

**FINANCE COMMITTEE MINUTES  
JANUARY 20, 2015**

The Finance Committee meeting was held on January 20, 2015 at North Royalton City Hall, 14600 State Road. The meeting was called to order at 7:13 p.m.

**PRESENT:** Committee Members: Chairman Larry Antoskiewicz, Vice Chair Gary Petrusky, Paul Marnecheck; Council: John Nickell, Dan Kasaris, Dan Langshaw, Steve Muller; Administration: Mayor Robert Stefanik, Finance Director Eric Dean, Fire Chief Robert Chegan.

**APPROVAL OF MINUTES**

Moved by Mr. Marnecheck, seconded by Mr. Antoskiewicz to **approve the November 10, 2014 Special Finance Committee Meeting Minutes and the November 18, 2014 Finance Committee minutes.** Yeas: 3. Nays: 0. **Motion carried.** *(It was noted for the record that the Committee membership was incorrectly listed on the November 10, 2014 minutes. This was corrected prior to distribution of approved minutes.)*

**UNFINISHED BUSINESS**

**1. Monthly Finance report including tax collections status**

Mr. Dean said that for December 2014 we received \$988,618.29 in income tax collections. He said that this was a slight decrease over the previous year mostly due to withholding tax decreasing slightly. He said that it could be due to a timing issue with one of the payments.

**2. Overtime:** No update.

**3. Capital Improvements/City Hall Financing**

Mr. Antoskiewicz said that there was a meeting held yesterday with Bond Counsel for the bonding of the new City Hall and a few other issues and he asked Mr. Dean to report on this meeting to the committee. Mr. Dean said that we reviewed what we are looking to do with the financing for 3 items; the construction for City Hall, the 2012 Street Note, and the Edgerton Road Water Line special assessment. He said we are looking at combining all of these together in one issue to save money. He said we also discussed the possibility of financing the additional costs spent to upgrade equipment, phones and furniture which was outside of the scope of the construction and adding this into the final bonding of the project. He said they were planning on having this legislation ready for the first meeting in February. He said that we will have the special assessment completed for the Edgerton Road Water line by that meeting so it will give us time to have the 30 cash payment period. He said we are looking at having the bonds approved by the first meeting in March, go to the market and have the money at the end of March to pay off the notes we have currently. Mr. Antoskiewicz said they are asking the Finance Committee if we want to incorporate those three projects into one bond, and also add the costs from the phone system, the fiber optic and IT service, and the furniture which total around \$340,000 into the bond as well. He said that this was the recommendation of Matt Stuczynski. There was also some talk about whether or not Council wants to bond out the money for the playground or pay cash. He said that Mr. Stuczynski's recommendation was to pay cash. Mr. Antoskiewicz asked if anyone has any thoughts regarding the direction we should take. Mr. Marnecheck asked how much it would cost if we went out to bond separately for the \$300,000. Mr. Dean said that it will be around \$20,000 if we did a separate ordinance for the \$300,000. He said if we include it with the others it would be proportioned out and the cost would be much lower. Mr. Petrusky asked about the interest rate. Mr. Dean said that Mr. Stuczynski reviewed with us how the market is looking and the rates look really good to issue debt right now. He said they are looking at 2-3% which is actually better than it was at the end of last year, which raised another item at the meeting. He said we had some debt that was issued in 2008 and Mr. Stuczynski mentioned that there is a possibility to refinance this because the rates are so much lower. He said they ran the numbers on this and let him know today that if we refinance it will save about \$200,000, which meets the criteria of savings needed to be worth the refinancing. He said that this is also a possibility to be added to this project if Council wants to add it. Mr. Antoskiewicz asked Mr. Dean for the numbers for the three bond projects. Mr. Dean said the street bonds are \$1.2 million, the City Hall and equipment is \$3.5 million, and the Edgerton Road Water Line is about \$300,000. Mr. Dean said there is a little over \$4 million left on the 2008 debt so we would issue debt to pay this off when it is callable in 2018, it will sit in an escrow account. When we reissue the debt we will get a

