

Visit our website at  
[www.oakcreekwi.org](http://www.oakcreekwi.org)  
for the agenda and  
accompanying  
common council  
reports.



Common Council  
Chambers  
8640 S. Howell Ave.  
PO Box 27  
Oak Creek, WI 53154  
(414) 768-6500

**SPECIAL  
COMMON COUNCIL MEETING AGENDA  
MONDAY, JULY 21, 2014  
AT 6:00 P.M.**

---

COUNCIL MEETINGS CAN BE SEEN LIVE ON GOVERNMENT ACCESS CHANNELS 25 AND 99

---

1. Call Meeting to Order / Roll Call
2. Pledge of Allegiance
3. Approval of Minutes: 7/1/14

**Public Hearings (beginning at 6:00 p.m.)**

*Citizen input, comments and suggestions are requested on the specific item(s) identified below. Action by the Council may occur at the same meeting if so included in the agenda.*

4. **Landfill License:** Consider a request from 9648 S. Chicago Rd., LLC and 9666 S. Chicago Rd., LLC, John O'Malley, O'Malley Investments, Agent, 5200 W. Loomis Rd., Greendale, for a Landfill License for the property located at 9648 and 9666 S. Chicago Rd. [northeast quadrant of Section 26 (19.503 acres)]. The filling operations would be contained east of STH 32 between Ryan Road and Fitzsimmons Rd. (4<sup>th</sup> District)
5. **Motion:** Consider a *motion* to *grant* a Landfill License to 9648 S. Chicago Rd., LLC and 9666 S. Chicago Rd., LLC, John O'Malley, O'Malley Investments, Agent, 5200 W. Loomis Rd., Greendale, for a Landfill License for the property located at 9648 and 9666 S. Chicago Rd. [northeast quadrant of Section 26 (19.503 acres)]. (4<sup>th</sup> District)

**New Business**

6. **Resolution:** Consider *Resolution* No. 11515-072114, rescinding resolution number 11178-120611 and restating public depositories for the City of Oak Creek (by Committee of the Whole).
7. **Motion:** Consider a *motion* to enter into a contract with American Deposit Management, LLC (ADM) for arbitrage rebate compliance (by Committee of the Whole).
8. **Motion:** Consider a *motion* to approve an updated Investment Policy (by Committee of the Whole).
9. **Motion:** Consider a *motion* to approve the 2014 Vendor Summary Report in the amount of \$333,042.76 (by Committee of the Whole).

**Adjournment.**

**Public Notice**

Upon reasonable notice, a good faith effort will be made to accommodate the needs of disabled individuals through sign language interpreters or other auxiliary aid at no cost to the individual to participate in public meetings. Due to the difficulty in finding interpreters, requests should be made as far in advance as possible preferably a minimum of 48 hours. For additional information or to request this service, contact the Oak Creek City Clerk at 768-6511, (FAX) 768-9587, (TDD) 768-6513 or by writing to the ADA Coordinator at the Health Department, City Hall, 8640 S. Howell Avenue, Oak Creek, Wisconsin 53154.

It is possible that members of and possibly a quorum of members of other governmental bodies of the municipality may be in attendance at the above-stated meeting to gather information; no action will be taken by any governmental body at the above-stated meeting other than the governmental body specifically referred to above in this notice

**CITY OF OAK CREEK  
NOTICE OF PUBLIC HEARING  
BEFORE THE COMMON COUNCIL**

Published by the authority of the Common Council of the City of Oak Creek in the County of Milwaukee, pursuant to Oak Creek Municipal Code, Section 13.25, a public hearing will be held:

- Date:** Monday, July 21, 2014
- Time:** 6:00 p.m.
- Place:** Oak Creek City Hall  
**COMMON COUNCIL CHAMBERS**  
8640 South Howell Avenue  
Oak Creek, WI 53154
- Applicant:** 9648 South Chicago Road, LLC  
9666 South Chicago Road, LLC  
5200 W. Loomis Rd.  
Greendale, WI 53120
- Property location:** NE ¼ of Section 26 (19.503 acres)
- To Request:** A landfill license for the properties located in the northeast quadrant of Section 26 (19.503 acres), specifically 9648 & 9666 S. Chicago Road.
- Landfill application is made for the period beginning July 21, 2014 through December 31, 2014, the granting of which is now pending.

All interested persons wishing to be heard are invited to be present.

Dated this 26th day of June, 2014.

Catherine A. Roeske  
City Clerk

/s/ Catherine A. Roeske

**Public Notice**

For questions concerning this notice, please contact the Oak Creek Deputy Clerk at 768-6511. Upon reasonable notice, a good faith effort will be made to accommodate the needs of disabled individuals through sign language interpreters or other auxiliary aid at no cost to the individual to participate in public meetings. Due to the difficulty in finding interpreters, requests should be made as far in advance as possible preferably a minimum of 48 hours. For additional information or to request this service, contact the Oak Creek City Clerk at 768-6511, (FAX) 768-9587, (TDD) 768-6513 or by writing to the ADA Coordinator at the Health Department, City Hall, 8640 S. Howell Avenue, Oak Creek, Wisconsin 53154.

It is possible that members of and possibly a quorum of members of other governmental bodies of the municipality may be in attendance at the above-stated meeting to gather information; no action will be taken by any governmental body at the above-stated meeting other than the governmental body specifically referred to above in this notice.

