MINUTES OF THE FINANCE COMMITTEE

TUESDAY, JULY 9, 2019, 4:30 PM
CITY HALL, ROOM 207

A. ROLL CALL.

Present: Veronica Corpus-Dax, Barbara Dorff, Kathy Lefebvre, Bill Galvin,

Also present: Ald. Brian Johnson, Chief of Staff Celestine Jeffreys, John Mehan from Robert W. Baird & Co., City Clerk Kris Teske, Finance Director Diana Ellenbecker, Asst. Finance Director Pam Manley, Real Estate Specialist Ken Rovinski, and others.

B. APPROVAL OF THE AGENDA.

Moved by Ald. Veronica Corpus-Dax, seconded by Ald. Kathy Lefebvre to approve. Motion carried.
Yes- Barbara Dorff, Bill Galvin, Kathy Lefebvre, Veronica Corpus-Dax, No- None, Abstain- None

C. APPROVAL OF MINUTES.

1. Approval of the minutes from the June 18, 2019 meeting.

Moved by Ald. Veronica Corpus-Dax, seconded by Ald. Bill Galvin to approve. Motion carried.
Yes- Barbara Dorff, Bill Galvin, Kathy Lefebvre, Veronica Corpus-Dax, No- None, Abstain- None

D. REGULAR BUSINESS.

1. For consideration and possible action of refunding taxable 2009 G.O. Corporate purpose bonds (BAB's).

Moved by Ald. Bill Galvin, seconded by Ald. Veronica Corpus-Dax to move forward with the refunding and advise staff to proceed with creating a parameter resolution. Motion carried.
Yes- Barbara Dorff, Bill Galvin, Kathy Lefebvre, Veronica Corpus-Dax, No- None, Abstain- None

2. For consideration and possible action on the communication by Ald. Johnson for further discussion on the direction on the mandated purchase of Brown County of ExpressVote for $120,000 as outlined in the draft 2019 bond request.

Moved by Ald. Kathy Lefebvre, seconded by Ald. Veronica Corpus-Dax to receive and place on file.

Motion carried.
Yes- Barbara Dorff, Bill Galvin, Kathy Lefebvre, Veronica Corpus-Dax, No- None, Abstain- None

3. To approve the utilization of the remaining $1,000,000 of State Trust Fund for the Neighborhood Enhancement Program as directed by the Common Council at the 6/19/18 meeting.

Moved by Ald. Bill Galvin, seconded by Ald. Kathy Lefebvre to approve. Motion carried.
Yes- Barbara Dorff, Bill Galvin, Kathy Lefebvre, Veronica Corpus-Dax, No- None, Abstain- None

4. Notification of State-Issued Certificate by Northeast Communication of Wisconsin Inc, (Nsight) of expansion in the City of Green Bay service area for Cable and Video Providers per State Statute 66.0420.

Moved by Ald. Bill Galvin, seconded by Ald. Veronica Corpus-Dax to receive and place on file. Motion carried.
Yes- Barbara Dorff, Bill Galvin, Kathy Lefebvre, Veronica Corpus-Dax, No- None, Abstain- None

E. INFORMATIONAL.

1. The next Finance Committee meeting will be held on Tuesday August 13, 2019 at 4:30 PM.

2. 2019 Contingency Account:
$96,000.42

F. ADJOURNMENT.

Moved by Ald. Bill Galvin, seconded by Ald. Kathy Lefebvre to adjourn. Motion carried.
Yes- Barbara Dorff, Bill Galvin, Kathy Lefebvre, Veronica Corpus-Dax, No- None, Abstain- None

G. VERBATIM MINUTES.

- [Dorff] Okay, I'm gonna call the Tuesday, July 9th meeting of Finance to order. Alder Galvin?

- [Galvin] Here.

- [Dorff] Alder Corpus-Dax?

- [Corpus-Dax] Present.

- [Dorff] Alder Lefebvre?

- [Lefebvre] Here.

- [Dorff] Alder Dorff? Here. Roll call. I'll entertain a motion to approve the agenda.

- [Corpus-Dax] Motion to approve.

- [Lefebvre] Second.

- [Dorff] Motion to approve by Alder Corpus-Dax, second by Alder Lefebvre. All those in favor?

- [Council Members] Aye.

- [Dorff] Opposed? Motion carries. Approval of minutes?

- [Corpus-Dax] Move to approve.

- [Galvin] Second.

- [Dorff] Motion by Alder Corpus-Dax, second by Alder Galvin, to approve the minutes. All those in favor?

- [Council Members] Aye.

- [Dorff] And motion carries. Regular business? Is that the first item?

- [Ellenbecker] Yes.

- [Dorff] Okay, that's the first item.

- [Ellenbecker] Yes.

- [Dorff] Okay, for consideration and possible action of refunding taxable 2009 GO corporate purpose bonds.

- [Ellenbecker] All right.

- [Dorff] All right.

- [Ellenbecker] I am going to turn this right over to our representative from Baird.

- [Dorff] Thank you.

- [Ellenbecker] And I'll let him introduce himself.

- [Mehan] Great, thank you.

- [Dorff] Yeah, go into the packet.

- [Ellenbecker] I think the same packet. This was also included in your packet.

- [Dorff] It is.

- [Mehan] Perfect, okay.

- [Ellenbecker] Yeah, so you just have another color copy.

- [Dorff] It was kind of nice to have it.

- [Mehan] Well, good evening. My name is John Mehan.

- [Dorff] Hi, John.

- [Mehan] I'll have to apologize for my voice. But it is what it is.

- [Galvin] Florida game?

- [Mehan] I wish. What I'd like to walk through is that you have some debt that is callable. And the debt in question, the first page that you turn to, and here are the current issues.

- [Dorff] Tell me what callable means.

- [Mehan] Callable means that, at the option of the issuer, the city, you can tell the holders

- [Dorff] Okay.

- [Mehan] That have it, who the owners are

- [Dorff] Okay.

- [Mehan] I'm calling it away from you.

- [Dorff] Okay.

- [Mehan] I'm going to borrow money today. I'm going to pay you off and now I've got new holders.

- [Dorff] Okay.

- [Mehan] And so, when in 2009 the holders bought those bonds, they understood that in 2019, they could lose it. It could be called away from them.

- [Dorff] Oh.

- [Mehan] And they priced that into their thought process of value, if they wanted to sell it secondary, whatever.

- [Dorff] Okay.

