MINUTES OF THE FINANCE COMMITTEE

TUESDAY, JULY 27, 2021, 4:30 PM
Virtual Meeting. Public may join via Zoom.

A. ZOOM MEETING INFORMATION.

1. This item contains documents which provide call in information and instructions for the Zoom meeting.

B. ROLL CALL.

1. Members: Ald. Barbara Dorff, Ald. Veronica Corpus-Dax, Ald. Bill Galvin & Ald. Brian Johnson.

Present: Veronica Corpus-Dax, Barbara Dorff, Bill Galvin, Excused: Brian Johnson

Also present: Ald. Lynn Gerlach, Kim Shult and Amanda Mboga from Baker Tilly, Todd Taves-Ehlers, John Mehan-Baird, City Attorney Vanessa Chavez, Finance Director Diana Ellenbecker, Assistant Finance Director Pam Manley and others.

C. APPROVAL OF THE AGENDA.

Moved by Ald. Bill Galvin, seconded by Ald. Veronica Corpus-Dax to Approve.
Motion Passed.
Yes- Barbara Dorff, Bill Galvin, Veronica Corpus-Dax

D. APPROVAL OF MINUTES.

1. Approval of the Finance Committee minutes from the June 22, 2021 meeting.

Moved by Ald. Veronica Corpus-Dax, seconded by Ald. Bill Galvin to Approve.
Motion Passed.
Yes- Barbara Dorff, Bill Galvin, Veronica Corpus-Dax

E. REGULAR BUSINESS.

1. Request by the Finance Director to review and discuss 2020 year-end financial results for the City.

The City's audit firm, Baker Tilly, will be present to discuss with the committee.

Moved by Ald. Veronica Corpus-Dax, seconded by Ald. Bill Galvin to Open the Floor.
Motion Passed.
Yes- Barbara Dorff, Bill Galvin, Veronica Corpus-Dax

Moved by Ald. Bill Galvin, seconded by Ald. Veronica Corpus-Dax to Receive and Place on File.
Motion Passed.
Yes- Barbara Dorff, Bill Galvin, Veronica Corpus-Dax

Moved by Ald. Bill Galvin, seconded by Ald. Veronica Corpus-Dax to Close the Floor.
Motion Passed.
Yes- Barbara Dorff, Bill Galvin, Veronica Corpus-Dax

2. Consideration with possible action on 2013 RDA Lease Revenue Bond (KI 2) Refinancing.

Moved by Ald. Bill Galvin, seconded by Ald. Veronica Corpus-Dax to Open the Floor.
Motion Passed.
Yes- Barbara Dorff, Bill Galvin, Veronica Corpus-Dax

Moved by Ald. Bill Galvin, seconded by Ald. Veronica Corpus-Dax to Recommend moving forward with refinancing.
Motion Passed.
Yes- Barbara Dorff, Bill Galvin, Veronica Corpus-Dax

Moved by Ald. Bill Galvin, seconded by Ald. Veronica Corpus-Dax to Close the Floor.
Motion Passed.
Yes- Barbara Dorff, Bill Galvin, Veronica Corpus-Dax

3. Discussion and possible action on the purchase of 2 Ambulances for the Green Bay Metro Fire Department from Jefferson Fire & Safety for the sum of $544,163.36 based on the contract put in place from 2020 RFB 3266. Summary attached.

Moved by Ald. Veronica Corpus-Dax, seconded by Ald. Barbara Dorff to Approve.
Motion Passed.
Yes- Barbara Dorff, Bill Galvin, Veronica Corpus-Dax

4. Report of the Claims Committee.

The Committee may convene in closed session pursuant to Section 19.85(1) (g), Wis. Stats., for the purpose of conferring with legal counsel for the governmental body who is rendering oral or written advice concerning strategy to be adopted by the body with respect to litigation in which it is or is likely to become involved. The Committee will thereafter reconvene in open session pursuant to Section 19.85(2), Wis. Stats., to take action on items discussed in closed session, if appropriate, and to consider the remainder of the agenda.

Moved by Ald. Veronica Corpus-Dax, seconded by Ald. Bill Galvin to Receive and Place on File.
Motion Passed.
Yes- Barbara Dorff, Bill Galvin, Veronica Corpus-Dax

5. Pending litigation status update.

The Committee may convene in closed session pursuant to Section 19.85(1) (g), Wis. Stats., for the purpose of conferring with legal counsel for the governmental body who is rendering oral or written advice concerning strategy to be adopted by the body with respect to litigation in which it is or is likely to become involved. The Committee will thereafter reconvene in open session pursuant to Section 19.85(2), Wis. Stats., to take action on items discussed in closed session, if appropriate, and to consider the remainder of the agenda.