South 5th Avenue Proposed Relocation Project  
 Sections 23, 24, 25, and 26, T5N-R22E  
 City of Oak Creek, Milwaukee County



**Legend**

- 2013 Project Areas
- 2012 Project Area
- Isolated Natural Resource Area
- Wetland
- Sample Site
- 1 Sample Number
- Plant Community Boundary
- 1 Plant Community Number

N

0 100 200  
Feet

Source: SEWRPC  
 Date of Photography: 2010  
 CA#411-197

Wetland Boundaries Staked by SEWRPC on 8/28/12 and 7/18/13

# City of Oak Creek Common Council Report

**Meeting Date:** 07/21/14

**Item No.:** 6

**Recommendation:** That the Common Council adopt Resolution 11515-072114, rescinding resolution number 11178-120611 and restating public depositories for the City of Oak Creek.

**Background:** The City is required annually to update the list of approved public depositories allowed to be used for the investment of City of Oak Creek funds. The Investment Policy states that all approved public depositories and investment advisors submit to the City its annual financial statements which have been reviewed by the City Clerk, City Treasurer, and Finance Director/Comptroller.

In addition to the annual approval we are asking that public depository, MBIA Wisconsin CLASS be removed from the list because they are no longer in existence. Staff is also recommending the addition of American Deposit Management (ADM) company to the list. ADM offers a higher interest money market account that is liquid enough to meet the City's cash flow needs while achieving a higher rate of return than the LGIP.

**Fiscal Impact:** Higher interest income while maintaining low risk and prudence in the management of public funds.

Prepared by:

Respectfully submitted,



Bridget M. Souffrant, CMTW  
Finance Director/Comptroller



Gerald Peterson, ICMA-CM  
City Administrator

RESOLUTION NO. 11515-072114  
A RESOLUTION RESCINDING RESOLUTION NO. 11178-120611  
AND RESTATING PUBLIC DEPOSITORIES  
FOR THE CITY OF OAK CREEK

BY: \_\_\_\_\_

WHEREAS, Chapter 34, Wis. Stats. Establishes the conditions and qualifications for public depositories, including financial institutions that act as investment and intermediary agencies for municipalities; and

WHEREAS, S. 62.12(7), Wis. Stats. provides for the designation by the Common Council of the City of Oak Creek of public depositories in which City funds shall be deposited; and

WHEREAS, the City previously adopted Resolution No. 11178-120611, which identified the financial institutions that are designated as public depositories for the City of Oak Creek; and is updated to add a financial institution for investment options, American Deposit Management Co.; and

WHEREAS, financial institution, MBIA Wisconsin Class, is no longer being used and is recommended for removal from the list; it has become timely for the City to restate the listing of authorized public depositories for the City of Oak Creek.

NOW, THEREFORE, BE IT RESOLVED by the Mayor and Common Council of the City of Oak Creek that Resolution No. 11178-120611 is hereby rescinded; and

BE IT FURTHER RESOLVED that the following, qualified as public depositories under Ch. 34, Wis. Stats., shall be considered as public depositories of the City of Oak Creek for time deposits, repurchase agreements and authorized investments:

Bank Mutual  
Dana Investment Advisors, Inc.  
JPMorgan Chase Bank N.A.  
JPMorgan Chase Bank Trust Company N.A.  
Marshall & Ilsley (M & I) Bank (BMO)  
Marshall & Ilsley (M & I) Trust Company N.A. (BMO)  
American Deposit Management Co.  
Tri-City National Bank – Oak Creek  
Vining-Sparks IBG, L.P.  
Hometown Bank

BE IT FURTHER RESOLVED, that withdrawal or disbursements shall be only by checks and order, as provided in S. 66.0607(6), Wis. Stats., and a system shall be provided to properly accommodate deposit or investment of such funds by wire; that in accordance therewith, all checks and order shall be signed by the following persons: the City Clerk, the City Treasurer, and countersigned by the Mayor, and shall so be honored.

Introduced at a regular meeting of the Common Council of the City of Oak Creek held this 1st day of July, 2014.

Approved this \_\_\_\_\_ day of \_\_\_\_\_, 2014.

\_\_\_\_\_  
President, Common Council

Passed and adopted this \_\_\_\_\_ day of \_\_\_\_\_, 2014.

\_\_\_\_\_  
Mayor

ATTEST:

\_\_\_\_\_  
City Clerk

VOTE: Ayes \_\_\_\_\_ Noes \_\_\_\_\_

# City of Oak Creek Common Council Report

**Meeting Date:** 07/21/14

**Item No.:** 7

**Recommendation:** That the Common Council agree to enter into a contract with American Deposit Management, LLC (ADM) for arbitrage rebate compliance.

**Background:** The City has issued a significant amount of debt in the last year and this debt needs detailed tracking to ensure compliance with the federal arbitrage laws. The arbitrage laws (on a simplistic level) detail the percentage of bond proceeds spent within various spending timelines as well as details the amount of interest income you can earn on the proceeds while you have them on hand. If these items go awry you may be left in a situation where you need to pay a rebate back to the IRS. I have experience tracking the requirements for arbitrage and it is very time consuming, and given the amount of debt that we have and the volume of work it requires I am proposing that we contract with ADM.

ADM offers a service where we deposit the bond proceeds in a segregated money market account with them. They will monitor the expenditure guidelines by viewing our withdrawals from the money market account to pay the bills. They will also invest funds with the City's direction and monitor the interest that we are receiving, making sure that we never go above the allowed amount. This will allow the City to be fiscally responsible while earning a little more in interest income. The service with ADM provides monthly reports for staff, as well as a detailed binder of all transactions relating to the bond when all proceeds are spent, in the event that we were ever audited by the IRS. This agreement with ADM also guarantees their support during an IRS audit or inquiry.