- [Mehan] You know, that people are getting their bonds called away. But you can only do it like on once you get a call point.

- [Dorff] Okay, all right.

- [Mehan] In this case, when you've heard BABs, you have to think back in 2009, 2010, there were the Build America Bonds.

- [Dorff] Okay.

- [Mehan] And there was this program that municipalities could issue taxable bonds. And they would get a subsidy from the feds. And it really was only for like a couple of years that the program was in play. You actually have debt in 2009. And you've got debt in 2010. When they're issued taxable, the feds were giving you a percentage. And then, the math test became are you better off to issue taxable, get that credit, or issue it tax-exempt and not get the credit. Well, the credit made it, it made it work. So people all over issued bonds in 2009 and '10. Well now, in 2019, we hit that call date where we say the bonds that are outstanding was originally $8,680,000. That was the size. It was issued in June of 2009. The interest rates on those are from 4.85 to 5.65. So now the math test is I can continue to leave those out there and get the subsidy or today's tax-exempt rates, are they much lower that I could say, fine, I made my money on the 2009 bonds. I'm going to now transfer it to tax-exempt. So we're switching these from the original taxable component with the subsidy to a tax-exempt without the subsidy because the rates, frankly, are so much lower.

- [Dorff] Because it's 2.5 and it was 4.85 or 5.65.

- [Mehan] Exactly.

- [Dorff] Okay, so that's what we're doing, all right.

- [Mehan] And the maturities of 2020 through '29 are the ones that we would replace. We'd call away that from those holders, find new holders, not go out any further than '29.

- [Dorff] Right.

- [Mehan] We're still within the life of the issue.

- [Galvin] Okay.

- [Dorff] Right.

- [Mehan] We're just, you have a mortgage that you're basically replacing.

- [Dorff] Right.

- [Galvin] Sure.

- [Dorff] For a lower rate, which is great.

- [Mehan] So when you look at the proposed issue size, it's approximately $6,575,000, to be determined, okay? It's somewhere through there. There are tax-exempt because of the overall debt the city issues for their normal capital improvements, for other issues. They would be non-bank-qualified, which is just a test if you issue more than $10 million in any year. Okay, the maturities are the same maturities. The true interest rate now we're estimating is around 2.5 percent. So that's where the savings kicks in. It reduces the existing debt service responsibility of the city by anywhere from 35 to 40 a year.

- [Dorff] That's great.

- [Mehan] The overall savings after all the cost is $345,000. As a percentage, it's over 5 percent.

- [Dorff] Wow.

- [Mehan] Traditionally the target you want to be around 2 percent to make it worthwhile to go through everything.

- [Galvin] Sure.

- [Dorff] Okay, it could be higher than that.

- [Mehan] If you don't mind keeping on turning, I have a graph because we all love graphs. And this is what's called an MMD index. It's a municipal market data. It comes out at the close of business every day. It comes out and it says where interest rates are. And it gives you a flow. And what we're trying to show here is that going back to 2009 to today, and these are the tax-exempt rates. You can see how rates have bounced around, but where they've been heading.

- [Dorff] Which is the purple rates?

- [Mehan] The purple is a 10-year life, which is really the issue we're looking at.

- [Dorff] Right.

- [Mehan] The blue is a 20-year life. And all we really wanted to show in this graph is that if you look over this time period of this debt, rates have been lower than they are currently 3 percent of the time. In other words, rates are at a pretty darn low level.

- [Dorff] Really low levels.

- [Mehan] Now, it can't continue down like that, right? I mean, you can't, that trend line, if you look at all these other years, there's gonna be a turn and a bounce. If I could tell you when that bounce would be, I wouldn't be here right now.

- [Dorff] Yeah.

- [Mehan] But I wish you well. But I mean it's a matter of it's an opportunity. On the following page, all we've done is we've said assumed interest rates comparing on the left side, if you did nothing, that 4.85 to the 5.65, if you take into account the subsidy, by doing nothing, you're saying we'll just leave it alone. We're not gonna do anything about it. We'll still get that subsidy. You compare that total debt service on the left side. Then you say, all right, now, we're gonna take it out. We're gonna call that, all those maturities. That mustard-colored area, we've called those bonds. And now we have new ones on the right side.

- [Galvin] Okay.

- [Mehan] It's a matter of comparing the total debt service after the subsidies to the total new debt service and the savings is about $40,000 a year.

- [Dorff] So the potential gross savings is $417,231.

- [Mehan] That's right.

- [Dorff] That's what we're looking at.

- [Mehan] And once again, getting to the math of saying that's right, the $417,000 is a potential growth savings. But since you don't get it all on day one

- [Dorff] Right.

- [Mehan] Is you save, you experience it over the 10 years.

- [Dorff] Okay.

- [Mehan] You have to present value it to say, well, today it's worth $367,000.

- [Dorff] I see. That's why there's a difference.

- [Mehan] That's why there's a difference.

- [Dorff] Okay.

- [Mehan] Is that you say I don't get it all today. But I experience the savings over 10 years. You have to present value it to today and say what it is really worth today.

- [Dorff] Okay. Sounds like a great plan.

- [Galvin] Do you do this for the city all the time, your company?

- [Mehan] Yeah.

- [Galvin] And so, you see things like this and you approach us

- [Mehan] Yeah.

- [Galvin] And you say, hey, here's a chance to make some money back.

- [Mehan] Yeah, exactly.

- [Galvin] All right, thank you.

- [Mehan] So

- [Ellenbecker] The only comment I was gonna say is when Dawn Foeller, the previous finance rep, was here, she had done quite a few refundings. We just haven't seen any that have really popped up and this one could have been refinanced just a little bit earlier. But there's kind of a long process to do a refunding. There's some paperwork. And at one point, John had brought this to me a little earlier. But he brought it back as the numbers have continued to drop. There's just some work to do this. One other point I just want to say is, you know, there's roughly $40,000 per year. Just want to let you know that the original $8.6 million when we borrowed, $5.9 of it was general levy, $1.9 was TIF and $850,000 was sanitary storm. What I'm saying is about 68 percent of it was general levy. So we will experience about $27,000 annually reduction in debt service on an ongoing annual basis on our general levy.

- [Galvin] Okay.

- [Dorff] Good, great.

- [Ellenbecker] So I just wanted to make sure that you understand, you don't think $40,000 is coming off the levy every year.

- [Galvin] Right.