Moved by Ald. Veronica Corpus-Dax, seconded by Ald. Bill Galvin to enter closed session at 5:14pm for items E.5. through E.7. Motion Passed.
Ald. Bill Galvin read the closed session language.
Yes- Barbara Dorff, Bill Galvin, Veronica Corpus-Dax

Moved by Ald. Veronica Corpus-Dax, seconded by Ald. Bill Galvin to Receive and Place on File.
Motion Passed.
Yes- Barbara Dorff, Bill Galvin, Veronica Corpus-Dax, No- None, Abstain- None.

6. Consideration with possible action on opioid litigation.

The Committee may convene in closed session pursuant to Section 19.85(1) (g), Wis. Stats., for the purpose of conferring with legal counsel for the governmental body who is rendering oral or written advice concerning strategy to be adopted by the body with respect to litigation in which it is or is likely to become involved. The Committee will thereafter reconvene in open session pursuant to Section 19.85(2), Wis. Stats., to take action on items discussed in closed session, if appropriate, and to consider the remainder of the agenda.

Moved by Ald. Bill Galvin, seconded by Ald. Veronica Corpus-Dax to Proceed as discussed in closed session.
Motion Passed.
Yes- Barbara Dorff, Bill Galvin, Veronica Corpus-Dax,

7. Consideration with possible action on request by Kris Teske for conflict counsel for the WEC Complaint titled, Carlstedt, et al. v. Meagan Wolfe, et al.

The Committee may convene in closed session pursuant to Section 19.85(1) (g), Wis. Stats., for the purpose of conferring with legal counsel for the governmental body who is rendering oral or written advice concerning strategy to be adopted by the body with respect to litigation in which it is or is likely to become involved. The Committee will thereafter reconvene in open session pursuant to Section 19.85(2), Wis. Stats., to take action on items discussed in closed session, if appropriate, and to consider the remainder of the agenda.

Moved by Ald. Bill Galvin, seconded by Ald. Veronica Corpus-Dax to Return to Regular Session at 5:43pm.
Motion Passed.
Yes- Barbara Dorff, Bill Galvin, Veronica Corpus-Dax

Moved by Ald. Veronica Corpus-Dax, seconded by Ald. Barbara Dorff to Deny.
Motion Passed.
Yes- Barbara Dorff, Bill Galvin, Veronica Corpus-Dax

F. INFORMATIONAL.

1. 2021 Contingency Account:$150,000.00.

2. The next Finance Committee meeting will be held on Tuesday August 10, 2021 at 4:30 PM.

G. ADJOURNMENT.

Moved by Ald. Veronica Corpus-Dax, seconded by Ald. Barbara Dorff to Adjourn.
Motion Passed.
Yes- Barbara Dorff, Bill Galvin, Veronica Corpus-Dax

H. VERBATIM MINUTES.

- I will call together this meeting of finance for, gosh, I think it's July 27th, for July 27th, 2021. And I'll take the roll. Alder Corpus-Dax.

- [Veronica] Here.

- Alder Galvin.

- Here.

- Alder Dorff is here and Alder Johnson has been excused. I will entertain a motion for approval of the agenda.

- Motion approved.

- Second.

- Okay, motioned by Alder Galvin, second by Alder Corpus-Dax. All those in favor, say aye.

- Aye.

- Aye. Oppose nay, motion carries. And a motion for approval of the Finance Committee meeting minutes from June 22nd, 2020.

- So moved.

- Second.

- Moved by Alder Corpus-Dax, second by Alder Galvin. Any discussion? Seeing none, all those in favor, say aye.

- Aye.

- Aye. Opposed nay, motion carries. All right, regular business. Request by the finance director to review and discuss the 2020 year-end financial results for the city. The city's audit firm, Baker Tilly, will be present to discuss with the committee. Okay, Director Ellenbecker.

- Yeah, I would like to, we actually have two representatives here from Baker Tilly. We have Kim and Amanda from Baker Tilly. And we did have a presentation that they submitted to us in our packet. I would actually just like to turn it right over to, as you guys know that we decided to go with a new auditing firm this year. So we had a lot of building blocks we had to put in place. So that was a long audit. But I will let them turn on, I'll turn it over to them and let us know how we did.

- Do we need to open the floor then? Attorney Chavez?

- [Vanessa] Yes, go ahead. Open the floor.

- Okay, motion to open the floor by Alder Corpus-Dax.

- Second.

- Second Alder Galvin. All those in favor, say aye.