Staff is currently recommending that we enter into a contract with ADM for our three tax exempt debt issuances. Those would be the \$10 million General Obligation Promissory notes for the Lakefront, the \$17,625 million General Obligation Promissory notes for Drexel Town Square, and the \$20.5 million General Obligation Promissory notes for the City Hall, Library, and Fire Station. The pricing for these services would be as follows:

\$20.5 million

- \$650 One time set up fee
- \$1,600 Annual fee

\$10 million

- \$650 One time set up fee
- \$1,600 Annual fee
- \$1,500 Rebate calculation fee per year until all proceeds are spent

\$17.625 million

- \$650 One time set up fee
- \$1,600 Annual fee
- \$1,500 Rebate calculation fee per year until all proceeds are spent



First year total: \$9,750 (0.0002026% of gross proceeds)  
2<sup>nd</sup> and 3<sup>rd</sup> years each: \$7,800 (0.00016208 of gross proceeds)

The \$17.625 million and \$10 million bonds have an additional fee because they are older bonds and ADM will have to do additional calculations back to the beginning of the issuance. Currently these funds are placed in segregated accounts at the LGIP earning 0.07% which equates to \$28,000 a year in interest earnings. If we place these funds with ADM in segregated accounts they would be earning 0.18% which equates to \$72,000 a year in interest earnings.

**Fiscal Impact:** We will take the proposed fees out of the additional interest earnings stated above.

Prepared by:

Respectfully submitted,



Bridget M. Souffrant, CMTW  
Finance Director/Comptroller



Gerald Peterson, ICMA-CM  
City Administrator



American Deposit Management LLC (“ADM” or “we”) is pleased to submit this contract for arbitrage rebate services. This contract is for a three year term. This contract describes the anticipated Scope of Services and Fees associated with the required arbitrage rebate compliance.

ADM will engage our service provider, Bingham Arbitrage Rebate Services, Inc. (“Bingham”) to conduct a comprehensive review of the issues listed on the signature page of this document as well as provide ongoing services listed in this contract. The analysis by Bingham will consist of the items listed below:

- Comprehensive and professional review of Bond Documents.
- Determination of funds subject to spending exception, arbitrage rebate calculation and/or yield reduction calculation. Detailed spending exception reports and spend down summaries, where applicable.
- Calculation of bond yield, if applicable.
- Calculation of arbitrage rebate liability due, in compliance with Section 148(D) of the Internal Revenue Code of 1986, and preparation of Federal Tax Form 8038-T if payment is due.
- Provision of written report, describing the calculation method used, assumptions, and conclusions.
- Guaranteed support, through ADM and Bingham during IRS audit or inquiry, if applicable.

We welcome the opportunity to serve you during this important compliance requirement. Please call us at (414) 961-6600 if you have any questions.

## **Proposed Time and Task Schedule**

This contract, once fully executed, will cover services for a three year contract term. Please see the signature page of this document for specific dates of service.

The following steps describe the primary services.

### **Step 1: Data Review and Analysis**

The closing documents will be reviewed as well as investment activity to determine which funds, if any, are subject to the arbitrage rebate calculation. The first test of the issue(s) is for an exception. In order to meet one of the exceptions, the gross proceeds need to be spent as follows:

- Small issuer exception
- Six-month spending exception
- Eighteen-month spending exception
- Two-year construction spending exception

If an exception is missed, the arbitrage rebate calculation is necessary. If there is a Debt Service Reserve Fund, that fund will require the arbitrage rebate calculation for the life of the issue.

### **Step 2: Arbitrage Rebate Calculations**

#### **Bond Yield**

Calculations are made on the exact yield of the bonds using a 30/360 day model and semi-annual compounding, taking the exact dates of receipts and disbursements as shown in statement summaries. For these purposes, the yield under the arbitrage regulations is that rate of interest which, when used to discount all future payments on the bonds, produces a present value equal to the initial public offering price to the public.

#### **Rebate Calculations**

All the moneys on deposit and any interest income earned on the date of the evaluation (the last day upon which any interest or principal on the bonds is paid) are treated as a receipt on that date.

All receipts and disbursements occurring on or prior to the date of evaluation and the calculated receipts are future-valued to the date of evaluation using the yield on the bonds. The calculation is made using a 30/360 day model and semi-annual compounding, taking the dates of receipts and disbursements as shown in statement summaries.

The future value of the receipts and disbursements is subtracted from the future value of the earnings with the resulting balance being the amount to be rebated.

## **Excessive Investment Yield Calculation**

### **Capital Projects (if applicable)**

Regulations require that any project investment funds held beyond the three-year temporary period must be yield restricted to the bond yield plus .125%. Any amount earned over the limit must be paid to the Internal Revenue Service in the form of a "yield reduction payment." Such payment is similar to an arbitrage rebate payment and is paid in the same manner and with the same frequency as arbitrage rebate; within 60 days of the fifth bond year [U.S. Treasury Regulations Section 1.148-5(c) (1) & (2)]. If a factor, only one payment is made to the Internal Revenue Service, either an arbitrage rebate payment or a yield reduction payment, whichever amount is higher. A test will be made and run, if applicable, for this excess investment yield calculation.

### **Replacement Proceeds (if applicable)**

The U.S. Treasury Regulations require that replacement proceeds held beyond the respective temporary period must be yield restricted to the bond yield, plus .001% (Replacement Proceeds). Any amount earned over the limit must be paid to the Internal Revenue Service in the form of a "yield reduction payment." Such payment is similar to an arbitrage rebate payment and is paid in the same manner and with the same frequency as arbitrage rebate; within 60 days of the fifth bond year [U.S. Treasury Regulations Section 1.148-5(c) (1) & (2)]. If a factor, only one payment is made to the Internal Revenue Service, either an arbitrage rebate payment or a yield reduction payment, whichever amount is higher.

### **Step 3: Reports**

As applicable, reports and schedules will include the bond yield, small issuer or spending exception reports, arbitrage rebate calculation, excess investment yield calculation, expiration dates for temporary and spend down periods, the next calculation date, and the rebate liability of any accruing arbitrage. All reports exceed the industry standard and are comprehensive, mathematically accurate and consistent with Section 148(f) of the Internal Revenue Code.