- [Ellenbecker] But because of whatever it is

- [Dorff] Oh, because of what is is

- [Galvin] Right.

- [Ellenbecker] Because of the funding source of which it is. But yes, this could experience about $27,000 as you even go into 2020 budget. We could see and experience, take about $27,000 out of the next year's debt service for this refunding for doing this work.

- [Galvin] Do we get into this kind of bonding a lot where we have that opportunity to look 10 years down the road and say, hey, we can grab this and pull it back? Is that

- [Mehan] Yeah, I would say that almost all of the issues you have outstanding, whatever the timing, you said start 20 years

- [Galvin] Sure.

- [Mehan] But a 10 year call.

- [Galvin] Okay.

- [Mehan] Now, if you had a seven year issued for some reason, it's probably not callable.

- [Galvin] Right.

- [Mehan] It probably doesn't have that feature. The other thing would be in the 2017 tax reform act, the feds said what you can do is you can do refundings but only on the call date. You can't do it any earlier.

- [Galvin] Okay.

- [Mehan] So the 2019 is the call date.

- [Galvin] Yeah.

- [Dorff] So we have to do it.

- [Ellenbecker] To add to that point

- [Mehan] Yeah.

- [Ellenbecker] There was times that we had done some advanced refundings. So maybe what, 2018, or 2008, we might have refunded that advance earlier when there was a savings.

- [Mehan] Right. If it would have worked earlier, we would have been able to do it earlier.

- [Ellenbecker] But now we can't.

- [Mehan] But now they've changed the rules.

- [Dorff] They changed the rules.

- [Mehan] The other thing I would add is that who knows, who knows.

- [Galvin] Right.

- [Mehan] But there's a 2010 Build America Bond. And so, there would be a pretty good likelihood you'd see me again before

- [Galvin] Like next year.

- [Mehan] Yeah.

- [Galvin] We hope we do.

- [Mehan] Yeah.

- [Dorff] Okay.

- [Mehan] Because that's gonna hit a call date.

- [Galvin] Sure.

- [Dorff] Sure.

- [Mehan] And the math could be the exact same.

- [Dorff] Sure.

- [Mehan] But I also go back to say do you see that trend line. It's gonna bounce.

- [Galvin] Right.

- [Dorff] It will bounce up, yeah.

- [Mehan] Right. And so, it may not happen.

- [Galvin] Sure.

- [Mehan] And the math might be it doesn't make sense to do it.

- [Dorff] Okay.

- [Ellenbecker] John, just for a question for my sake.

- [Mehan] Yeah, yeah.

- [Ellenbecker] Is it 10 years from the date it was issued or like beginning of 2020, like January 2nd we could potentially do a refinancing on a 2020, on 2010?

- [Mehan] Yeah, what it is, it's the date of the principal is the most common way.

- [Ellenbecker] Okay.

- [Mehan] So your principal is April 1.

- [Ellenbecker] So April, yeah.

- [Mehan] But I'm going to add a little caveat to it. April 1 of 2020, okay, but it's closing the bond issued 90 days prior to it.

- [Ellenbecker] So we could start doing it in February, if the rates were still

- [Mehan] Right, and I would say that, I would say that there would be a possibility. I hate to do this to you. But there'd be a possibility that you

- [Ellenbecker] Good luck.

- [Mehan] I know, I know. But you could get into December

- [Ellenbecker] Yes.

- [Mehan] And if it I was still like this, do it, close after the 1st of January and that becomes

- [Galvin] Get the

- [Mehan] That becomes within the 90 days.

- [Ellenbecker] It looks like then we wouldn't have a new set of financials that they would be waiting for because there's no way we would have the new CAFR

- [Mehan] No, that's absolutely right.

- [Ellenbecker] Available where this now, they were waiting for our CAFR to see how we ended the 2018. So that was some of the timing also, some of the work, the pre-work that has to be done because we were refinancing or any borrowing, they'd want to see more current financials. When it's springtime, they want to wait for the next year is where in this case we probably wouldn't have to wait for another year's worth of results.

- [Mehan] No.

- [Galvin] Okay.

- [Dorff] Okay, so what are you looking for, just a

- [Mehan] Well, I mean

- [Dorff] Oh, there's more?

- [Mehan] If I could

- [Galvin] Mary.

- [Mehan] Just a couple of more comments. Because it goes to what you're looking for

- [Dorff] Okay.

- [Mehan] Is what we're looking for is to get the authority what they call a parameters resolution. And what a parameters resolution it says if you can do the following items, okay. If you had say no less than 3 percent, okay, remember we're at 5 percent. Okay, you don't extend the debt any farther out. there's parameters that are set up. If we do that and if the county council on July 16th, your board meeting says, yeah, we adopt the parameters, we're gonna move on this. In other words, we don't want to wait until August 20th.

- [Galvin] Right.

- [Dorff] Oh, right.

- [Mehan] We wanna say because there are because there are people that are doing this, I'd rather not push this out any longer.

- [Dorff] Right.

- [Mehan] This may all be a nice exercise. I mean, you know, things could turn

- [Dorff] Like that

- [Mehan] And we all say all right, we tried, we're not gonna do it.

- [Galvin] Or council could switch on us.

- [Mehan] They could switch on us. And it could be a case of saying.

- [Dorff] By next week?

- [Galvin] Sure.

- [Mehan] No, not that quick.

- [Dorff] Okay.

- [Mehan] But I mean by waiting until August 20th. And so, I'm suggesting is on the 16th, if you adopt a parameter resolution, no more than a certain size. You have to have a savings of at least 3 percent to do it.

- [Dorff] Okay.

- [Mehan] By doing that, we would conduct the sale. And at the August 20th meeting, we'd report out the results.

- [Galvin] Okay.

- [Dorff] Okay, and then will you write that resolution?

- [Ellenbecker] Yes. I think he's already brought the parameters.

- [Dorff] Okay.

- [Mehan] Yeah.

- [Dorff] It's right here on this sheet, yeah.

- [Mehan] And I appreciate it's a lot of information. But that's what's given to bond counsel to incorporate into their resolution. And the very last page, I just laid out the timeline that I see this happening, the first week of August.

- [Ellenbecker] Okay.

- [Mehan] And the only reason we're able to get it done that quickly is frankly because you have done a lot of steps in preparing information for the water refunding that was taking place. So there's already, in other words, there's data gathered. There's already material gathered that we're able to take that and use it for part of that.