- Aye.

- Aye. Opposed nay, motion carries, floor is open.

- Kim, would you like the presentation put on the screen or if all the alders have it on their desktops or in front of them, is that okay?

- I think having it on screen would be nice if you have it handy. If not, I do have it up. I could share.

- [Diana] I think either I or Pam can share our screens.

- That's about it.

- Okay. Well, I can just start out by--

- There we go, it's up there.

- Great, wonderful. Thank you. So first of all, thank you for inviting us to your meeting this evening. We're happy to have the 2020 audit issued and happy to share the results with you tonight. Probably, I would just start off, I was gonna make comments about this at the end, but I might as well just start off by really thanking Pam and Diana and their teams, as was alluded to. Switching auditors is not a painless process. So we just want to really acknowledge their preparedness. They were very easy to work with through this process. Asked good questions, were very receptive to changes that we made and changes that we suggested. So just want to really give a big thanks to the entire finance team.

- [Diana] Thank you.

- So starting out, we did issue three reports, the financial statement document, the report on federal awards, and then the audit results letter. And I'm just going to kind of summarize some highlights from those documents. And then certainly Amanda and I can handle any questions as we go as well. So looking at the first page with graphs, the first page addresses your general fund balance. The fund balance and the general fund is one of the most important numbers that we tend to look at as an indicator of financial health of any government. So you do have, at the end of 2020, you do have just over 30 million of total fund balance in the general fund. And then to four different categories based on liquidity and based on restrictions, both external or internal designations or other restrictions set by the council or the governing body. So looking at kind of the breakout of that $30 million, 5.8 is what we call non-spendable. So that consists of a few sort of longer term assets. Things like delinquent taxes, but that's mostly, about $4.6 million of that are advances to your TIF districts. So those are assets of the general fund. You have fund balances associated those, but you're not expecting to receive those repayments in the near term. So those are considered non-spendable or not really in a liquid form. Then we have $2.3 million committed for transit operations and then another 9.7 million what we call assigned. So those are dollars that are earmarked for compensated absences and for your sick leave escrow. So that leaves about $12.2 million or about 41% of your total fund balance as unassigned. So that is the portion that is completely undesignated, no earmarks or outside restrictions related to that. So down in the next section underneath the table, you can see that your fund balance in the general fund did increase by $3.5 million from your, the results of your revenues and expenses during the year. It was a very unusual year to kind of compare with budget. But in this case, you did come in below budget for revenues, primarily investment income, some licensing permits, room taxes and other kind of recreation based revenues, as you would expect with the year that happened. And then expenses were also well under budget. The largest areas that were under budget, public safety, public works, and then again, pool, the recreation activities that also saw a corresponding revenue decrease. But considering that you did have a planned use of the fund balance of about $500,000, you ended up with revenues in excess of expenditures of 3.5 million, so a positive result. So onto the next page. This is really a look at the adequacy of your fund balance. So the city does have a fund balance policy with a goal to maintain an unassigned fund balance between nine and 16%. So at the end of 2020, teen percent, so you're right within kind of your intended range based on your fund balance policy. The table is a comparison that we like to put together that looks at your unrestricted fund balance. So this includes everything but your non-spendable. So this is everything that the council essentially controls and is in a liquid or more of a spendable format. So we look at that compared to your annual expenditures. So the City of Green Bay's information is in red. So that's 28% of your annual expenditures, which is about 3.4 months. The blue, which is the Government Finance Officers Association's recommended minimum, which is two months or 16%. And then the green is each year we compile all our Wisconsin municipal clients and break those into different categories based on size. So the 32% is sort of our average municipal clients in Wisconsin of a similar population. So with your number at the end of 2020 being about four, or sorry, about three and a half months, you're well above the GFOA's recommended minimum. Slightly below kind of what we see as maybe an average for a client. But again, within your policy and approaching, I think, what we would commonly expect to see with a municipality your size. The next page is a look at your general obligation debt. And there are essentially two metrics on this page, one being your, the percent of your debt capacity that you're using. So that's the top chart. So you are allowed to borrow 5% of your equalized value, which you can see on the top line. And then the green line is where your general obligation debt is. So you're utilizing 47% of your current debt capacity. And you've been really consistent kind of at that, 49 to 47%. So that metric looks pretty consistent with what we would expect to see. I have some more information with some benchmarking in a minute. At the bottom of the page, the Wisconsin Policy Forum puts together information based on state report filings of all the municipalities in the State of Wisconsin. And you can sort them by size and you can do some comparative analysis there. So if we look at the general obligation debt per capita, there is a time lag here. So I'll just say that the numbers that I'm gonna talk about are 2018, because