



**CITY OF TWINSBURG, OHIO**

**Finance Committee Mtg.**

**January 22, 2019**

**5:30 PM**

• **CALL TO ORDER**

Sam Scaffide called the meeting to order at 5:30 p.m.

**Roll Call:**

**Finance Committee Members:** Mr. Scaffide, Mr. Steele, Mr. Furey

**Absent:**

**Also present:** Mr. Bellan, Ms. Stauffer, Ms. McFearin

**Finance Director:** Ms. Buccigross

**Mayor:** Ted Yates

**Law Director:** David Maistros

• **APPROVAL OF THE NOVEMBER 20, 2018 MINUTES**

Minutes were unanimously approved. Minutes stand approved as written.

• **ELECT CHAIRPERSON**

- Mr. Steele made a motion for Mr. Furey to be chairperson of the Finance Committee. Mr. Scaffide seconded the motion. Approval was unanimous.

• **NO AUDIENCE PARTICIPATION**

• **CLUBHOUSE NOTE**

- Matt Stuczynski, bond advisor, deferred to Sarah Buccigross – Finance Director to see if she had any opening comments. Ms. Buccigross had some handouts for the Finance Committee. Mr. Stuczynski stated that for Council's consideration, is legislation, on third reading, authorizing the issuance of the one year bond anticipation note. This note matures on February 28, 2019. It was the intent to roll that note over for another year. This legislation renews that note for a one year duration. Similar to prior years they went through a self-solicitation reaching out to financial institutions in Northeast Ohio that had both a bank and a capital markets group seeking proposals from either of those solutions. The handout was a spreadsheet that he has used to create a recap of the responses he has received from Key Bank, PNC, and Fifth Third. Key Bank did submit a proposal for a one year note with an interest rate 2.96%. They did receive three proposals from Key Bank, PNC, and Fifth Third with a capital market solution and each bank was asked to give two solutions, one with a one year note and one with a one year note with a 9 month call feature. Mr. Stuczynski mentioned that they have not had to use a note with a 9 month call feature in the past, but he just wanted everyone to see what the pricing is for that additional feature to this note. Mr. Stuczynski explained all of the numbers on the spreadsheet. Ms. Buccigross mentioned that they might want to

- reconsider the optional early redemption feature since it will cost money. Originally, it was thought that this feature would not incur any additional cost. Mr. Stuczynski gave an explanation regarding the optional early redemption feature. His suggestion was not to proceed with that feature since they are still in the process of gathering data to understand the operating results throughout the course of 2019. He does not think that it would be advantageous. Also, he mentioned to keep in mind that Federal Tax Law allows you to still refinance within 90 days of the maturity date, so if the City decided to refinance the note in December 2018 or to convert to bonds in December 2018 or January 2019, they would still have that benefit. Mr. Stuczynski also went over all of the fees that are incurred with this process. Mr. Stuczynski does not think that they are at risk of seeing runaway interest rates in 2019.
- Mr. Furey questioned as to if any action needs to be taken at this time, or do they simply pass the legislation and allow the Mayor to enter into an agreement. Mr. Stuczynski confirmed that no immediate action needs to be taken at this point other than they do need some guidance as it relates to the dollar amount of the note issue. There was discussion as to the dollar amount of the note. The consensus was that the Finance Committee would like to go with as low dollar of a note as possible. Ms. Buccigross reiterated that this is just a one year note issue and that when they have the data from the clubhouse that is when they will know what they want to do with the bond issue and what they want that payment to look like.
  - Mr. Steele mentioned that he would like to discuss a part that is in the ordinance that is section 9 that attaches this note to the inside millage. Some members of the community have expressed concern on this topic. Ms. Buccigross mentioned that they had reached out to bond council and the bond council sent a message back that it is the Ohio constitution that requires the City to have that in their legislation to comply with State Code. Mr. Stuczynski explained that State Code constitution section 11 article 12 states that in the instance the City fails to pay, for whatever reason, the owners of the debt can access any millage that the City currently levies that is not otherwise committed to a specific purpose. This is just the Ohio statute and investors are aware of this fact. The access to this millage does not allow any authority to levy an additional tax on the community without the vote of the residents. Mr. Stuczynski also reiterated that if the amount of the note were to change, then council would have to amend the legislation to use the language “not to exceed...” or they can change the dollar amount in the legislation.
  - Mr. Furey made a motion that the finance committee recommends to Council that they issue a capital market proposal for one year at the amount of \$6.14M to finance the golf clubhouse. Mr. Steele seconded the motion. Shannon Collins called the roll. The motion passed unanimously.
- **CREDIT CARD POLICY**
    - Ms. Buccigross stated that the State of Ohio passed legislation that the City needs to have a credit card account policy in place by February 01, 2019. The policy has items that they now have to comply with. There is some reporting that she has to bring to Council such as if there are any rewards that have been received off of credit card usage. It also keeps them in communication as to who has credit cards, who is able to use them, and what credit card accounts they have out there. On the last page of the report, it showed all credit card accounts listed as well as credit card limits. This policy will create a little more oversight on purchases. She just wanted to bring this to the attention