much better interest rate than the current rate of around 4% for the years going forward. Mr. Dean said that he can put together some information on this for the committee to review. He said that he would hate to pass up this opportunity. Interest rates build up pressure and we see that in historical municipal bonds. They tend to go up and down as they have been the last few years. It is definitely on a down trend now and this is a good time to look at this. He said if the rates go up, we won't do it. He said we will only move forward if the savings are there. Mr. Langshaw asked what fund the playground money will come from. Mr. Dean said that it will come out of the Future Capital Improvement Fund. He said at the end of the year this fund had \$2.7 million. He said that the ending balance in the Recreation Capital Improvement Fund was \$125,250.40. A lot of this was due to a couple of payments that we received; one was for \$50,000 from UH Parma for the All Purpose Trail and there was another \$26,000 for Villa Angelos. This is why the fund went up from \$32,000 but this money is already spoken for in connection to these projects. He said that last year we received around \$340,000 into the Future Capital Improvement Fund from the cable franchise fees, the cell tower rental fees and the drilling fees. He said we changed this recently, but it looks like at least \$140,000 will go into this fund every year. Mr. Petrusky said in reviewing documents from last night's meeting which he was unable to attend, he said we have a Series 8 which is \$5 million, a Series 12 which is \$4.8 million, a Series 14 which is \$2.3 million, so we would be bonding out a total of almost \$21 million if he is reading this right. Mr. Dean said that this is our current debt. This is what has already been issued and is being repaid currently. Mr. Petrusky asked what our total debt capacity will be when we issue this and how is that going to affect our revenue stream coming in. Mr. Dean said what is nice about part of this project is that we have money in the Future Capital Improvement Fund that was originally set aside for this construction so it is not going to affect operations. The repayment of this debt will come out of this money that has been set aside. The special assessment is paid for by the affected residents so this won't affect any of our projections. The street note is the one that would come out of street funds. It's a debt payment and we currently have other projects that are currently being repaid. Mr. Antoskiewicz said that Mr. Stuczynski told us we are in very good shape as a city as far as our bonding capacity. He told us that within the next 10 years the majority of our bonding is removed which puts us in excellent shape as a city. He also told us that while the YMCA is a debt, it is a debt that has a source of income. Mr. Dean said that part of the process of going out and bonding is that they look at our debt capacity. There are certain state laws that allow you to borrow a certain percentage of your total value in the city and we are not even close, so we still have a lot of capacity. There is nothing on the horizon currently that would be a big expense causing us to have to go back to the market anytime soon. Mr. Antoskiewicz asked the committee if they wish to make a recommendation to bond out the three projects as well as the additional \$340,000 as one bonding project. Mr. Marnecheck said that based on what was said last night, he is comfortable with this. Mr. Petrusky said yes as well. The committee also agreed to pay cash for the playground equipment rather than bonding this out. Mayor Stefanik said that the money for the playground is included in the amending appropriation ordinance that is on Council's agenda this evening.

Moved by Mr. Petrusky, seconded by Mr. Marnecheck to **recommend that the playground be paid for in cash rather than being bonded out.** Yeas: 3. Nays: 0. **Motion carried.**

Moved by Mr. Petrusky, seconded by Mr. Kasaris to **include the three projects, as well as the additional phone, fiber optic, IT and furniture, as part of the bonding package.** Yeas: 3. Nays: 0. **Motion carried.**

Mayor Stefanik said that they will bring back information to Council about 2008 debt to see if this is something we should do.

## **NEW BUSINESS**

No new business.

## **ADJOURNMENT**

Moved by Mr. Marnecheck, seconded by Mr. Petrusky to **adjourn the January 20, 2015 meeting.** Yeas: 3. Nays: 0. **Motion carried.**