that's the most recent available, but in a debt per capita, the City of Green Bay ranks 209 out of 601. So one is the highest debt per capita and 601 would be the lowest. So you're essentially, you're a little higher than average, but I think probably, we did pick out the top 10 largest cities in the state. And when we looked at that, again, with one being the highest debt and 10 being the lowest, Green Bay does rank eighth in terms of debt per capita and you rank sixth in the debt, the percentage of your debt capacity. So you do stack up very well in the top 10 largest municipalities in the state on both of these debt metrics. And the next page is just another quick look at your debt service. So the bottom does show you had debt service, both principal and interest, of $31 million for 2020. So we'd like to look at that as a percentage of your non-capital expenditures. Bond rating agencies like to see that number at 20% or less. So that's the black line on the chart. The red dots are, again, our median client of your size. You can get a sense of what we're seeing at other communities. And your number is the, you can see you're well below the 20% at just under 14%. Again, that number has been very consistently kind of in that 12 to 13, 14 range over the last five years. So this is actually an excellent metric. I think it's a good indicator that you have a reasonable percent of your budget going for principal and interest payments. Okay, and then finally, on the last page, last page that I have with numbers, I'm not gonna spend a lot of time talking about this, unless there are questions, but the city does have very significant activity in some of the other governmental funds of the city. So I just wanted to kind of list them here so you can get a sense of kind of how they changed year over year. And I'll just highlight a few things. The other, probably the other two most significant governmental funds of the city are the sanitary sewer. The sanitary sewer has $13 million of fund balance. That represents about seven and a half months of annual expenditures. So a nice fund balance in that fund. And then you have two point, almost 2.3 million restricted for future debt payments. I've listed all your non-major capital projects, funds, and special revenue fund. You can see in total, they maintained a very, very similar fund balance year over year. There are some changes within the funds. There was significant, there was some borrowing this year that caused some funds to go up in fund balance because they have debt on hand. I will say, of the $58 million, about 32 million of that is restricted either in TIF funds that are restricted by statute or your TIF plan or on spent bond proceeds. And then finally, the last number on here. You do have $1.4 million in your internal service funds. And you do have about $17 million of annual expenditures running through those internal service funds. So I guess my comment there would be, the goal of an internal service fund is to charge out other funds. Generally, you don't want to be accumulating very large surpluses in there that would indicate that maybe your charges are more than they should be to the other funds. So I think having a $1.4 million on $17 million of annual activity seems like a very reasonable level to be maintaining in those internal service funds. Okay, and then the last page is just a few general things about our opinion. We did issue an unmodified opinion stating that your financial statements are fairly presented in accordance with generally accepted accounting principles. As just a reminder, the objective of an audit is to express an opinion on the financial statements, and they're based on reasonable assurance. So we are auditing to materiality and to a reasonable level of assurance based on materiality. So we're not examining every transaction that occurs throughout the year at the city. Our opinion does contain an emphasis of matter paragraph, pointing out some restatements of your 2019 fund balance and net position. The first two items listed here did increase the fund balance in the general fund. The first is you had some accruals of vacation and sick leave escrow on the general fund that typically are not recorded because they're not using current expendable resources. So those were removed from the general fund. And then the water utility actually noted that the property tax equivalent being recognized as an expense in the water utility and revenue in the general fund was behind a year based on the PSE calculation. So that did, that was just a decrease in net assets in the water and an increase in the general fund. And then the final one, there was a contributed capital asset from 19 that was added that did not impact the general fund. That was for the government activities, the full accrual basis of accounting only. And then we did, I don't have any detailed notes in the presentation on this, but we did issue the separate reporting and insights letter. And also we did issue a separate document this year on the report on federal awards. I think in the past, that's been combined in the one document. We did issue a separate report as well. So are there any questions?

- I just wanted to make a comment. It seems like we're doing pretty well as a city financially. That, pretty healthy. What you've been saying is that our debt is about where it was and we're eighth in the top 10 cities, as far as borrowing. Is that what that was? So this is good. We're not overborrowing, we're not overextended. That's what I heard you say. And I hope that I'm hearing it accurately.

- Correct.

- Okay. Committee, Alder Galvin.

- Recommendations I can make based on--

- You have to start over again, 'cause you were cutting out. Try it again.

- Yeah, do you have any recommendations or concerns for us based on your reporting?

- I think we made a number of recommendations, both in writing and I think we had some that were just discussed more informally. Included in our audit results letter, we did have some recommendations. It's really capitalization policies, some IT control recommendations, and some recommendations related to budgeting and kind of your bank deposits. Those are the ones we put in writing.