One original of the report will be provided to issuer. The issue's installment period report will be a comprehensive summary of the years within that period and will include IRS Form 8038-T if a payment is due.

To remain in compliance, please keep all records for the arbitrage rebate compliance for six years after the date of full bond redemption.

#### **Step 4: Other Services**

Due to the complex nature of arbitrage rebate, additional services may become necessary to ensure proper compliance to regulatory guidance. ADM and its partners will assist you with navigating each step. It is important to note that additional fees for services may apply at the time such service is required. Please see our fee schedule for further information.

**Commingled Funds** If at any time an individual issue's proceeds are mixed with another bond issue or other money source, it may be necessary to un-commingle the fund. This process is based on Section 1.148-6(e) (2) of the U.S. Treasury Regulations. Un-commingling increases the amount of time involved in the arbitrage rebate calculation.

**Monthly Snapshots** Depending on the type of issue, we will provide a monthly transaction report of investment activity.

**Internal Revenue Service** Upon completion of the arbitrage rebate calculation, ADM and Bingham will inform you if payment is due to the Internal Revenue Service. You are responsible for ensuring prompt and sufficient payment of amounts due. ADM and Bingham will also assist in responding to inquiries from the Internal Revenue Service, providing consultation in any matters relating to the arbitrage rebate provisions.

**Bond Counsel Involvement** On rare occasions over the course of a calculation, unforeseen circumstances arise that necessitate the involvement of bond counsel. In the event that bond counsel needs to be engaged, additional fees may be involved. Various factors may require bond counsel involvement; the cost depends on the complexity of the situation. Bond counsel advice is sought only when necessary. In those situations, it is in the best interest of our client when we involve counsel. ADM and Bingham will consult with your office prior to involving bond counsel, which could result in additional fees.

If the calculation results in a rebate payment due to the Internal Revenue Service and the payment is submitted late, involvement from your bond counsel may be required. In order to avoid the penalty in lieu of loss of tax exemption, the Internal Revenue Service requires a letter to be submitted explaining why the payment is late and not due to willful neglect. It is important to note that the explanation letter is not a service ADM or Bingham provides.

### **Required Documents**

It is important that ADM and Bingham receive all necessary documents in support of arbitrage rebate calculations *in a prompt and timely manner*. ADM reserves the right to terminate this engagement if documents are not received in a timely or prompt manner to complete necessary compliance analysis, calculations or rebates.

Copies of the following documents are necessary. The actual length of time needed for completion of the review, analysis, calculations, and documentation is contingent upon the availability of these materials.

### **Records of Documentation for each Issue**

1. Official Statement
2. Federal Form 8038-G
3. Non-Arbitrage Agreement or Tax Exemption Certificate
4. Index of Bond Transcript

### **Records of Transactions for each Issue**

5. All bank/investment statements from date of issue through current date; including any “good faith” funds received. *This includes any funds that were received on the Bonds' delivery date and invested before being transferred to ADM. This also includes any accounts that were closed prior to funds transfer to ADM.*

If funds are invested through ADM, we will provide statements for analysis *automatically* on a monthly basis.

*Please note:* If funds related to an issue are invested in a local financial institution or other financial service provider it is your responsibility to provide monthly statements to us for arbitrage rebate calculations as part of compliance.

Failure to deliver monthly statements to ADM for compliance analysis may result in the termination of this engagement.

## Signature Page

This contract, once fully executed, will cover ADM's services for the three-year contract term.

Beginning: June 18, 2014

Ending: June 18, 2017

ADM may withdraw, or renegotiate, this contract if our involvement, or that of our service provider, is greater than originally anticipated. Examples of increased time commitment may include research required to locate missing investment activity or if bond proceeds are mixed with other non-proceeds funds. Another example may include the un-commingling of proceeds from multiple bond issues.

Invoices will be sent to coincide with benchmark reporting or with related reports. Payment is debited directly from your ADM American Money Market Account; unless otherwise specified. At the end of this contract period, notice of contract renegotiation will be submitted to either party at least 90 days prior to intent to renegotiate. If no notice is submitted to you the contract will be deemed to terminate without extension.

The documentation and information requested for the arbitrage rebate calculations should cover the entire history of the issues listed. Any investment changes that occurred during the review period are necessary for examination by ADM or its service provider(s).

Issuer agrees to indemnify, defend, and hold American Deposit Management, LLC harmless from all actions, claims, liabilities, losses, costs, attorney's fees and damages associated with the required arbitrage rebate compliance and related reporting. Furthermore, issuer agrees to indemnify American Deposit Management, LLC for any reasonable attorney's fees and other costs resulting from any actions, claims, liabilities, losses, and damages associated with the arbitrage rebate compliance and related reporting.

Any action or proceeding seeking to enforce any provision of, or based on any right arising out of, this agreement shall be brought against any of the parties in the courts of the State of Wisconsin, County of Milwaukee or if it has or can acquire jurisdiction, in the United States District Court serving the County of Milwaukee, and each of the parties consents to the jurisdiction of such courts (and of the appropriate appellate courts) in any such action or proceeding and waives any objection to venue laid therein

**Signature Page (cont.)**

Issues to be reviewed:

- TBD

City of Oak Creek, WI

American Deposit Management, LLC

---

---

Signature

Signature

---

---

Printed Name/Title

Printed Name/Title

---

---

Date

Date





## Arbitrage Rebate Reporting Fees

Effective January 2014

*The following fees apply to clients requesting Arbitrage Rebate Reporting Services in conjunction with their bond issue(s). All fees are paid by automatic debit from a designated ADM American Money Market Account™ unless agreed upon otherwise.*