- [Dorff] Okay.

- [Mehan] Dual tracks, in other words, that's already been prepared.

- [Galvin] Okay.

- [Dorff] Okay.

- [Mehan] So that's what the parameter resolution. I'll be here next Tuesday night. But what we're suggesting is let's do a parameter resolution. Let's take it up.

- [Dorff] Okay, so what would you like from us tonight?

- [Ellenbecker] For consideration with possible action on the refunding of this 2009 GO corporate purpose bond would be to move forward with this refunding and then probably have staff work on a resolution.

- [Dorff] Would you like to make that motion?

- [Galvin] I'll make that motion.

- [Dorff] That motion was made by Alder Galvin. And would you like to second it?

- [Corpus-Dax] I'll second.

- [Dorff] Alder Corpus-Dax seconded then.

- [Ellenbecker] Okay, I would like to add one more comment. It's really not on our agenda. But I would probably do it in the director's report. John Mehan also mentioned something very similar too about KI convention expansion. He mentioned at the RDA meeting this morning.

- [Dorff] Right.

- [Ellenbecker] It's not on our agenda. So we can't really talk about it.

- [Dorff] Okay.

- [Ellenbecker] But very, very similar. The same presentation was given for KI Convention expansion. So we're gonna start that process where there's also some large potential savings on that debt

- [Galvin] Okay.

- [Dorff] I was on there.

- [Galvin] With that in mind, you're talking about you don't know when that bounce is coming. Can we potentially present that to council at this coming council meeting to get the ball rolling? Because otherwise we've got to wait until our next meeting which is in August, and then

- [Dorff] No, I thought you said we were gonna present it at the next meeting.

- [Mehan] Well, we

- [Galvin] She's talking

- [Dorff] Oh

- [Galvin] about the KI Convention Center. We have the same possibility with some bonding related to that.

- [Ellenbecker] Yeah.

- [Galvin] Which if we follow our regular process, we'd have to wait until our August meeting to address it.

- [Dorff] Oh, us.

- [Galvin] And then, our August council meeting to

- [Dorff] Oh, us. Oh, yeah.

- [Galvin] So I'm just wondering is it allowable to skip going to finance and

- [Corpus-Dax] Going to committee.

- [Galvin] Like a committee of the whole.

- [Dorff] Committee of the whole, yeah. I mean, would that be better?

- [Galvin] I'm just

- [Ellenbecker] I can ask.

- [Galvin] Let's face it. We can't guess when this is gonna happen.

- [Dorff] Right.

- [Galvin] We're in a good position right now. We've got a hell of a savings going in this. I don't know how much of a bond we're talking about with the KI. But if it's similar to this

- [Ellenbecker] Marginal.

- [Galvin] Marginal.

- [Dorff] It's way larger.

- [Galvin] Then it's a larger savings then. Let's face it. We need to scrape every nickel together that we can at this point in our lives.

- [Dorff] Yeah, yeah, yeah. Savings where we can get it.

- [Ellenbecker] Right, that one unfortunately doesn't affect the general levy because it's paid by room tax

- [Galvin] I understand.

- [Ellenbecker] But this liability by the city

- [Galvin] Right.

- [Ellenbecker] So I apologize if this is kind of off jacket topic

- [Galvin] No, no.

- [Ellenbecker] And it's really not in the agenda. But I wanted to mention while John was still here.

- [Galvin] So could I make that, do that for a committee of the whole? And then, I guess if you're gonna be at the council meeting, you get two kicks at the cat there and get it all done.

- [Mehan] And that one would be

- [Mehan] I'm sorry?

- [Mehan] Please go, go ahead.

- [Ellenbecker] No, I was gonna say that one, we would also move on it.

- [Galvin] That's what I'm saying.

- [Dorff] Yeah.

- [Mehan] Yeah, and I will say that part of the working group team that would work on that one just finished in the expo.

- [Galvin] Okay.

- [Dorff] Okay.

- [Mehan] Finance, so in other words we're already

- [Galvin] Okay, so you're geared into

- [Mehan] We're already geared up. I mean, we've already done.

- [Galvin] All right, so this one's

- [Dorff] So do we have to check if that's with legal if we can do it

- [Ellenbecker] Yeah, I apologize. I'm gonna have to check to see

- [Dorff] Sure

- [Ellenbecker] If we can add that as committee of the whole.

- [Dorff] Okay.

- [Ellenbecker] And then, would we also have would I just be getting the same parameter resolution then?

- [Mehan] No.

- [Ellenbecker] No.

- [Mehan] No, what we would ask for at that stage is probably an initial resolution.

- [Ellenbecker] Initial resolution. Where does the RDA come into play in this one? It was mentioned at RDA. But they didn't take any action on it because it does have to go back to them.

- [Mehan] Right, it'll have to go back to RDA. Let's talk about this. My thought would be that the common council, because they're in the lease, would actually adopt the resolution saying, you know, okay, we understand there's an opportunity to look at savings, start working on it, get it going.

- [Galvin] Right.

- [Ellenbecker] Right, that's right.

- [Mehan] So that like when come back to whatever that day is, the September board meeting and say here we are

- [Galvin] Right.

- [Mehan] Without everybody saying, you know, what happened with the-

- [Galvin] Well, and that's what I'm hoping to avoid because there's been, listening to the news, there's been some talk about interest rates and everything else. And like you said, that bounce is coming sometime.

- [Mehan] Right.

- [Galvin] I'd rather us get ahead of it than be behind it.

- [Ellenbecker] I will have to do some checking on that.

- [Mehan] Right.

- [Dorff] Okay, because RDA will be the 13th. That's the date of our next meeting, right, in August?

- [Ellenbecker] Correct, it would be the same day, because that same RDA so it would also be July 13th, August 13th.

- [Dorff] August 13th, yeah. So we have it this afternoon.

- [Galvin] So, well if council gets it, then

- [Dorff] Right, then RDA, this has to come back to RDA, yes.

- [Galvin] Right.

- [Dorff] Okay.

- [Galvin] Okay, all right.

- [Mehan] The board can be done.

- [Ellenbecker] Thank you for your time.

- [Galvin] Thank you very much.

- [Mehan] Thank you.

- [Dorff] Thank you. All right, did we vote?

- [Galvin] Yes, we voted.

- [Dorff] She went, okay. All right, regular business item two, for consideration and possible action on the communication by Alder Johnson for further discussion on the direction on the mandated purchase of Brown County of ExpressVote for $120,000 as outlined in the draft 2019 bond request. Staff?