- All right, thank you.

- Any other comments? So what do we need to receive in place on file? Okay, I'll entertain a motion receiving placed on file.

- Moved.

- By Alder Galvin. Second by Alder Corpus-Dax. All those in favor, say aye.

- Aye.

- Aye, opposed nay. Motion carries. Thank you so much, Kim. You did a really, really good job. I followed it very well and I appreciate that you're talking in a lay person's language. Thank you.

- Thanks, we appreciate the opportunity. Thanks.

- All right. Number two, consideration with possible action on 2013 RDA lease revenue bond, KI 2 refinancing. This should be interesting. Who would like to talk?

- I can start. This actually, this item was actually taken to the RDA on July 13th. And so with the same information that was shared at that meeting. We have a representative from Ehlers, Todd Taves, with us, and we also have representative from Baird, which is John Mehan. And again, we'll probably put the slides up on the screen to walk through the slides. And so you get a better understanding of if we were to move forward with the refinancing, what it would do for us. Pam, would you be able to put that on the screen?

- Yes, we never even closed the floor. So can we just continue to keep it open? Attorney Chavez, is that okay?

- [Vanessa] You really should reopen the floor for each item, but it's entirely up to you all.

- All right, so wait. All right, quick. Motion to close the floor.

- Close the floor.

- No, we have to close it from the last one. Okay.

- Motion to close the floor.

- Second.

- Second by Alder Corpus-Dax. All in favor say aye.

- Aye.

- Aye, opposed nay. Good, motion carries. Okay, motion to open the floor.

- So moved.

- Second.

- By Alder Galvin, second by Alder Corpus-Dax. All in favor say aye.

- Aye.

- Aye, opposed nay. So the floor is now open for this item. Who would like to go first?

- Want me to jump in, Diana?

- Sure, that would be great. I think it's best to just go through the presentation and then kind of what questions the committee might have.

- Yes. So if, there we go, go to the first slide. So what we're talking about are the 2013 bonds that were issued by the city's redevelopment authority. These finance the expansion of the KI Convention Center. And we have an opportunity right now under current market conditions to refinance this obligation for debt service savings. So the existing interest rates, about 4.9 to 6.15% are well above market. Before we moved to the refinancing itself, I just wanted to provide a little bit of a recap in terms of the security to the bond. So the expectation for the bonds has always been that they would be paid from room taxes. But room taxes are not actually pledged as a repayment source. And the actual security is what's referred to as a quiet enjoyment lease. So the proceeds were used by the RDA to construct the KI Convention Center expansion. The city in turn leases those. And again, the expectation is room taxes would pay that lease. But as the city recently experienced with the drop-off of revenues due to COVID, those revenues were unavailable to make the June 1st payment. And at your May meeting, you had discussion about that and ultimately the city had to come up with a little over $730,000 to make that interest payment that was due. Now, fortunately, the county had set aside an informal reserve that was made available. And additionally, there were some funds from the original bonding that were with the trustee, and in total, those amounted to about 647,000. So ultimately, the city had to come up with about $90,000 in order to satisfy that lease obligation to the RDA. And if we could move to the next page. And to talk about room taxes. So as you might be aware, there are a number of different obligations where room taxes are actually pledged as the repayment source or which are expected to be used to make bond payments. And so if we kind of look at the money as it comes in, so for the municipalities in the county that are part of the room tax commission, initially as those room taxes are collected, there is a small amount that comes off the top, as far as an administrative fee. This is out of 8% of the room taxes are collected. And then after that administrative fee, the first thing that occurs is the Resch Center bonds issued by the Ashwaubenon CDA are paid, and then your 2016 RDA bonds, which financed the original KI Center construction are also paid. Any dollars that are left over at that point are placed into a room tax stabilization fund and are considered reserved for those same two obligations. At the point that there is $5 million or more within that stabilization fund, the county can then make the money available to make the payment on the KI 2 bonds. And again, what had occurred is there was less than $5 million in that fund prior to June 1st of this year, which is what caused all. And next, please. So PMA, who is the county's financial advisor, provides the county with a projection of room tax dollars to be collected that they have shared with the city. And what the projections currently indicate is that there will again be no room tax revenues available to provide to the city to make the December 1st interest payment due on the KI 2 bonds. And as far as the June 1st payment next year, there's an expectation that some revenue won't be available. However, it will not likely be sufficient to make the entirety of the payment. After that, the projections suggest that there will be sufficient revenue to make the payments under the existing debt structure. And what I have identified in the table are the existing payments that you have due on December 1st of this year and also in the next calendar year. So if we utilize the information that was provided with respect to the projections, we see that we have a shortfall, again, of 727,000 in December of this year, and then netting out the projected amount available, you would have a short fall of just over a quarter million dollars next June. So these would be the dollars the city would be expected to come up with to make a lease payment if we were to do nothing with the current bonds. And next, please. And I included this just as a graphical representation of the projections that PMA provided. So this is on a June 1st to June 1st basis. So we see in the 2021, the impacts of COVID, and we see that occur going into the '22 year, and then the projections indicate that we would be at a level similar to '19 by 2023. So again, expectation here is that over the medium to longer term revenues are forecasted to rebound and be sufficient, but we've got, again, this short and near term concern with the availability of those dollars. And next. So in terms of the refinancing itself, the KI 2 bonds are not prepayable until June 1st of 2023, but we do have the opportunity to undertake what's called an advanced refunding. And all that means is that the dollars we would borrow with the new bonds will be placed into escrow to pay the principal and interest due at that June 1st, 2023 call date.