### Small Issuer Exception

Initial and First Installment Small Issuer Exception Letter (years 1-5)	\$995.00
Excess Yield Calculation-if necessary (years 4-5)	\$1,375.00/year

### Spending Exception

Semi-Annual Spending Exception Reporting (per Issue)	\$800.00/semi-annual
--	----------------------

### Arbitrage Rebate Calculation (ARC)

Bond Years 1-2	\$1,500.00/year
Bond Years 3-5	\$750.00/year
Total First Installment Fee	\$5,250.00
Multiple Funds Requiring ARC (more than 4 funds)	\$350.00/issue/year

### Miscellaneous

Monthly Snapshot of Investment Activity Set Up Fee (per Issue)	\$375.00
Review of New Issue	\$275.00
Un-comingling Fee (per Issue)	\$500.00 /year
Schedule K (Form 990)	\$250.00 per hour
Not Meeting Bona Fide Debt Service Fund Requirements (per issue)	\$350.00/year



# City of Oak Creek Common Council Report

Meeting Date: July 21, 2014

Item #: 8

**Recommendation:** Staff seeks a recommendation from the Finance Committee to recommend approval to the Common Council of the updated Investment Policy.

**Background:** We have had multiple versions of the Investment Policy in front of the Committee over the past year. The City Clerk, City Treasurer and myself have worked together on the attached policy and are asking for your review and approval. We went back to the December 6, 2011 Common Council approved version of the City's Investment Policy and then tracked any changes from that.

We have reviewed the GFOA Best Practices, the Wisconsin State Statutes, and the recommended changes from the Finance Committee to compile this proposed policy. The current 2011 approved policy is attached with our proposed changes.

In summary the changes we recommend to the policy are as follows:

- Updating the Finance Director title to include Comptroller.
- Delegating investment authority to the Finance Director/Comptroller and City Treasurer, removing the City Clerk.
- Adding a section regarding the "prudent person" clause.
- Adding to the goals and objectives section making it more detailed which will further assist in defining an investment strategy.
- Under Delegation of Authority detail the annual process of reviewing the investment policy with the Finance Committee and the Council. Update language to make the City Treasurer and Finance Director/Comptroller responsible for making investments according to Council approved policy and designating the City Clerk as back up in the event either is unavailable.
- Removing the State of Wisconsin Fund as a secondary option for collateralization because the Wisconsin Fund is not a guarantee; it is first come, first serve. This means that all City investments would need to be collateralized above FDIC only.
- Organizes the permitted investments to more directly read as provided in the State Statutes.
- Under maturity remove the further restrictive language of five year maturity and change to seven years as provided in the State Statutes.
- Under Safekeeping and custody, added language regarding the acceptance of financial statements for new vendors versus "audited" financial statements, and added language regarding establishing benchmarks in order to measure and manage the City's portfolio. Currently there is no official benchmark for the City's overall portfolio nor for the investment companies.
- Adds an entire section on Investment advisor/broker/dealer. The City works with investment companies/brokers/dealers, but the policy should state what the process is for selecting a company/individual to work with the City, what they are allowed to do, and what the City is requiring them to do in terms of reporting and presentations.
- Under Reporting we added more specific requirements.
- Under Procedures we detailed what is actually happening.

**Fiscal Impact:** This policy sets guidelines for ensuring City funds are invested safely while generating a prudent return.

Prepared by:



Bridget M. Souffrant, CMTW  
Finance Director/Comptroller

Respectfully submitted,



Gerald Peterson, ICMA-CM  
City Administrator

**City of Oak Creek  
Statement of Investment Policy**

Approved per Common Council action, ~~July 21, 2014~~ **December 6, 2011**

**I. Introduction**

The timely deposit and investment of public monies is an important and integral part of any cash management program.

It is the policy of the City of Oak Creek to invest its funds in a manner which will provide the highest investment return with the maximum security while meeting the daily cash flow needs of the City of Oak Creek and comply with State of Wisconsin statutes governing investment of public funds and related subjects.

This statement of policy is intended for the use and guidance of the designated City official or officials with investment authority and any investment advisers or broker/dealers to whom City officials have delegated investment authority as defined in Section 66.0603(2) of the Wisconsin State Statutes.

This Investment Policy shall be reviewed annually by the ~~City Clerk or his/her designee, the~~ City Treasurer, the Finance Director/~~Comptroller~~, and the Finance Committee. The Finance Committee shall approve any recommended changes, and the necessary resolution to modify the existing policy shall be presented to the City of Oak Creek Common Council for its action.

**II. Prudence:**

The standard of prudence to be used by City officials shall be the "prudent person" standard and shall be applied in the context of managing an overall portfolio. The "prudent person" standard states that, "Investments shall be made with judgment and care, under circumstances then prevailing, which persons of prudence, discretion and intelligence exercise in the management of their own affairs, not for speculation, but for investment, considering the probable safety of their capital as well as the probable income to be derived."

**II.III. Statement of Purpose**

The purpose of this Investment Policy is to establish guidelines for investments that are broad enough to allow the investment officer to function properly within the parameters of responsibility and authority. It is also intended to be specific enough to establish a prudent set of basic procedures to assure that investment assets are adequately safeguarded.

This Investment Policy applies to all financial assets of the City of Oak Creek and includes the general fund, special revenue funds, debt service funds, capital project funds, enterprise funds, internal service funds, trust and agency funds and any new fund established by the City of Oak Creek.