- [Ellenbecker] Sorry?

- [Dorff] Alder Johnson, do you I forgot you put that in. Did you want it placed in the file?

- [Johnson] I don't have to keep my spreadsheet

- [Dorff] Well, that's why our clerk is sitting here.

- [Ellenbecker] Correct. Obviously we had a communication and that is why what happened is at our last finance committee meeting we were going to be discussing the 2019 borrowing.

- [Galvin] Bye.

- [Dorff] Bye, thank you so much.

- [Ellenbecker] Bye, thank you. And one of the items that we added between one meeting to the next was $120,000 for ExpressVote through the Brown County.

- [Dorff] Right

- [Ellenbecker] And we had given some explanation why and Alder Johnson was asking to get a little more clarification on why this was a last minute add. And so that is the main reason why we've put it on here. And so, I was hoping that we could get some more information. Our clerk is also ready. We also sent some backup to try and put a memo together to kind of give you a timeline on what happened here. I don't know if you have any questions related to the memo timeline.

- [Johnson] I can maybe speak to all of that.

- [Ellenbecker] Go ahead, please.

- [Johnson] So I had just talked with Diana a little bit when that came up during the bonding discussion. And it's my understanding, please correct me if I'm wrong, that that was the added cost that we were looking to bond so that we could purchase this new voting equipment which was mandated by the county but isn't necessarily equipment that was needed or required. So the option that we were given is, you know, you can either buy the equipment or you can hire a third-party service to do this work instead of us. And so, again, I just wanted more information about that because the one thing I just want to be sure of is that we're not, you know, needlessly spending an extra $100,000-plus dollars to purchase equipment that isn't necessary. So I just again wanted more information on it.

- [Galvin] No, and I agree because when you look at it, we just bought those voting machines six years ago. And now, because of what the county's doing, they're useless to us.

- [Ellenbecker] Kris, can you come up

- [Dorff] Kris?

- [Galvin] Sure.

- [Ellenbecker] Please, and state who you are. Thank you.

- [Teske] Kris Teske, city clerk. So what we're talking about is not the tabulator. The tabulator is called the DS-200. The AutoMARK is what they're looking to replace. The AutoMARK is what we and everyone says is an expensive pen. What it does is it helps anyone can vote on it. But it's for hearing-impaired, visual-impaired. So in the City of Green Bay, we have a handful of people that have used them.

- [Galvin] Sure.

- [Teske] And the AutoMARKs were like $6,000 apiece. And that was done through the state. So the city didn't pay for those at the time. I think it was a grant. So now, they're 10 years old. A year ago, the county brought this forward. And I said is it necessary, because we hardly use them. Because we've consolidated wards to one polling location, we have extra. So we have pieces to use. So the pieces, it wouldn't cost us more money when they went down or just bring one of those in. She said, yeah, that's okay. You know, you don't have to buy the ExpressVotes right now. So I called the company ES&S and they said, "Yeah, we're still supporting them. We don't see an end to that." So I thought, well, we don't need them then, you know? This year then, I think because she thought we have a new mayor, that the money would just appear. And I told her, it's not that we don't want them. You know? The money's just not there.

- [Dorff] Right.

- [Teske] So she called a meeting with the mayor. And it was Diana and I and Sandy Juno, who is the county clerk, and some of her deputies and the mayor. And we talked about this. And we thought she was asking us if we could go forward. And I asked the county, "Can you give us money for this? Can you help us, you know, with this cost," because it's benefiting them more than it is us. It helps them with some of the end of the night things and things like that. So, you know, "Nope, you talk to ES&S. See if you can get a 10-year, you know, loan or something through them." So we did all that. And then, just out of the blue, an email came that said you either buy these or you do your own programming on the old AutoMARKs, which we had to go with probably ES&S which is the company that makes the ExpressVotes or supports the AutoMARKs. So doing that analysis, they, and that information is in the packet, it about breaks even because if we stay with the AutoMARK, which looks cheaper, but if you read my description, they charge $180 per USB or per flash card. Flash cards is used in the AutoMARK. USB is used in the DS-200. So with that being charged for certain elections, if we have something on the ballot, then we get charged a certain portion for programming. If in the fall we have nothing on, then we don't get charged that. So it's not like I could just figure that out, say, per election.

- [Dorff] No

- [Teske] It just depends on are we gonna have a referendum say in November. Then we pay some of that fee. So it comes out pretty even. But we were kinda talking, hoping it would've been a couple of more years down the line. But because she's saying now that they have to program, they'd be programming two different things. She wants to go with one. And the other municipalities that agreed, there were four or five from what I heard, that they weren't gonna buy them either because we weren't. Now we're pretty much

- [Dorff] But now we are. We kind of have to, forced to.

- [Teske] Yeah.

- [Dorff] Does that answer your questions then?

- [Johnson] Well, I think it provides a little bit of clarity. It doesn't mean it sits well.

- [Dorff] No, right.

- [Johnson] And look, I think, I mean, I don't think the way of the land should be to just roll over. I mean, it sounds like this is something that's saving them. I mean, how much money is this saving the county? Time?

- [Teske] What this is going to do, looking at her memo, is giving them more software options, easier to, I don't know if you noticed, after an election, we're always the last to get on.

- [Dorff] We are always the last. Why is that?

- [Teske] It's not that our information isn't over there. Our information's over there. But it takes them, with the DS-200 and the AutoMARK to combine

- [Dorff] Oh.

- [Teske] I'm sorry, the DS-200 from the polling locations and our central count to combine. That's what's taking so long.

- [Dorff] So it wouldn't take so long if we did this?

- [Galvin] Allegedly.

- [Teske] I

- [Dorff] Allegedly.

- [Teske] Yes.

- [Galvin] Allegedly.

- [Teske] Exactly.

- [Galvin] She's not gonna hold her breath.

- [Dorff] Okay.

- [Teske] Right, right. That's what they're saying, that there might be a little more efficiency in that.

- [Dorff] A little more.

- [Johnson] But that's the question. Is that worth $120,000?

- [Galvin] Is it worth

- [Dorff] We'd have to pay some money anyway, right? I mean, yeah, did you get that?

- [Johnson] I got that. But that's my point, is like we're being given an ultimatum.

- [Teske] Yes.

- [Galvin] It's an unfunded mandate basically.