We would recommend that the city, again, consider issuing these through its redevelopment authority. These are taxable bonds. So investors in the bonds do not have the benefit of a federal tax exemption, but if issued through the RDA, despite that taxable status, investors who pay Wisconsin income tax the benefit of a state tax exemption. So there's a distinct advantage in doing it through the RDA. That's why that was done in 2013. And we would recommend that Baird be the underwriter and purchaser of that obligation, which is why Mr. Mehan is on the line as well, in case you have questions for him. So we would have two objectives in undertaking this refinancing. One would be to achieve that service savings, to take advantage of the interest rates that are presently much lower than the rates you're paying on the existing debt. But this also presents an opportunity to address that roughly $1 million shortfall over the next two payment dates. Next. The schedule included on the slide on the left hand side shows the existing debt structure. And then on the center to the right hand side, we show the proposed structure under the refinancing. So the center area where the orange shading is listed indicates that all of the principal that is presently owed on the 2013 bonds would be refinanced with the new bonds. And on the right hand side, we show a structure that is intended to produce a level savings on a bond year basis and those estimated savings, and this is preliminary interest rates, would ultimately be determined based on market conditions at the time of sale, but we're in the ballpark of roughly $7 million in future value savings and that is netting out all costs involved in the transaction. So again, very significant savings are currently available if you move forward with this transaction. And next slide. And the other opportunity this presents is the ability to basically eliminate or significantly mitigate the amount of monies that the city may need to come up with to address that shortfall. And the top table is the same one that we looked at a moment ago. And the table on what this reflects is what we would do is take that interest payment that would otherwise be due on December 1st of this year and we would fund that with the escrow that would be funded by the new bond proceeds. So in other words, the city would not need to come up with funds to make the December 1st interest payment. And then the June 1st, 2022 interest payment will go down substantially again because of the lower interest rates. So under the existing bond, you're inside of the $727,000. On an estimated basis, that interest payment would drop to about 425,000. Do next based on, again, they're only projections, but what the county's financial advisor has indicated is there would be sufficient funds to make an interest payment at that level. Now, certainly it could be the case that that number doesn't come in quite as expected, but in any event, the amount that the city may have to come up with next June would be expected to be appreciably less than it would if the bonds were not refunded. So the good news here is that significant debt service savings are available and also an opportunity to eliminate the need to come up with this cash while the room tax revenues are in the process of rebounding. So last thing I'll mention is just these. Be on the last slide, please. So as was mentioned, the RDA was similarly briefed two weeks ago. What we would like to do is to bring back, both to the RDA and the common council, formal resolutions for you to consider at your next meetings that would formally authorize us to proceed in working with Baird, city staff, and the other members of the finance team to move this transaction forward. We are looking to price the bonds on November 8th for consideration and award at meetings the following day with then a closing on November 23rd and for new bonds of June 1st. Between that August date and the November 8th pricing, a number of activities occur in that window. That's when we would be, again, working with the finance team to put the offering together, obtaining a rating and attending to the other activities and tasks that would be needed to ready the transaction for the public sale. So this is, again, just an update for you today to let you know what we're thinking, to answer any questions before it would be brought for formal consideration next month.

- Mr. Taves, Alder Galvin?

- Mr. Taves. So if I'm understanding this correctly, we're refinancing the bond on K 2. We can't pay it off technically till 2023. But we're refinancing it now, which allows us to have some money to make the payments until June of '22. So we're not having to dip in any more savings or raise taxes or anything else. Is there any, so the loan we're taking out will also additionally reduce our payments until the bond is paid off by, it looks like, almost $200,000 or almost 400,000 altogether each year?