### III.IV. Goals and Objectives

The primary objectives of the City of Oak Creek's investment activities shall be the following in order of importance:

1. Safety: Investments shall be undertaken in a manner that seeks to preserve capital. To achieve this objective, this policy outlines allowable investments and maximum investment amounts by issuer and financial institution. The safety of the principal shall be the foremost objective.
2. Liquidity: Funds shall be invested to provide sufficient liquidity to meet all reasonably anticipated disbursement requirements. This is accomplished by structuring the portfolio so that securities mature concurrent with cash needs to meet anticipated demands (static liquidity). Furthermore, since all possible cash demands cannot be anticipated, the portfolio should consist largely of securities with active secondary or resale markets (dynamic liquidity).
3. Return Yield: The portfolio shall be designed to obtain a rate of return throughout the budgetary and economic cycles, taking into account risk restraints and liquidity needs. Return on investment is of secondary importance compared to the safety and liquidity objectives described above.— Funds shall be invested to maximize return consistent with the objectives in Items 1 and 2 and other limitations described in this policy.
4. Diversification: The investments will be diversified by security type and institution in order to minimize the potential for losses on individual securities as to not exceed income generated from the remainder of the portfolio.  
Total holdings of any one issuer may not exceed 10% of the market value of the portfolio at the time of purchase, with the exception of U. S. Government issues and issues of U.S. Government agencies fully guaranteed as to both principal and interest by the U. S. Government.
5. — Return on Investment: The portfolio shall be designed to obtain a rate of return throughout the budgetary and economic cycles, taking into account risk restraints and cash flow characteristics of the portfolio.

Formatted: Right: 0.1"

### IV.V. Delegation of Authority

As defined in Section 66.0603(2) of the Wisconsin State Statutes, the City ~~Clerk~~ may delegate the investment authority ~~over~~for any of its funds not immediately needed to a state or national bank, or bank, or trust company which is authorized to transact business in this state, and which public depository has been authorized by the Common Council of the City of Oak Creek if all of the following conditions are met:-

A. The institution is authorized to exercise trust powers under s.221.0316 or ch.223.

Formatted: Numbered + Level: 3 + Numbering Style: A, B, C, ... + Start at: 1 + Alignment: Left + Aligned at: 1.38" + Tab after: 1.88" + Indent at: 1.88"

B. The City of Oak Creek Common Council, upon recommendation by the Finance Committee in the first quarter,

Formatted: Indent: Left: 1"

Formatted: Numbered + Level: 3 + Numbering Style: A, B, C, ... + Start at: 1 + Alignment: Left + Aligned at: 1.38" + Tab after: 1.88" + Indent at: 1.88"

The governing board renews annually the investment agreement under which it delegates its investment authority, and reviews annually the performance of the institution with which its funds are invested.

Formatted: Indent: Left: -0.25", Numbered + Level: 3 + Numbering Style: A, B, C, ... + Start at: 1 + Alignment: Left + Aligned at: 1.38" + Tab after: 1.88" + Indent at: 1.88"

C. The City Clerk or his/her designee shall have the authority to transfer funds between accounts established for investment purposes. The Finance Director/Comptroller and City Treasurer shall authorize jointly the purchase of permitted investments, transfer funds between accounts established for investment purposes, and the City Clerk shall sign the electronic transfer. However, the City Clerk shall have approval authority for either the City Treasurer or Finance Director/Comptroller should one of them be out of the office for an extended period of time and the decision is important to meet policy objectives. Such transactions will be signed by the Deputy Clerk and communicated to the absent party via email.

Formatted: Numbered + Level: 1 + Numbering Style: A, B, C, ... + Start at: 2 + Alignment: Left + Aligned at: 1.88" + Indent at: 2.13"

#### V.VI. Depository Collateralization Requirements

Funds placed in any one depository institution that exceeds the amount of deposit insurance provided by an agency of the United States ~~and the coverage provided under Wisconsin State Statute 34.08(2)~~, including demand deposits, time deposits, and certificates of deposit must be 100% collateralized as to principal and accrued interest with securities that are obligations of the U.S. Government or its agencies that are fully guaranteed by the U.S. Government. Securities held as collateral shall be delivered for safekeeping to a custodial bank selected by the City of Oak Creek. Securities held as collateral at the custodial bank will be marked to market at least monthly, with a monthly statement sent to the City ~~Treasurer/Clerk~~ detailing all holdings.

When investing in repurchase agreements, the City shall require that collateral be pledged by the depository in an amount equal to or greater than the amount of the repurchase agreement the City has with such depository. The collateral shall be direct obligations of the United State or of its agencies, if the payment of principal and interest is guaranteed by the federal government, ~~or obligations of the State of Wisconsin~~, or collateral of commercial loans at 125%, which are at all times current with regard to interest and principal. Evidence of such collateral shall be provided by the depository.

**VI.VII. Permitted Investments**

All investments will be made in accordance with Section 66.0603 of the Wisconsin State Statutes governing the investment of public funds and as further restricted by this Investment Policy Statement. Permitted investments are:

~~A. Bonds or securities issued or guaranteed as to principal and interest by the federal government, or by a commission, board or other instrumentality of the federal government.~~

~~B. Repurchase agreements that are fully collateralized by bonds or securities under A above.~~

~~C. Fixed income securities with a minimum Long-Term Issue Credit Rating of the highest or 2<sup>nd</sup> highest by Standard & Poor's or a Long-Term Obligation Rating of the highest or 2<sup>nd</sup> highest by Moody's Investors Service at the time of purchase and meeting the maturity criteria outlined below.~~

~~D. Investments in commercial paper and variable rate demand notes are restricted to corporations with a Short-Term Issue Credit Rating of the highest or 2<sup>nd</sup> highest by Standard & Poor's or with a Short-Term Obligation Rating of the highest or 2<sup>nd</sup> highest by Moody's at the time of purchase.~~

A. Time deposits ~~or brokered CDs~~ in any credit union, bank, savings bank, trust company or savings and loan association which is authorized to transact business in the State of Wisconsin if the time deposits mature in not more than three (3) years.