of everyone and get the credit card policy memorialized. The State also requires a sign out policy and that credit card can only leave the building for a specified amount of time.

- **2018 SPEND VS. 2019 TEMPORARY BUDGET**

- Ms. Buccigross stated that the report that she passed out was a good picture of what the actual spend was versus what is being asked for in 2019. She wanted to point out a few specific items.
  - The healthcare increase came back a little higher than what was originally budgeted for. An adjustment will have to be made to those numbers.
  - There is an Engineering project that has to do with the water utility funds. Ms. Buccigross will have Ms. Mohr, Municipal Engineer, speak at the next Finance Committee meeting on this project. There are some funds there that they will need to look at.
  - Operating supplies under the SCMR fund. This fund is the fund that they use to pay for the salt that is used for the city. The price of salt has increased so that is another number that needs to be looked at.
  - In the report, on the far right column, if there is a positive number that means that that line item they are requesting more money for has increased for the 2019 budget than what they spent in 2018 and if it is a negative number that means that the line item they are requesting money for has decreased for the 2019 budget than what they spent in 2018.
  - Ms. Buccigross reiterated that these are not 2018 budget versus 2019 budget numbers like they have seen previously with half year expense numbers that they had at the time. These are actual 2018 spend numbers vs. what is being asked for in 2019.
  - Ms. Buccigross explained numbers for the enterprise funds on page three of the report that she passed out.
  - The idea of having a maintenance fund had previously been approached. She thinks this is a great idea to start setting aside monies for things that are projects that are coming up; she just has questions as to how this would be funded. Everyone has access to the 2019 detailed budget requests. She stated that these can be reviewed and then discussed at the next Finance Committee meeting. The permanent budget will have to be on the readings for Council starting in February.
  - A question was asked regarding the cost of healthcare and self-insuring the City. Ms. Buccigross mentioned that the biggest hurdle with self-insurance is cash flows. Self-insuring will be in the works for the next one to three years to try to move towards this goal. The risks of self-insuring were discussed as well.

- **COMMENTS/MISCELLANEOUS**

- Ms. Buccigross mentioned that they had their performance audit call January 22, 2019 where they discussed the scope and potential costs of the performance audit with the State of Ohio. After discussing other options, they are moving forward with the State of Ohio performance audit team that came to present to the full Council. The week of January 28, 2019 they should have some language from the State of Ohio for a potential contract not to exceed and where they can decide to prioritize what they are looking at. They are going to start with Police, Fire, and Parks and Recreation, and then have the language to proceed with the rest of the City should they so choose depending on where

***DRAFT***

they are at with the not to exceed contract dollar amount or hour amount, depending on how they decide to set the contract. Once she receives this information, she will forward onto Council and if anyone has any questions or input, just let her know.

- **NEXT MEETING: February 26, 2019**
- **ADJOURNMENT: Mr. Furey adjourned the meeting.**