- The estimated savings are roughly in the ballpark of about a quarter million dollars here.

- Quarter million a year.

- Yeah. But your summary is accurate. What we would be doing is we're essentially borrowing to make that payment that would be due on December 1st. But again, that estimated $7 million savings takes that into account. In order to decide, we'd rather come up with those dollars and pay it from cash on hand. The savings would go up. So we're suggesting this as a means that you can consider to avoid having to tap another source of funds to make that payment.

- Right, so instead of having savings of $7 million, if everything was solvent right now, we'd probably have savings, and we did this refinance, we'd have savings of almost 8 million or more. So it kind of sounds like a win-win on two levels there.

- Thank you, Alder Galvin.

- I'm very happy, thank you.

- I was fortunate enough to be part of RDA so I've already heard this and I was pretty excited to see it coming here. Definitely win-win for us. I'm very pleased with this and I don't have any more other questions. Alder Corpus-Dax, do you have any questions?

- The same exact question. I just wanted to make sure I understood it. Same way that Alder Galvin did. So we don't, basically this says we don't have a December payment where we have to come up with the money, knowing that we don't really have the funds there. That's all gonna get pushed to June of 2022. Well, the first payment, the first payment that the city has to come up with gets to December of 2022.

- The first payment.

- Correct.

- Okay.

- And again, the projections indicate that there may very well be sufficient room tax available by that June payment date to cover it all. There can be no guarantee of that but it's certainly a much more positive position than you're presently in.

- Yeah, and I might, Todd, I just might add that, two things. One is the debt isn't going out any longer. So we're still within the same timeframe. And as Todd is saying about the projected collections, the money comes in monthly, the 10th of the month. So the next couple of months, we'll be able to track as a team the room tax revenues that are coming in. But once again, the first call when room taxes are for the 2012 and the 2016 box. So we might very well be refunding a good portion of the June 1 '22 interest payment, depending on how the revenues continue to come in.

- That's great. Alder Galvin.

- It's not actually the City of Green Bay that's gonna be saving this money down the road. It's actually, because the money technically comes from the room tax sale, Green Bay's only on the hook if there isn't enough money in the room tax fund. So it's the entire Brown County community, if I understand it correctly, that's gonna be benefiting from this because there'll be more money left over at the end of each payment.

- That's correct. After this obligation is paid from room taxes, the next use of the funds is for the county's expo hall bonds. So what this effectively does is it increases the likelihood or the amount of dollars that will be available to make the payment on that debt. But ultimately at the end of the day, it's a benefit for all the taxpayers to include those in the city, as the county would otherwise have to look through other sources of funds to make those payments.

- Right, actually it gets taxpayers quite a bit of money, and I'm sure Brown County will be sending us a resolution, thanking us for our--

- Okay.

- Smart thinking, so. All right, thank you very much.

- So what kind of a motion do we need here?

- We would ask that you recommend that financing.

- Okay.

- Second.

- Alder Galvin, second by Alder Corpus-Dax to move forward with refinancing. All those in favor, say aye.

- Aye.

- Aye, opposed nay. Motion carries. Thank you so much, gentlemen. This is some good news for us.

- Very good news.

- Thank you.

- Whosever idea this was, way to go. Excellent.

- Way to go. Bake you a cookie.

- Thank you.

- All right. Number three, thank you.

- Thank you, goodnight.

- Discussion and possible action on the purchase of two ambulances for the Green Bay Metro Fire Department from Jefferson Fire and Safety for the sum of $544,163.36, based on the contract put in place for 2020 RFB3266. The summary is attached.

- Alder Dorff, did you want to close the floor?

- Yes, I really do.

- Motion to close the floor.

- Second.

- Alder Galvin. Second by Alder Corpus-Dax. All those in favor, say aye.

- Aye.

- Aye, opposed nay. Motion carries. Alder Gerlach, you're in charge of me closing the floor from now on. Okay, it's your job. All right, here we go, I already read it. So are there any questions about the need to purchase these? Have we talked about this?

- I have a question. We've already bonded this money, correct?

- Yeah, I thought so. Didn't we, Director Ellenbecker, or not?

- These are included in the five year capital improvement plan.

- Yep.

- Yes, and yes, they are in the borrowing, yes. So they are moving forward with the quote. In most cases, there's a long lead time. So they are moving forward so there's no chance that we would ever, ever spend this money before the money comes in through our bondings. Yes, these are included in our bonding and they're just getting the requisition and the quotes moving forward to start that clock ticking to order these ambulances.