Formatted: List Paragraph, No bullets or numbering

~~B. Bonds or securities issued or guaranteed as to principal and interest by the federal government, or by a commission, board or other instrumentality of the federal government.~~

Formatted: List Paragraph, No bullets or numbering

~~C. Bonds or securities of any county, city, drainage district, technical college district, village, town or school district of the State of Wisconsin.~~

Formatted: List Paragraph, No bullets or numbering

~~D. Any security which matures or which may be tendered for purchase at the option of the holder within not more than 7 years of the date on which it is acquired, if that security has a rating which is the highest or 2<sup>nd</sup> highest rating category assigned by Standard & Poor's corporation, Moody's investors service or other similar nationally recognized rating agency or if that security is senior to, or on parity with, a security of the same issuer which has such a rating.~~

Formatted: Superscript

E. Securities of an open-ended management investment company or investment trust, if the investment company or investment trust does not charge a sales load, if the investment company or investment trust is registered under the investment company act of 1940, 15 USC 80a-1 to 80a-64, and if the portfolio of the investment company or investment trust is limited to the following:

Formatted: List Paragraph, No bullets or numbering

- a. ~~Bonds and securities issued by the federal government, or a commission, board or other instrumentality of the federal government.~~
- b. ~~Bonds that are guaranteed as to the principal and interest by the federal government or a commission, board or other instrumentality of the federal government.~~
- E. ~~Repurchase agreements that are fully collateralized by bonds or securities under E a and b above.~~

Formatted: List Paragraph, No bullets or numbering  
Formatted

Formatted: Indent: Left: 0.75", No bullets or numbering

~~F. Floating rate securities, the coupons of which adjust to market interest rates with a minimum frequency of four (4) times annually, meeting quality standards outlined above and maturity criteria outlined below.~~

~~G. No-load money market mutual funds whose investments are limited to those in compliance with the Wisconsin State Statutes Section 66.0603.~~

H.F. The State of Wisconsin Local Government Investment Pool (LGIP).

**VH.VIII. Maturities**

- A. Maturities of individual securities must be in compliance with Section 66.0603 of Wisconsin State Statutes. Per this section, time deposits may not exceed three (3) years, and debt that is not guaranteed as to principal and interest by the federal government or its Agencies, or a Wisconsin municipality must have a maturity not more than seven (7) years. Maturities may be further restricted by guidelines set forth below.
- B. No individual issue shall exceed 57 year(s) in maturity from the date of purchase.
- ~~C. Floating rate securities, the coupons of which adjust to market interest rates with a minimum frequency of four (4) times annually, shall at a minimum be subject to the maturity constraints outlined in Item A above.~~

**VIII. Liquidity**

~~All securities must be readily marketable to ensure adequate portfolio liquidity.~~

**IX. Safekeeping and Custody**

- A. Only financial institutions approved by Common Council resolution shall be considered as public depositories.
- B. All financial institutions and broker/dealers who desire to become qualified bidders for investment transactions must supply the following as appropriate:
  - 1. Audited financial statements for most recent three year period (audited preferred).

Formatted: Numbered + Level: 1 + Numbering Style: A, B, C, ... + Start at: 1 + Alignment: Left + Aligned at: 0.5" + Indent at: 0.75"

Formatted: Numbered + Level: 1 + Numbering Style: A, B, C, ... + Start at: 1 + Alignment: Left + Aligned at: 0.5" + Indent at: 0.75"



2. Proof of state registration.

3. Proof of Financial Industry Regulatory Authority (FINRA) \_\_\_\_\_  
Registration Certification.

4. Certification of having received and agreed to the City's Investment Policy.

All such financial institutions shall have the appropriate documentation reviewed by the ~~City Clerk, the~~ City Treasurer, the Finance Director/Comptroller, and the Finance Committee prior to recommendation to the Common Council.

C. All trades where applicable will be executed by delivery versus payment (DVP). Securities will be held by a third party custodian, evidenced by safekeeping receipts, in a manner consistent with a Category Two ranking as prescribed in GASB 40.

D. The City ~~Clerk~~Treasurer and Finance Director/Comptroller or his/her designee shall be responsible for establishing and maintaining \_\_\_\_\_ an internal control structure designed to ensure that the assets of the City are protected \_\_\_\_\_ from loss, theft or misuse; the City ~~Clerk or designee~~Treasurer and Finance Director/Comptroller shall maintain written policies and \_\_\_\_\_ procedures related to internal controls, reporting and standards of care.

E. The Finance Director/Comptroller shall establish an annual process of independent review by an \_\_\_\_\_ external auditor.

F. The Finance Director/Comptroller and City Treasurer will determine the appropriate market benchmarks in order to measure and manage the portfolio. By establishing a benchmark the City is creating the structure and discipline to implement an investment strategy that is designed to control risk and meet objectives.

1. While selecting an appropriate benchmark, consideration will be given to liquidity needs and the possibility of segmenting the portfolio into two parts: a liquidity segment and a longer-term segment that can be managed to the benchmark.

2. While selecting the appropriate benchmark the Finance Director/Comptroller and City Treasurer will evaluate the return goals and risk tolerance.

## X. Investment Advisor/Broker/Dealer

Should the City deem it appropriate to retain an investment advisor/broker/dealer, the following procedures will be followed with respect to the relationship.

1. Selection Process – The investment advisor/broker/dealer will be selected by a competitive process whereby proposals will be solicited from a group of qualified advisors/brokers/dealers. Staff Finance Director/Comptroller and City Treasurer will

review the cost, service, and credentials of the advisors/brokers/dealers and give a recommendation to the Finance Committee for approval by the Common Council.