- [Johnson] Where's the spirit of cooperation?

- [Galvin] So they change the rules on us and they're telling us you've got to pay for it too.

- [Johnson] Yeah. I mean, it

- [Galvin] I mean, whereas if they had left everything the same

- [Dorff] So what's our recourse? What else can we do? We have to have voting. It would cost us a lot more to do it ourselves, right?

- [Teske] Yeah.

- [Dorff] Yeah.

- [Teske] In my mind, it'll take more staff time also.

- [Dorff] Right.

- [Galvin] It just sits not well.

- [Johnson] This isn't the way to cooperate, right? I mean

- [Teske] The only other thing I will say, the only benefit I see to us is if at the end, towards the end of the day on Election Day, if we see where we're getting low on ballots, we've already called them and said, "Okay, we need to order this many more," and they said, "Too late," this Express Vote, we will have blank sheets of paper that we can print the ballot off then at the polling location.

- [Dorff] Okay.

- [Teske] So that is one of the benefits because sometimes these

- [Dorff] Do we ever run out of ballots?

- [Teske] We never have, okay?

- [Dorff] Right.

- [Teske] So, you know, so there's always that possibility. That's why we always have to guess.

- [Dorff] Okay, yeah.

- [Teske] You know, and we have them call in with counts saying, "Okay, what do you have left," you know? And we know how many we sent out and things like that.

- [Dorff] Right.

- [Teske] So that would be one benefit to us.

- [Dorff] That you could print an additional ballot if you needed.

- [Teske] That they could go to that Express Vote and vote right on there. The paper will come out and you put it in the DS-200. It's gonna look different. You know, it's gonna be this little piece of paper. So we'd get this little form to go on our DS-200 to go in versus the big ballot.

- [Dorff] The big ballot.

- [Teske] So, yeah.

- [Johnson] So is that the only advantage that you see for the city from this upgrade?

- [Teske] Being that there's only a handful of people that use them, yeah. Yeah.

- [Johnson] Okay, and the county's been unrelenting on their mandate to purchase the equipment for us as well as four or five other municipalities or villages?

- [Teske] Yeah, they sent out a memo to all clerks

- [Ellenbecker] With a response due by June 30th.

- [Teske] Yeah.

- [Dorff] Is that in here? I just don't see it. I have a memo, ExpressVote machine. Is that one?

- [Ellenbecker] Right after the memo.

- [Dorff] Oh, it's the very last one.

- [Ellenbecker] From me, it says, yeah.

- [Dorff] Decision needed, decision needed by county.

- [Teske] Now, she does say on here, made a comment I think in the meeting that it would register write-ins, that we wouldn't have to go through. Not so sure. She's already told me that things would be faster. And when I checked with the company at a conference, they said, "No, it's not gonna be faster." So I'm just real

- [Galvin] Hesitant.

- [Teske] Yeah.

- [Dorff] But do, okay. So what is our other option?

- [Teske] There isn't.

- [Dorff] There isn't. It sounds like they've changed the parameters. They need these machines. They're using this technology. And we have to buy them. I mean, we can't not let people vote, right?

- [Galvin] No, but I mean, there comes a point

- [Dorff] It's the way they're

- [Galvin] It'd be like the same thing if the county dispatch decided to change the transmission frequency and we had to buy all new hand units for the PD and everybody.

- [Dorff] Okay.

- [Galvin] And then, you're stuck, you know? I mean, I can understand what Brian's saying. It's kinda like we're the county and you're not. And so what if this hurts you. This is what we want you to do, and we're stuck doing it.

- [Dorff] So we'd be alienating the

- [Teske] And we have to be ADA-compliant.

- [Galvin] Yes, exactly.

- [Dorff] Perhaps do that.

- [Ellenbecker] At some point, these pieces of equipment would have then needed to be replaced.

- [Galvin] True.

- [Ellenbecker] Because they're six or seven years old. So whether it happens now or maybe three years from now. But that's part of the reason why we showed up between one request for the 2019 bonding to the next one. It was kind of a last-minute add. What do we do?

- [Dorff] It was last minute, right.

- [Teske] Because I had checked a year earlier and it was okay that we didn't.

- [Dorff] Right.

- [Galvin] Had we known in three years we would have to replace them all, then we would have had three years

- [Dorff] We could plan.

- [Galvin] To take a little bit each year and setting savings aside or bond a little bit each year. Just make it a little less painful than this do it now or and not giving us any time to really doing much about it.

- [Johnson] Especially during a time when our bond requests are already tight. Our whole budget's tight. Having more than a couple months' notice sure would have been nice in the spirit of cooperation.

- [Teske] Even last year, if she would've told me.

- [Johnson] Right, so again, to me, it's just that better understanding of like if we're dependent on services like this and we don't have a choice we're trying to create a five year capital plan to control these types of things.

- [Galvin] And it shoots a hole in it.

- [Johnson] Like it would just be nice to have better dialogue, I think.

- [Galvin] Right.

- [Johnson] To the county.

- [Dorff] Maybe we'll be open now

- [Galvin] Is this an elected position that this is coming from or is this an appointed?

- [Teske] I was just gonna say that, yes

- [Dorff] Yeah, she's elected.

- [Teske] It's elected, and that's why

- [Dorff] Yeah.

- [Teske] I was told by someone on the county board that it's kind of the same as what the treasurer is doing with taxes.

- [Dorff] Yeah.

- [Teske] They're elected, so they can do whatever.

- [Galvin] Right.

- [Dorff] Really?

- [Galvin] They're not actually to the county inspector.

- [Dorff] You don't have to answer to the county board.

- [Dorff] You can do anything.

- [Galvin] Just like the sheriff.

- [Lefebvre] Yeah, couldn't do anything about it, yeah.

- [Dorff] Oh, so the only person we could protest to is Sandy Juno?

- [Teske] Yeah.

- [Dorff] And she's already

- [Galvin] This was already her decision.

- [Lefebvre] Okay.

- [Dorff] No, it wasn't very nice. You're right.

- [Ellenbecker] So consideration for possible action on this communication, again, unless, to be honest, we actually gave we had no choice. The decision was move forward and get the equipment at the lowered rate when they could buy as a group volume.

- [Dorff] Right.

- [Ellenbecker] That we can also.

- [Dorff] Okay.

- [Ellenbecker] We did move forward by the June 30th deadline and say go ahead and buy the equipment.

- [Dorff] Okay.

