he did not feel he had enough time to review the project. Werth explained the project had to meet a very rigorous schedule because Mr. Olson was under a time constraint.

Motion by Nagle, second by Nutting to approved the budget modification from TID # 7 for the developer payment of \$77,000 to Olson Tire. Motion carried 3-1. (*Winters was the dissenting vote*)

Update and possible action on \$400,000 retaining wall project with Ghidorzi & Co.

Werth stated the city's portion is completed and the portion of the land Ghidorzi owns needs to have a wetlands application completed. Black dirt is being spread on the property; a four foot fence on the top of the wall that is required is being installed for both the city and Ghidorzi property; and work is being done on the retention pond. She noted it was estimated that 110 yards of fill would be used but it actually came to 140 yards of fill. She indicated over a \$1 million has been invested to date and there is some potential interest in the property.

Groat stated we made one payment in 2013 for the work that was done last fall for approximately \$97,000 and the Board of Public Works will be considering a payment on Thursday for \$265,000. After that payment is made there will be about \$35,000 left outstanding.

Discuss and approve the RFP for Newsletter Printing Services from 9/1/14 - 9/1/16

Groat stated this is a service proposal and there is an RFP out right now on the website for printing of the newsletter. Mayor Tipple stated we have been putting out a newsletter for a long time; it used to be four per year and then we cut back to two. Wausau Water Works had their own newsletter going out to the same population so we combined the two together and went back to four times per year. Winters questioned if the geographic restrictions in the RFP were corrected and Tipple stated that they were removed.

Preliminary resolution 2014 general obligation promissory notes and bonds - Maryanne Groat

Groat provided the committee with a list of projects that were either authorized in the budget to be funded through the issuance of debt or were modifications to budgets due to overages in the street projects. She noted the list

includes all infrastructure projects as well as the River Edge Trail improvement out of TID #3; the Athletic Park construction and historic wall; and the engineering for Memorial and Schulenburg Pools. As with past borrowing practice, the CIP would be issued at a 10 year note. She explained TID #3 is committed with all of the investments made in the riverfront and TID #10, which is brand new is without increment, so the financial advisor recommended going with a 15 year to reduce the amount of deficits that are accumulating. There would be a call provision within the debt where if it was performing better than expected they would be able to call the debt early and basically turn it into a 10 year note. The financial advisors also recommended an option where we could actually defer the principal on those two TIF's for two years. She reviewed amortization schedules in their packets for paying principal immediately and for deferring principal.

Groat stated the advisor also looked at our outstanding issues and found two issues that would help the city if we did refinancing. They are the 2007 A & B Project; based on the current market we would look to save \$66,000 in interest over the balance of the issue in A and \$80,000 in B. Both of those issues are not supported by general tax levy; one is related to the utility and the other is two TIF issues.

Motion by Nagle, second by Nutting to approve 2014 GO promissory notes and bonds with the recommendation of the financial advisor for the 15 year note and for the two year principal deferral options. Motion carried 4-0.

Consider the purchase of vacant land in the Wausau Business Campus at 101 North 72nd Avenue from Intercity Bank – Werth

Werth stated they gave her a range to offer for the property and requested it be discussed in closed session.

CLOSED SESSION pursuant to 19.85(1)(e) of the Wisconsin Statutes for deliberating or negotiating the purchase of public properties, the investing of public funds, or conducting other specified public business, whenever competitive or bargaining reasons require a closed session: for negotiating the purchase of properties. (101 N 72nd Avenue)

Motion by Nagle, second by Kellbach to convene in closed session. Roll Call Vote: Ayes: Kellbach, Winters, Nutting, Nagle. Noes: 0. Motion carried 4-0.

RECONVENED back into open session.

Nagle and Kellbach had to leave to attend another committee meeting. No discussion or action could be taken on the following agenda items for lack of a quorum.

- **2014 midyear financial review - Maryanne Groat and Department Heads**
- **Consider Revi Design prevailing wage reimbursement invoice, staff analysis and budget modification - Maryanne Groat**
- **Budget modification for CBL development agreement - Megan Lawrence**
- **Review historical analysis of property violation fines - Maryanne Groat/Bill Hebert**
- **Consider expansion and modification of the Motor Pool Fund to include Equipment - Maryanne Groat**
- **Introduce CIP listing by funding source - Keene Winters**

Adjourn

Motion by Nagle, second by Kellbach to adjourn the meeting. Motion carried unanimously. Meeting adjourned at 6:20 pm.