

FINANCE COMMITTEE

Date and Time: Tuesday, September 9, 2014 @ 5:00 pm., Board Room

Members Present: Winters, Kellbach, Nagle, Oberbeck, Nutting

Others Present: Tipple, Groat, Giese, Kujawa, Werth, Wagner, Gisselman, Goede, Mielke, Abitz, Neal, Phil Cosson-Ehlers & Associates

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.

None

Minutes of the previous meeting(s). (8/05/14)

Motion by Kellbach, second by Nagle to approve the minutes of previous meetings on 8/05/14. Motion carried 5-0.

Discussion and possible action regarding budget modification - Tax Increment District Ten for Linetec, Inc Development Assistance and related Debt Issuance - Werth, Linetec Staff

Ann Werth stated Linetec is a company that has been located on the corner of Stewart Avenue and 72nd Avenue in our Business Campus since 1983. Linetec has completed multiple expansions over the last 30 years and today operates a half million square foot facility and employs 380 people. She commented they are poised to grow and are operating at capacity, so they are weighing the option of where best for that expansion. The plan is to add a 125,000 square foot addition, consisting of \$10 million in equipment and \$5 million in real property improvements; immediate creation of 20-25 jobs and up to 104 jobs by year five. She indicated the State of Wisconsin is in support of this project and has offered \$840,000 in job tax credits through WDDC.

Werth introduced Linetec representatives present to discuss the project: Chris Menard, Vice President of Finance; Andy Joswiak, Vice President of Operations; Jane Kessel, Vice President of HR; as well as one of their suppliers, A.J. Gordon, President of Gordon Aluminum. Chris Menard presented an overview of Linetec (*copy on file*). A.J. Gordon spoke in favor of the expansion in Wausau and explained how it expands the geographical reach for the city. Menard stated this capacity needs to be added within the Apogee Company and one of the other Apogee Companies is in Grand Rapids, Michigan. The financial analysis would lean heavily towards Michigan because of the savings in freight costs. He indicated Linetec's position is there are a lot of intangible benefits to locate the expansion here. The tentative approval is if we obtain \$2 - \$3 million to defray the costs of starting it up. He stated they are seeking approval of \$1.2 million in TIF funds to go along with the \$840,000 from the state. He noted Linetec is prepared to fund \$92,000 of the cost to either move the sewer line on our property or encapsulate it under the building and donate it back to the city.

Motion by Nagle, second by Nutting to approve the budget modification of \$1.2 million – TID #10 for Linetec, Inc. development assistance and related debt issuance. Motion carried 4-1. (*Winters was the dissenting vote.*)

Discussion and possible action on 2015 Room Tax Applications and the development of the 2015 Room Tax Budget- Groat

Groat stated annually as part of our room tax application process we receive applications in the month of August and in February for consideration; the August requests always become part of the next year's budget. She provided a spreadsheet which used an assumption of the 2015 estimated revenues to be \$700,000. She indicated there was one new request this year for capital which is from the Grand Theater for stone façade improvements. All of the other requests are those that the committee receives on a regular basis, but for Wausau Area Events that has a new spring festival. She noted she created a placeholder for those requests that typically apply in the spring.

Motion by Nagle, second by Nutting to approve the allocations recommended as presented:

Wausau Area Events - \$77, 900; Main Street - \$30,000; Performing Arts - \$49,400; Woodson Art Museum - \$32,680; Historical Society - \$22,800; Concert Band - \$7,600; Center For Visual Arts - \$11, 400; City Funding - \$180,00; Wausau Kayak & Canoe - \$11,070; Jaycees Fourth of July - \$9,410; WAE Spring Festival - \$4,613; and the Grand Theater capital request - \$27,675.

Winters stated this is built on an estimate of revenue and in reviewing a historical analysis of room tax funds it shows estimates have been on the conservative side as compared to actual. He suggested that we increase our estimate by 1% which would be \$7,000 and that we fully fund the continuing appropriations at last year's level which would use \$2,860 and reserve the remainder for our public access channel to produce a half hour program on an event that can be shared with other organizations. He noted they can discuss later which event they could do a production on.

Oberbeck commented in Park & Rec they discussed the continuing costs associated with The 400 Block and the effect it is having on other parks in the city. He felt an analysis needs to be done on the dollars going to support that special event space. Wagner suggested the committee consider room tax support of free Wi-Fi on The 400 Block in the future as well. Nagle added he felt they need to discuss pulling The 400 Block out of the Park Department budget and separating it.