- [Ellenbecker] So it was that or we had to program. So again, why program six-, seven-year-old machines, which

- [Dorff] Are gonna wear out.

- [Ellenbecker] We also have to figure out all that extra work, to work with the ES&S

- [Dorff] Right.

- [Ellenbecker] And try to figure out the programming or do we move forward and let the county then we all go together with the county. So the decision was by June 30th, we said to move forward and purchase the equipment for city.

- [Dorff] Okay, so what would you like us this is just the action on the communication by Alder Johnson.

- [Ellenbecker] I would actually ask him what

- [Johnson] I think a received and placed in file is fine.

- [Ellenbecker] Okay.

- [Johnson] I just wanted more information on it.

- [Dorff] Okay, now we have the information.

- [Johnson] And I wanted to understand. Okay.

- [Johnson] Again, I still don't have to like it. But I think, like

- [Dorff] Well, it's good to hear the explanation.

- [Johnson] Look, I mean, I think it's worthwhile to have a public dialogue about this.

- [Dorff] I agree.

- [Johnson] That if we're prematurely forced to spend

- [Galvin] Right.

- [Johnson] $120,000, I feel like all elected officials should be accountable for that decision.

- [Galvin] Exactly right. So the information needs to be out there for the public.

- [Dorff] I mean.

- [Galvin] I mean, should someone want to run against her in the future, this is certainly something now that it's public information that they can use.

- [Johnson] I wasn't going that far, but

- [Dorff] Okay, so I would entertain a motion to mark

- [Johnson] It's transparency.

- [Galvin] Yes.

- [Dorff] To receive

- [Lefebvre] I'll make a motion to receive

- [Dorff] Alder Lefebvre made a motion to receive and place in file.

- [Corpus-Dax] Second.

- [Dorff] Second by Alder Corpus-Dax. All those in favor?

- [Council Members] Aye.

- [Dorff] Opposed? Motion carries. All right, number three, to approve the utilization of the remaining $1 million of State Trust Fund for the Neighborhood Enhancement Program as directed by the Common Council at the 6/19/18.

- [Ellenbecker] So to give you a little bit of background

- [Dorff] 2018, we did that?

- [Ellenbecker] 2018, approved $1.5 million for neighborhood enhancement.

- [Dorff] I remember, yes.

- [Ellenbecker] And during that discussion, it was discussed that we would draw down $500,000 in three increments.

- [Dorff] Yes, right.

- [Ellenbecker] So we drew down $500,000 in the fall of '18. And we assumed that either later in '18 or early in '19, we'd draw another $500,000 down, and then probably later in '19 or '20, as they're using the funds that we would draw down the remaining. Somewhere along the line, miscommunication, not understanding, our state trust fund loan, you have to draw down all the money that you've asked or requested within four months.

- [Dorff] Oh.

- [Ellenbecker] So December came around. We got a notification saying, "Are you ready to draw your remaining million down that was approved by council?" And it was December 27th or something, very near the end of the year. One, I didn't want to have an additional million dollars outstanding on our outstanding debt at the very end of the year. So at that point, worked with the economic development, worked with Ken and just said let's bring it back in '19, which meant I had to reapply for this $2 million. So now all the paperwork's in front of us to now pull down the million that the council has already approved.

- [Dorff] Okay.

- [Ellenbecker] And we were just gonna pull it down in increments. Ken is here. But it's real estate

- [Rovinski] Real estate specialist.

- [Ellenbecker] Specialist.

- [Dorff] Okay.

- [Ellenbecker] And so, he works with the program, if you have any questions on what the million dollars would be used for. That was all explained at that meeting in June.

- [Dorff] It was all explained, yes.

- [Ellenbecker] So I don't know what additional questions you have. This is really to complete the process of pulling down part of that $1.5 million that was approved in June.

- [Dorff] That was already approved, okay. So really you just need a motion to approve this

- [Ellenbecker] Correct

- [Dorff] Unless someone has some questions.

- [Ellenbecker] And then, right, there's a copy of our resolution and that will go to the council meeting so for us to take the next step. But that will actually come back to the council one more time. Whenever you have a State Trust Fund loan, we have to get two.

- [Dorff] Two.

- [Ellenbecker] There's two different resolutions.

- [Dorff] Okay.

- [Ellenbecker] The initial resolution, and then there's a final resolution to draw the money down. So this is your first step to bring that million in.

- [Dorff] Okay, does anyone have any questions?

- [Galvin] I don't.

- [Dorff] No? I'll entertain a motion to approve.

- [Galvin] Motion to approve.

- [Lefebvre] Second.

- [Dorff] Motion to approve by Alder Galvin. Second by Alder Lefebvre. All those in favor?

- [Council Members] Aye.

- [Dorff] Opposed? Motion carries.

- [Galvin] Happy birthday, too.

- [Rovinski] Thanks.

- [Dorff] Happy birthday.

- [Ellenbecker] Oh, and I meant to say happy birthday.

- [Rovinski] Yesterday.

- [Ellenbecker] Oh, okay.

- [Dorff] All right. Thank you, Ken.

- [Galvin] Don't spend it all in one place.

- [Ellenbecker] I think he already spent most of it.

- [Dorff] Item four, notification of state-issued certificate by Northeast Communication of Wisconsin, Incorporated for expansion in the City of Green Bay service area for cable and video providers, per state statute 66.0420.

- [Ellenbecker] Okay, so within the city limits, we have an ordinance that is either called franchise fees or we call it cable TV. What that allows, the state allows for us to collect up to 5 percent of revenue from and currently the two providers that have cables running under our right of way and our infrastructure

- [Dorff] Okay.

- [Ellenbecker] That's AT&T and Time Warner.

- [Dorff] Okay.

- [Ellenbecker] Which now is really Spectrum.

- [Dorff] Spectrum, yeah.

- [Ellenbecker] But either way, that is in our annual budget. We do collect up to anywhere between $900,000 and a million dollars. It's called cable TV in our general revenues.

- [Dorff] Cool.

- [Galvin] Okay.

- [Ellenbecker] So what happens is we now have a new provider, Nsight, that would also like to start using, going to some residential family, multifamily housing. And so, they are also basically asking for permission to now, what it does is it gives them the right to charge that fee onto their bills. So because if you're look, if you're a Time Warner Spectrum, AT&T user, you will see a franchise fee.

- [Dorff] Oh, yeah. Oh, yes.

