



Finance Committee
Tuesday, February 18, 2020
7:30 A.M.
Conference Room B

Members present: Council Member Nancy Moore, Chair
Council Member Earl Williams
Citizen Member Martin Kolb
Citizen Member Linda Lalley
Citizen Member Anthony Moore

Others present: Mayor David E. Weiss
Chief Administrative Officer Jeri Chaikin
John J. Potts, Finance Director
Matt Stuczynski, MAS Financial Advisory
Frank Goforth, League of Women Voters

The meeting was called to order by Chair Nancy Moore at 7:32 A.M.

Chair Moore introduced herself to the committee. She stated that one of the responsibilities of the Finance Committee was the review of the Finance Departments Action Plan. The committee reviews policy recommendations related to finance/budget and serves as an audit committee for the annual financial statements. Items involving expenditure of funds are presented for approval to the committee before being presented to City Council. Chair Moore asked everyone to introduce themselves.

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APPROVAL OF THE MINUTES OF THE REGULAR MEETING OF DECEMBER 9, 2019.

Chair Moore stated that the minutes of the December 9, 2019 meeting were approved as amended.

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AUTHORIZING THE ACCEPTANCE OF THE APPLICATION FROM GREGORY HUFFMAN FOR THE SALE OF THE CITY-OWNED VACANT LOT AT 3654 DALEFORD ROAD, SHAKER HEIGHTS, OHIO, PERMANENT PARCEL NUMBER 735-30-051 FOR THE AMOUNT OF \$50.00 TO UTILIZE IT AS AN EXPANDED SIDE YARD.

Jeri Chaikin, Chief Administrative Officer, stated in May 2008, the City adopted a Side Lot Program making City-owned vacant lots available for purchase to adjacent neighbors. The goal of the program was to encourage adjacent neighbors to acquire vacant lots with an agreement that improvements would be made to the property, such as construction of a house addition or garage and landscaping, increasing tax value. The City has sold eighteen (18) vacant lots through the vacant lot program and is currently looking at a new pilot program to ease the process. The City received an application from

CITY OF SHAKER HEIGHTS

Gregory Huffman requesting to purchase the City-owned property located at 3654 Daleford Road, Shaker Heights, Ohio, Permanent Parcel Number 735-30-051 for a purchase price of \$50.00 to utilize it as an expanded side yard.

The Neighborhood Revitalization & Development (NRD) Committee reviewed and recommended this application at their February 12th meeting.

Chair Moore stated that the initial program focus was directed on a “first come, best served” basis with the “best” being a detailed planned improvement to the lot for review. The current program redirected the focus to be on a “first come, first serve” basis, eliminating the requirement of improving the actual lot and allowing all adjacent neighbors to apply for the lot. Sale of a vacant lot to a resident would return the lot to productive use and increase tax revenue generation and eliminate the cost of approximately \$615 per lot per year for the City to maintain.

Citizen Member Moore stated his only concern was the City going from a cumbersome process to a way more simplified process could possibly result in the City losing upkeep of the property.

Mayor Weiss stated that could be the perception, but the motivation was the cost to the City of over \$100,000 per year cost to maintain the vacant lots along with the underlying administrative costs including the surveying process. Presently, there is no financial incentive for a resident to acquire the property since the City maintains the lot for free and they have the benefit of a vacant lot next to their home. The process approval has not changed and is fairly standard. The City has tried to strip out the administrative piece which really doesn't add that much value to the property and caused the most issue to the resident trying to purchase the lot.

In response to Council Member Williams regarding demolition of the house and the handling of the storm and sanitary lines, CAO Chaikin stated that at the time of demolition the lines are cut and capped by the contractor.

Citizen Member Kolb suggested a comparison be added to the memo of total expense to the City of a vacant lot versus total savings once the lot is consolidated.

Citizen Member Lalley stated that if the City's preference is to have a house built on the property is there a reason the City discourages flipping of the property.

Mayor Weiss stated that the City's in-fill project established guidelines to ensure developers build quality homes and the home is owner occupied instead of becoming a rental. Residents have more of a vested interest in the vacant lots.

Chair Moore stated that developers are only interested in two to three adjacent lots and not in single vacant lots.

The Finance Committee recommended authorizing the acceptance of the application from Gregory Huffman for the sale of the City-owned vacant lot at 3654 Daleford Road, Shaker Heights, Ohio, Permanent Parcel Number 735-30-051 for the amount of \$50.00 to utilize it as expanded side yard.

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Matthew Stuczynski, MAS Financial Advisory Services, LLC, updated the Committee on the two ordinances drafted in the fall of 2019 authorizing the refunding of the Series 2012 Urban Renewal Bonds. On December 16, 2019 the two ordinances were presented to City Council and approved. One ordinance authorizes placing the refinanced bonds on a sale privately and the other authorizes a public sale. The proposed ordinance mandates at least a 5% savings. The refunding alternatives include multiple options that contemplate taxable and tax exempt solutions. Key criteria to consider is total savings (cash versus net present value savings) and method of sale/speed of execution/timeline to lock in the new rate financing. The end result is converting one fixed rate bond to another fixed rate just for a lower interest rate, keeping in mind the goal was to receive cash flow savings so we can reduce the subsidy to pay those bonds which were then to be paid with PILOT payments initially.

Council Member Williams asked if there has been any effect in the overseas markets, particularly China with the purchase of tax exempt bonds due to the Coronavirus.

Mr. Stuczynski stated that there has been 58 straight weeks of inflow into Munis (Municipal financings) just in general purchases. Munis have been a safe haven for a long time and for the last 58 weeks there has been more money invested in Munis than outflow.

In response to Citizen Member Lalley regarding a recommendation to wait or act, Mr. Stuczynski stated that he would make a recommendation to send out a solicitation and get real reads.

In response to Council Member Williams regarding capital projects being funded by Munis, Mr. Stuczynski stated because of Federal Tax Law requiring the spending of the proceeds in a certain period of time, makes it difficult for those types of projects.

After further decision Chair Moore stated that the committee had reached a consensus to move forward with a direct sale.

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There being no further business, the meeting was adjourned at 8:30 a.m. The next meeting will be March 16, 2020.

Respectfully submitted,

John J. Potts, Finance Director
Finance Committee