Motion by Nagle, second by Kellbach to amend the room tax budget to increase our estimate of revenues from \$700,000 to \$707,000; to fund all continuing appropriations at last year's level; and to set the remainder aside for a Public Access video production on promoting Wausau. Motion carried 5-0.

Vote on the original motion as amended. Motion carried 5-0.

Discussion and possible action on approving purchase of refuse and recycling services and amendment of Recyclable and Nonrecyclable Solid Waste Collection Service Agreements, extending current contract for one additional year. – Tipple

Tipple stated we are proposing to extend the contract for another year, which includes a 4% increase for a total cost of \$71,837. He indicated the City Attorney reviewed the procurement policy and state law and everything is in order so they recommend approval of the extension with our current hauler. Winters noted the letter from Advance Disposal will be how the contract is extended.

Motion by Nagle, second by Nutting approve the one year extension to the contract with Advance Disposal. Motion carried 5-0.

Discussion and action regarding the Resolution Awarding the Sale of \$6,560,000 General Obligation Promissory Notes, Series 2014A - Groat and Ehlers

Phil Cosson, Ehlers & Associates, stated the City of Wausau has retained its Aa2 status from Moody's Investor Service, which is an excellent rating. He noted this is a 10 year amortization, which includes different public purpose projects and refunding of a 2007A and a 2007B debt issue. He indicated ten bids were received from all over the country this morning and the low bid was 1.388%. He stated they were able to downsize the issue which was authorized at \$6,560,000 down to \$6,405,000. He explained there was a \$206,000 premium of which \$155,000 was used to reduce the amount of debt being issued and the remaining amount goes to debt service fund to make debt payments. The winning bidder was FTN Financial Capital Markets out of Memphis, Tennessee.

Motion by Nagle, second by Kellbach to approve the resolution Awarding the Sale of \$6,405,000 General Obligation Promissory Notes, Series 2014A. Motion carried 5-0.

Discussion and action regarding the Resolution Awarding the Sale and Issuance of \$1,495,000 General Obligation Community Development Bonds, Series 2014B - Groat and Ehlers

Cosson stated this debt issue is a 15 year to finance projects related to Tax Increment District Number Three and Number Ten. There was also a premium and because they are Community Development Bonds we are able to retain those funds. He stated we chose not to reduce the debt, but retain the funds which can be spent in TID #3 and TID #10. He indicated there were four bids with the winning bid of 2.4964% from Raymond James & Associates Inc., Memphis, Tennessee.

Motion by Nagle, second by Nutting to approve the resolution Awarding the Sale and Issuance of \$1,495,000 General Obligation Community Development Bonds, Series 2014B. Motion carried 5-0.

Discussion and possible action regarding 2014 midyear review budget modifications - Tipple/Groat

Groat explained after year end there were several departments that asked for a carryover of funds in their operating budget which created an imbalance in the budget where we had more expenses than we had revenue. She indicated the committee had previously discussed looking for alternate revenue or funding sources for those carryovers.

Groat stated we had set aside funds in the budget for Council Ipads and Agenda Management Software for midyear 2014, however, the CIP Committee in discussion with IT, decided the Inspections Software should be the priority. She interpreted this to mean Ipad purchases would not be on the agenda for 2015 and therefore could be one of the funding sources. She stated it is now very popular to buy software as a service where you pay a monthly subscription fee versus outlaying a large amount up front, so this is how we felt we could handle the Agenda Management Software. She suggested using these set aside funds as well. She reviewed a spreadsheet of line items for the rest of the midyear budget modifications. Winters clarified we originally were budgeted to take \$209,424 out of contingency fund, which has now been reduced to \$31,000.

Motion by Nagle, second by Kellbach to approve the 2014 midyear review budget modifications as presented. Motion carried 5-0.

Consider purchase of 1006 N 1st Street – Werth

Werth requested they convene in closed session to discuss the negotiations to purchase.

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. (1006 N 1st Street) – Werth

Motion by Nagle, second by Kellbach to convene in closed session. Roll Call Vote: Ayes: Oberbeck, Winters, Kellbach, Nagle, Nutting. Motion carried 5-0.

Reconvened back into open session.

Future agenda items for consideration

Oberbeck requested the committee investigate moving both the storm sewer and the recycling and garbage contract off of the property taxes. Winters suggested they be briefed on the process to accomplish this.

Groat noted she would bring the CIP budget to the next meeting as well as the 400 Block fee structure that the Parks Department approved. Oberbeck asked they also bring the issue brought up by Nagle of having the 400 Block separated out from the Parks budget.

Adjournment

Motion by Kellbach, second by Nagle to adjourn the meeting. Motion carried unanimously. Meeting adjourned at 6:47 pm.