

MINUTES

Finance Committee Meeting

January 14, 2020

Finance Committee

Chairperson - Laura Redinger

Committee members - L. Carouse, A. Koepke.

Chairman Redinger called the meeting to order at 5:30 P.M.

Roll Call – Present: Carouse, Koepke, Redinger.

Absent - None.

Also present: Finance Director L. Starosta, Financial Advisor M. Stuczinsky with MAS Financial, Mayor Jerry N. Hruby, Council President M. Harwood, Councilmembers D. Caruso, J. Petsche, and K. Veras and two guests.

Chairman Redinger said Finance Director Starosta sent information to the Councilmembers regarding the meeting and asked Finance Director Starosta to present.

Finance Director Starosta said she is requesting (4) note issues for Council consideration. Two of the notes will be considered in February and two will be considered in June, those are renewals. Fieldhouse and SR 82 Phase II \$8.6 million is expected for the Fieldhouse. Finance Director Starosta said the proposal is for a note at this time, in the future the City may consider bonds for this project.

Councilmember Carouse asked if a brief description of the items proposed could be given for the newly elected Councilmembers.

Mr. Stuczinsky said municipal debt is guided by local, state & federal laws. The rules are far more stringent than personal debt.

Mr. Stuczinsky said bond anticipation notes (BAN's) are what the committee is looking at for consideration. The legislation says bonds, in the future the City may choose to renew the notes, sell bonds or pay the note, depending on the market and the City's finances. Fixed rate backed by general obligation and income tax. When the City sells the notes they are sold to a third party underwriter who will then sell them to a third party investor. That investor will hold the note until maturity, a year from now. Then the City will decide if the notes will be paid down, rolled, paid in full or rolled into bonds. Mr. Stuczinsky said these are long term projects.



Finance Director Starosta said there is an option to renew the notes at the same amount. The City has done a good job of projecting future and existing debt. The spreadsheet you received has many items to consider. After (5) years a community must begin paying principal on the debt.

Finance Director Starosta said \$8.6 million is the amount to be issued for the Fieldhouse Project. Councilmember Redinger asked when the expected issuance will be. Finance Director Starosta said February 28th is the expected date to receive the Guaranteed Maximum Price (GMP) from the contractor. Councilmember Petsche asked when the project will go out to bid. Council President Harwood said the contractor, Shook Construction, has the project out for bid currently.

Finance Director Starosta said S.R. 82 Phase II with Broadview Heights is the second item that will be considered in February. The City issued \$750,000 last year to get the project started. This issuance of the \$1,150,000 would be the final amount for the Phase II project.

Finance Director Starosta said the final items are for issuance in June. These items are considered old money, as they are both being rolled.

Finance Director Starosta said the City currently has a BAN outstanding in the amount of \$1,800,000.00 for the S.R. 82 Phase I project with the Ohio Department of Transportation. The City is proposing a \$200,000.00 payment on this note in 2020. Finance Director Starosta said she is proposing rolling this BAN for \$1,600,000.00.

Finance Director Starosta said the City has an outstanding BAN in the amount of \$750,000.00 for the S.R. 82 Phase II project with the City of Broadview Heights. Finance Director Starosta said she is proposing rolling this note at \$750,000 for an additional year.

Finance Director Starosta summarized the current and proposed debt service and expected revenue as presented.

Mr. Stuczynski said the City must have the funding on hand prior to signing any agreements. Mr. Stuczynski explained the process and agencies used to sell notes. Mr. Stuczynski also explained the costs related to selling notes and BAN.

- Motion by Carouse, seconded by Redinger to authorize four pieces of legislation to authorize Notes for the Fieldhouse Project and the SR. 82 Phase I and S.R. 82 Phase II projects. Ayes: Carouse, Redinger, Koepke. Nays: None. Motion carried 3-Ayes, 0-Nays.

A member of the audience asked if the spreadsheet was posted to the website. Clerk Tabor said the Finance Director's documents were not posted. The audience member asked the Finance Director to provide copies to him.

Adjournment: Motion by Redinger, seconded by Carouse, to adjourn the Finance Committee meeting at 7:03 P.M. Ayes: Carouse, Redinger, Koepke. Nays: None. Motion carried 3-Ayes, 0-Nays.

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cc: Members of Council,
Mayor Jerry N. Hruby,
Law Director D. Matty,
Asst. Law Director
S. DiGeronimo,
Engineer G. Wise,
Department Heads