- All right, I entertain a motion to approve. Unless you have any questions. I think Alder Corpus-Dax--

- Motion to approve.

- Said, okay, motion approved. I'll second that for Alder Galvin. I'll second that for you. Okay, all those in favor say aye.

- Aye.

- Aye, opposed nay. Motion carries. If it were police cars, I would let you second it. All right, now we get into item four, report to the Claims Committee. So are there any questions about the claims? I looked at them, if you guys want to peek at them again.

- I looked at them, I didn't have any questions.

- I have none.

- Motion to receive and place on file?

- By Alder Corpus-Dax. Second by Alder Galvin. All those in favor to receive and place in file the report to the Claims Committee, say aye.

- Aye.

- Aye.

- Opposed nay. Motion carries. All right, pending litigation status update. Should we start this in open or closed session?

- [Vanessa] This one would be discussed entirely in closed session. So if you guys have questions on it, those are all things we should discuss in closed.

- All right, so who'd like to make the motion?

- Can we take up all three and close session at the same time? 'Cause the next, the last three are all potential closes.

- That's good, how about that?

- Yes, you can.

- All right, make that motion, Alder Corpus-Dax.

- Actually, we've got item, oh, I'm sorry. No, five, six and seven we're taking up. All right, yes.

- So motion to take up items five, six, and seven in closed session.

- Okay. Do we read the language? Who would like to read the language? And then we--

- Bill will.

- Bill, if you'd like to.

- All right. Let me get close here. The committee may convene in closed session pursuant to section 19.85 sub 1 sub G of the Wisconsin statutes for the purpose of conferring with legal counsel or the governmental body who is rendering oral or written advice concerning strategy to be adopted by the body with respect to litigate or is likely to become involved. Committee will thereafter reconvene section 19.85 sub 2 Wisconsin statutes to take action items discussed in closed session, if appropriate and to consider the remainder of the agenda.

- All those in favor of moving into closed session, say aye.

- Aye.

- Aye, opposed nay. Motion carries, we will now go into closed session. Here we go.

- [Pam] You are now recording again.

- Okay, so we just moved to go back into, on the record and back into open session. Alder Galvin did and Alder Corpus-Dax--

- Haven't been brought back in from the--

- Oh, we have to wait, okay. Maybe they left. Oh no, they're here.

- Okay, they have all been admitted back in.

- Thank you. All right, so we had just had a motion made by Alder Galvin to go back into open session, seconded by Alder Corpus-Dax. All those in favor, say aye.

- Aye.

- Aye, opposed nay. We are back in open session. I will entertain a motion to receive and place on file the pending litigation status update.

- Second.

- So moved.

- Second.

- Moved by Alder Corpus-Dax. Second by Alder Galvin. All those, any discussion? All those in favor, say aye.

- Aye.

- Aye, opposed nay. Motion carries. I will entertain a motion to proceed, hmm, proceed as directed or proceed as discussed in closed session on the opioid litigation.

- So moved.

- Moved.

- So moved by Alder Galvin.

- Second.

- Second by Alder Corpus-Dax. All those in favor, say aye.

- Aye.

- Aye, opposed nay. Motion carries. And consideration with possible action by Kris Teske for conflict counsel for the WEC complete titled Meagan Wolfe et al. I will entertain a motion on that.

- Motion to deny the request.

- Motions to deny by Alder Corpus-Dax. I'll second that. All those in favor, or is there further discussion? All those in favor, say aye.

- Aye.

- Alder Galvin, you're muted. He's nodding yes, okay, yes. Opposed nay, motion carries unanimously. All right, we're up to informational. That is so not right. We cannot possibly have that much in our contingency account, do we?

- That is not correct. We did a transfer of, I think, 45,000 last council meeting. Unfortunately, we just didn't get the paperwork through and the journal entry isn't completed yet. So I do believe we're at 105,000.

- Thank you. The next Finance Committee meeting will be held on Tuesday, August 10th, 2021 at 4:30 p.m. Entertain a motion to adjourn. But before I do that, how much of a break do you want between this and Personnel? Five minutes, 10 minutes?

- Five minutes.

- Five minutes is fine.

- Okay, all right. So we'll reconvene then at 5:50. Motion to adjourn?

- Motion to adjourn.

- By Alder Corpus-Dax. Second by Alder Dorff, 'cause we can't hear Alder Galvin. Okay, all those in favor, say aye.

- Aye.

- Aye.

- Aye, opposed nay, we're adjourned. See you back, Personnel, five minutes.