

Financial adviser says village plan to borrow \$1.4 million should be fine

As the federal debt impasse dominated national headlines, you couldn't blame Village of Saukville officials for wondering whether the issue would hurt pending borrowing plans.

Lawmakers had been wrestling with how to resolve the nation's \$14 trillion debt crisis before Tuesday's credit default date. Congress adopted a debt ceiling compromise just in time to avoid a financial crisis.

While that uncertainty still hung in the air last week, Philip Cosson, executive vice president of Ehlers, the village's financial advisers, told officials it was unlikely the problems in Washington, D.C. would have any repercussions in the village.

"Only municipal borrowing with specific ties to federal projects are likely to have their bond ratings affected. We don't anticipate it will have any impact here," Cosson said at last week's Village Board meeting.

With that reassurance, the trustees set into motion borrowing for a \$1.4 million five-year capital plan.

That plan includes a little more than \$1 million for the local share of Highway 33 reconstruction. The village also borrowed \$1.4 million for engineering and preliminary utility work for the highway project last year.

The new bond sale is scheduled for Aug. 16, prior to the next Village Board meeting.

"We don't expect there will be any problems, but if there is chaos in the market in August, we would pull the sale and wait for things to stabilize," Cosson said.

With the bond sale several weeks off, he would not predict what interest rate the village would be paying, but Cosson said a recent municipal bond Ehlers set up drew an interest rate below 4%.

During their monthly financial reports, officials have long lamented the pittance in interest earnings the village has been receiving from invested funds. The opposite swing of that economic pendulum comes into play when borrowing next month, Cosson said.

"Down interest rates mean great bond rates," he said. "Uncertainty in the stock market and the Euro usually drives bond prices higher."

Village Administrator Dawn Wagner said the \$1 million included in the bond for Highway 33 work is nearly \$300,000 less than the village originally anticipated having to borrow.

"This number is based on the estimate from the (Department of Transportation). It is the latest

National debt crisis makes no waves here

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information we have," Wagner said.

The bond will also include \$150,000 for work on Progress Drive, \$125,000 for resurfacing a stretch of North Mill Street and \$30,000 for street maintenance.