

MINUTES

Council Finance Committee Meeting August 29, 2018

Finance Committee

Chairperson Laura Redinger

Committee members L. Carouse, D. Rose.

Councilman Carouse called the meeting to order at 7:58 A.M.

Roll Call – Present: Redinger, Carouse, Rose.

Absent: None

Others in Attendance: Council President M. Harwood, Councilmembers: G. Broski, J. Petsche, K. Veras, Mayor Jerry N. Hruby, Law Director D. Matty, Matt Stuczynski, Finance Director L. Starosta, Purchasing Director R. Riser, Clerk of Council T. Tabor.

Finance Director Starosta said the purpose of the meeting is to discuss debt and capital improvement funding possibilities for the Police Station, Aquatic Center and the Field House. The City's Financial Advisor Matt Stuczynski said he has been working with Finance Director Starosta regarding funding options for capital improvement projects and allowing for continued cash flow. Most financing options are designed to pay off the debt as fast as possible. Municipalities are permitted to structure the debt for the useful life of the project being proposed. Councilmember Redinger asked if there is a possibility for pre-payment of bonds if issued for these projects. This may be paid in an accelerated schedule. Mr. Stuczynski presented a schedule for repayment of the existing debt and proposed debt. The schedule uses higher interest rates than currently exist, should the rates go up. Mr. Stuczynski said Tax Increment Financing could also be implemented.

Finance Director Starosta said the schedule she provided shows the funds that would be used to repay debt. Funds numbered 480, 490 and 492, noting the amount of money allocated for capital projects from the municipal tax collected. Finance Director Starosta said some of the capital projects are paid from funds collected by Cuyahoga County District 13 Fund that are not included in this analysis.

Councilmember Petsche asked what is included in the Capital budget. Finance Director Starosta said each year the budget is reviewed and projects are determined and approved by Council.

Finance Director Starosta said storm water, sewer, and road projects are some of the projects funded by District 13.



(Finance Committee, Continued)

Mayor Hruby said the recommendation for projects come from Cuyahoga County Public Works, Brecksville's Engineer, Finance Director and the Safety Director.

Councilmember Broski said Council reviews the 5 year Capital Improvement Plan as well. Councilmember Redinger said the amounts listed do not reflect any changes to income tax. Council President Harwood said he understands the report to read; \$27.8 million available, \$5 million allocated to existing projects and \$ 22 million has not been allocated. Finance Director Starosta agreed. The funding does not include funds received from the VA Property or from the District 13 Fund. Mr. Stuczinski said he recommends Notes to be offered for the Aquatic Center and the completion of the Police Station before the end of 2018.

Councilmember Rose said the income tax money collected goes into this fund. Finance Director Starosta said some of that money goes to the Fire Department, the rest of the money is in the funds listed. The fund is used for architect fees, encumbered fees for other capital projects. Councilmember Rose asked if the City incurs additional debt, will that cause additional stress on the city's Finances. Mayor Hruby said the estimates are conservative. Mayor Hruby said many of the projects requiring funding have occurred. Mr. Stuczynski said the City's fiscal operation has been managed very well. He does not see any discourse in the model provided. When a City has many expenses such as the Police Station and the Aquatic Center, residents that use those facilities in the next 20 years should contribute to the cost. Mr. Petsche asked if interest rates are historically low. Mr. Stuczynski said the rates are higher than they were, however they are not high. Councilmember Petsche asked Finance Director Starosta her opinion on the proposed financing. Finance Director Starosta said she feels that the plans shows the resources and what is remaining. Mr. Stuczynski said he wanted a proposal that provided Council with a high level of comfort and confidence. Whenever financing is proposed, cash flow is restricted. This plan does not restrict the City's cash flow. Mr. Stuczynski said there are not many large capital projects after the ones proposed. Mayor Hruby said the City has talked about these projects for several years and are now going forward. Councilmember Redinger asked when the best time is to go to market for the bonds. Mr. Stuczynski said he would like to propose the sale of bonds in December 2018 or January 2019. Some things may change, but historically December and January are good for debt issuance.

Mayor Hruby said some information has been posted to social media that City Council will be paying the entire amount of the Four Seasons assessment from the City's General Fund. Mayor Hruby said that is incorrect. City Council has not decided at this time where that funding will come from. Mayor Hruby said some of the funding will be from the next (3) years of assessments from the residents, the settlement that is pending from Cuyahoga County of \$95,000 and money in the Bond Retirement Fund. Mayor Hruby said the funding options were discussed with Council. The amount that comes from the General Fund has not been determined by City Council at this time. Mayor Hruby said there is a tap in fee for the 31 homes in the Highland Barr Sewer & Water District. Each of the 31 homes pays \$11,300.00 to tap into the sewer. The City will be looking into whether or not those funds could be used for the Four Seasons assessments. A record request has been made regarding the City's assistance in paying sewer assessments for other areas in the City. We are working on obtaining those records. Councilmember Petsche said he felt the amount of \$682,000 is the amount that is short. Finance Director Starosta said that is correct. Monies will be collected from the Four Seasons residents for the next (3) years and placed in the bond retirement

fund. Councilmember Petsche said the City owes \$682,000 to the bond holders plus the next 3 years of collections from the residents. Finance Director Starosta said the Principal amount is paid to the bond holders each December according to the amortization schedule. Councilmember Redinger said regardless of the fund the money comes from, it does not matter. Council voted to pay the shortfall. Councilmember Redinger said misinformation is being presented to the public and the numbers may change before anything is finalized. Councilmember Redinger said she wants Council information to reflect one unified voice, with proper information. Councilmember Rose said Finance Director Starosta did an analysis and determined the bond fund was short. When the amount was determined to be from the Four Seasons Assessment, funds will be required to be paid by the City.

Councilmember Rose said he was unhappy that Council was accused of violating the public records law by holding secret meetings. Councilmember Rose asked for an apology. Councilmember Petsche said he did not say secret meetings, he said private meetings and what was done was not transparent. Councilmember Carouse said the vote was taken because of the time sensitive need to show the County the City's willingness to also contribute funds. Councilmember Carouse said his decision was made based on what is best for the community.

Adjournment: Motion by Carouse, seconded by Rose, to adjourn the Finance Committee meeting at 9:15 A.M. Ayes: Redinger, Carouse, Rose. 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