- [Ellenbecker] They're gonna charge you. They get permission from us to charge you. And then they turn around and give that money back to us.

- [Dorff] Give you the money.

- [Galvin] Why would you do that to us?

- [Ellenbecker] That's an ordinance though. What?

- [Galvin] Why would you do that to us?

- [Ellenbecker] It started in 1980

- [Galvin] When cable first opened up.

- [Ellenbecker] Yeah, it was many, many years ago. Maybe 1996. I can't remember when the original one we dug through some old paperwork.

- [Dorff] Good, good.

- [Galvin] So this will be additional revenue?

- [Ellenbecker] This is, right. Correct, and I'm not sure how large it is, how many residents. They're just looking to expand. They already have, they basically are running in many of these other municipalities, at the very last page of your packet. And they're looking to expand into Green Bay and the Village of Ashwaubenon. And now they're starting to go to some properties. And so, potentially we could start having some money coming in unbudgeted.

- [Galvin] Sure.

- [Ellenbecker] But something with Time Warner, if you, and AT&T, one year we almost had a million dollars. And by the next year, it dropped down to $920,000 is people then went to DirecTV or they're going to Hulu or they're going to

- [Dorff] Okay, Netflix.

- [Ellenbecker] Netflix, and they stop using cable TV.

- [Dorff] Okay.

- [Ellenbecker] Our 5 percent is going down.

- [Dorff] Yeah, going to streaming services.

- [Ellenbecker] Yes, yes. And then, so it just bounces. Or we also saw a big swing a year or two from Time Warner to AT&T because that was the new provider coming on. And, you know, people every two years tend to switch from one cable provider to another. So we saw some highs and lows between the two providers. One small comment, if you watch, Governor Evers has signed into on the latest state budget, thank you. They have put in a change that over the year they are going to reduce in the 2020 budget the 5 percent down to 4 percent.

- [Dorff] Oh, so we'll get less.

- [Ellenbecker] But they're going to offset it with a state aid.

- [Galvin] But?

- [Ellenbecker] I'm not sure. I'm not sure if they said it would make us whole.

- [Dorff] Okay.

- [Ellenbecker] So it is something that we're currently making. I'm getting about $900,000 to a million dollars on the 5 percent franchise fee. By 2020 budget, it's going down to 4 percent. So one would say maybe we're only going to be able to budget maybe $800,000 for that.

- [Dorff] Okay.

- [Ellenbecker] But there's supposed to be a state aid offsetting it. I can't remember if it was the Joint Finance committee or somebody wanted to sunset it after 10 years. But that got removed. So right now it's in the budget, reduced to 4 percent, but when those sunset. So sorry, the 4 percent stays. But the state aid was supposed to sunset after 10 years.

- [Dorff] Sunset, okay.

- [Ellenbecker] And then, they took that out. So right now, I'm not sure if it's gonna make us whole or not. But that is a change, one of the, I would say, negative changes that I saw in the state budget. We didn't have a lot of positives. There were a lot of positives going into the budget. What was approved did fit. We didn't get a lot of positives in the state budget. And this was one of the negatives.

- [Dorff] Okay.

- [Ellenbecker] But if they do offset it with state aid to make it whole, then I guess it's not a big deal. But we're gonna have to wait and see.

- [Galvin] To me, it makes no sense that they're going to go down to 4 percent then take taxpayer dollars to make us whole.

- [Dorff] To make us whole.

- [Galvin] To make us whole.

- [Dorff] When it's a luxury.

- [Galvin] I'd be interested in hearing

- [Galvin] I'd be interested in hearing

- [Ellenbecker] So I apologize, so basically we are asking for and yes, it's really they are getting it's just a notification

- [Dorff] They're just notifying us.

- [Ellenbecker] That they work with the state.

- [Dorff] Okay.

- [Ellenbecker] It used to be you had to get permission from your municipality. Now the state grants it.

- [Dorff] Okay.

- [Ellenbecker] They apply to the state. So it's really probably receive and place in file.

- [Dorff] Yeah, okay.

- [Ellenbecker] But I wanted to put it on file that we have a third provider in the city that is going to be collecting franchise fees.

- [Dorff] Okay, who'd like to move to receive and place in file?

- [Lefebvre] I was gonna say

- [Dorff] Oh, go ahead.

- [Lefebvre] That the elected officials can say, "Oh, look what we did for your cable bill. We brought it down for you." That's why they did it.

- [Dorff] Right. All right. Who would like to make a motion to receive and place in file?

- [Galvin] Motion to receive and place in file.

- [Dorff] By Alder Galvin.

- [Corpus-Dax] I'll second it.

- [Dorff] Second by Alder Corpus-Dax. All those in favor?

- [Council Members] Aye.

- [Dorff] Opposed? Motion carries. Information, the next Finance Committee meeting will be held Tuesday, August 13, 2019 at 4:30 p.m. And number two, the contingency account, it's not a real number, but it says $96,000

- [Ellenbecker] Because at this point we still have no hard numbers to reduce. We have not seen any actual bills from any attorneys.

- [Dorff] Okay.

- [Galvin] Well also, we haven't wasn't this offering covering the flood?

- [Dorff] The flood, about $50,000 for the flood.

- [Galvin] How come we have no

- [Ellenbecker] That has never I guess at this point, I mean, it was never brought forward or directed from the director to bring it through because he wasn't sure if there was enough money to cover his flood expenses.

- [Dorff] Oh, I mean, there was. We'll just see. Okay.

- [Ellenbecker] Can I ask

- [Dorff] Yes.

- [Ellenbecker] I do not have a director's report here. But I just want to add two quick comments.

- [Dorff] Sure.

- [Ellenbecker] Our CAFR, our 2018 CAFR was completed, as of June 30th. It is now online. And we also have hard copies in the finance office. So I can probably send some information over, if anyone wants a copy of that annual book. And we're hoping at the next finance meeting that we will bring our year-end audit and our auditors in to talk about how the year-end audit went.

- [Galvin] Okay.

- [Ellenbecker] Which we did good.

- [Dorff] Okay, good. Okay. Now should we adjourn? Okay, who'd like to

- [Galvin] Motion to adjourn.

- [Dorff] Motion to adjourn by Alder Galvin.

- [Lefebvre] Second.

- [Dorff] Second by Alder Lefebvre. All those in favor?

- [Council Members] Aye.

- [Dorff] Opposed? Motion carries. We're adjourned.