2. Investment Procedures – Once an investment advisor/broker/dealer is selected the City will at all times be responsible for establishing the investment objectives to be accomplished. The investment advisor/broker/dealer will be responsible for providing advice and developing and implementing strategies for carrying out such objectives.

The investment advisor/broker/dealer will have no authority to take possession of City funds or investment securities, nor to execute investment transactions on behalf of the City, except where investment authority may be delegated (e.g., "discretionary" authority) as per Wisconsin Statutes 66.0603(2). For those investments under management in a "non-discretionary" account, all investment transactions shall be approved by either the City Treasurer or the Finance Director/Comptroller. However, the City Clerk shall have approval authority for either the City Treasurer or the Finance Director/Comptroller should one of them be out of the office for an extended period of time and the decision is important to meet policy objectives. Such transactions will then be communicated to the absent party via email.

3. Periodic Reporting – Annually the investment advisor/broker/dealer shall provide a report and presentation to the Finance Committee reviewing the investment portfolio performance.
4. Portfolio Maturities – Strategies recommended by the investment advisor/broker/dealer will stay within the seven year maximum maturity. Investments may involve purchase of U.S. Government securities or other eligible securities with stated maturities longer than 7 years, which conflicts with this policy. Specific examples include U.S. Government agencies that have call features and depending on the market environment these agencies have a high likelihood of being called before maturity. For these securities the City Treasurer and Finance Director/Comptroller will be allowed to enter into that investment if the strategy is for the agency to be called. And the intent will be that nothing will be held past the seven years allowed maturity.
5. Compensation and Term of Agreement – Fees shall be established in advance and in a written agreement that allows the City the ability to end the contract at their discretion. The City of Oak Creek may eliminate an investment advisor/broker/dealer any time the City of Oak Creek deems it is in the best interest of City funds, prudent reasons or selection of future options. This may also be based on an interview of prospective recommendations.

Formatted: Indent: Left: 0.5", No bullets or numbering

## X.XI. Reporting

All investment advisers and custodians retained by the City will provide detailed monthly statements to the City ~~Treasurer~~Clerk. Such reports will contain at a minimum a description of each security including units held, cost, market value, book value, unrealized gain or loss of securities and current yield as well as a detailed list, by date, of all transactions executed during the period for inclusion in a quarterly investment report to the Finance Committee.

In order to safeguard investments and deposits, the City shall require, at a minimum, that each approved public depository and investment advisor/broker/dealer, submit to the City its

~~annual financial statements. The City Clerk, the City Treasurer, the Finance Director/Comptroller, and the Finance Committee designee shall annually evaluate such statements as to the financial soundness of depository by May 1<sup>st</sup> of each year and will provide a report to the Finance Committee on compliance.~~

#### **XI.XII. Procedures**

Withdrawal or disbursement from approved public depositories shall be only by checks and order, as provided in Section 66.0607 of the Wisconsin State Statutes, and a system shall be provided to properly accommodate investment of such funds by wire. All checks and order shall be signed by the City Clerk and the City Treasurer, and countersigned by the Mayor; **all** electronic transfers shall be completed by the ~~Finance Director/Comptroller~~ **City Clerk or his/her designee, and verified by or** the City Treasurer **and shall be signed by the City Clerk.** ~~The Deputy Treasurer shall be authorized to sign electronic transfers in the absence of the City Clerk, Finance Director, or City Administrator.~~

#### **XI.XIII. Ethics and Conflicts of Interest**

Officers and employees involved in the investment process shall refrain from personal business activity that could conflict with the execution of the investment program, or which would impair their ability to make impartial investment decisions. Employees and investment officials shall disclose to the Finance Director/~~Comptroller~~ and City Administrator any material financial interests in financial institutions that conduct business within this jurisdiction, and they shall further disclose any personal financial/investment positions that could be related to the performance of the City of Oak Creek's portfolio.

# City of Oak Creek Common Council Report

Meeting Date: July 21, 2014

Item No.: 9

**Recommendation:** That the Common Council approves payment of the obligations as listed on the July 9, 2014 Vendor Summary Report.

**Background:** Of note are the following payments:

1. \$59,791.03 to Benistar/UA (pg #2) for August retiree Medicare supplement.
2. \$5,475.00 to Buelow Vetter Buikema Olson (pg #2) for June personnel legal matters.
3. \$5,406.82 to John Deere Landscapes, LLC (pg #3) for tree-age and tree supplies.
4. \$5,459.43 to Environ (pg #4) for May services OCSH Lake Vista pre-design.
5. \$7,913.30 to Gleason Redi-Mix (pg #6) for concrete.
6. \$34,850.00 to John's Disposal Service, Inc. (pg #7) for June disposal service.
7. \$7,121.07 to Minnesota Life Insurance Co (pgs #9-10) for group life insurance.
8. \$5,025.00 to MSA Professional Services Inc. (pg #10) for real estate services sidewalk project.
9. \$54,504.67 to Sherwin Industries, Inc. (pg #14) for tar kettle, accessories, and materials.
10. \$10,215.00 to Baker Tilly Virchow Krause, LLP (pg #15) for audit and single audit services.
11. \$30,257.00 to Wheaton Franciscan Medical Grp (pg #16) for fire HRA's and May clinic services.
12. \$5,252.62 to WE Energies (pgs #16) for street lighting.
13. \$11,225.29 to WI Dept. of Transportation (pg #16) for 5<sup>th</sup> Avenue Relocation.
14. \$27,600.82 to World Fuel Services, Inc. (pg #17) for fuel inventory.

**Fiscal Impact:** Total claims paid of \$333,042.76

Prepared by/Fiscal Review by:

Respectfully submitted,



Bridget M. Souffrant, CMTW  
Finance Director/Comptroller

Gerald R. Peterson, ICMA-CM  
City Administrator