



Finance Committee
Tuesday, March 15, 2021, 8:00 A.M.
Via ZOOM Meeting Due to
COVID-19 Public Health Emergency

Members present: Council Member, Nancy Moore, Chair
Council Member, Anne Williams
Council Member, Earl Williams
Council Member, Tres Roeder
Citizen Member, Martin Kolb
Citizen Member, Anthony Moore
Citizen Member, Linda Lalley
Citizen Member Danielle Sydnor

Others present: Mayor, David E. Weiss
Chief Administrative Officer, Jeri E. Chaikin
Director of Finance, John Potts
Director of Public Works, Patricia Speese
Asst. Director of Public Works, Christian Maier
Director of Economic Development, Laura Englehart
Neighborhood & Housing Specialist, Colin Compton
MAS Financial Advisory Services, Matthew Struczynski
League of Women Voters, Frank Goforth

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APPROVAL OF THE MINUTES OF THE REGULAR MEETING OF FEBRUARY 16, 2021.

Chair Moore stated that the minutes of the February 16, 2021 meeting were approved as amended.

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AUTHORIZING THE ISSUANCE AND SALE OF \$5,200,000 OF GO VARIOUS PURPOSE IMPROVEMENT NOTES, SERIES 2021, FOR THE PURPOSE OF ROLLING OVER THE STREET AND SEWER IMPROVEMENT NOTES AND PAYING THE COST OF IMPROVING THE SANITARY SEWERAGE SYSTEM BY CONSTRUCTING AND IMPROVING SANITARY AND STORM SEWERS AND RELATED SANITARY AND DRAINAGE FACILITIES.

CITY OF SHAKER HEIGHTS

John Potts, Finance Director, stated the two separate items that are being presented for approval is the authorization to issue \$1,200,000 in bond anticipation notes (BANs) for street improvements; and the authorization to issue \$4,000,000 in bond anticipation notes for sewer improvements. The Street Improvement notes were originally issued in 2017 with a financing plan that contemplated a pay down of the notes by \$200,000 each year, for 10 years. That strategy remains in place today and the Finance Department recommends renewing the short-term notes again in 2021 with a \$200,000 pay down. The par amount of the renewal portion of the Series 2021 BANs will be \$1,200,000. The Street Improvement BANs will be combined with the Sewer Improvement BANs to be sold as one Various Purpose Improvement BAN.

The City Administration and Council have invested considerable time and energy developing a strategic plan for Sewer Improvements throughout the City. A key element of the strategic plan is arranging the funding mechanisms to pay for the proposed improvements. One of those funding mechanisms is the issuance of debt (bonds or bond anticipation notes) to pay for a material portion of the sewer improvements. Knowing that the strategic plan currently anticipates approximately \$6.0 million of improvements, funded with debt, over a three-year period of time, the Administration is recommending that the City issue \$4.0 million of Sewer Improvement BANs in 2021. This would include a renewal of \$2.0 million BANs originally issued in 2020 along with an additional \$2.0 million. As mentioned previously, the Sewer Improvement BANs would be issued in tandem with the rollover of the Street Improvement BANs referenced above.

While it is the Administration's recommendation to issue short-term BANs in 2021, the Administration will continue to monitor and evaluate the alternative debt issuance strategy of issuing long term Bonds for the Sewer Improvements. At this juncture, there remains clear benefit in waiting until the project is completed or near completion to proceed with converting the short-term notes to bonds in 2022. The benefits of waiting to issue long term bonds include: 1) the considerable economies of scale (tangible and intangible costs) and efficiency of issuing one series of bonds when the final project costs are more clearly identified, 2) the certainty of complying with Federal Tax Law related to Spend Down Provisions, and 3) needed flexibility to coordinate and align grant funding with priority of projects. The Finance Department and Administration will once again re-evaluate the financing strategy for the Sewer Improvements in the Spring of 2022, with a healthy consideration of issuing long-term bonds at that time.

The Finance Department has worked closely with Matthew Stuczynski of MAS Financial Advisory Services, LLC, the City's financial advisor, in analyzing the above financing options for both the Street and Sewer Improvements financing. The Series 2021 BANs are scheduled to price early in May and close on May 26, 2021 (one day prior to the BANs maturing on May 27, 2021). For reference purposes, last year's BANs were sold at a rate of 1.13% yield to the investor. Interest rates on one year bond anticipation notes are currently being sold at 0.25%- 0.30% yield to the investor. Clearly a significant move lower in short-term rates over a one year period of time.

Citizen Member Lalley stated that the strategy plan presently suggests in the spring of 2022 to consider issuing long terms bonds and questioned the reason for waiting until 2022 instead of now. Mr. Stuczynski stated the discussions ended in favor of a 25 year duration of the long-term financing with utilities. State law allows for a 20 to 40 year financing for water and sewer, but one reason for the delay being some tax considerations that you can't borrow money and not spend those monies in a reasonable period of time.

The Finance Committee recommended authorizing the issuance and sale of \$5,200,000 of GO Various Purpose Improvement Notes, Series 2021, for the purpose of rolling over the Street and Sewer Improvement Notes and paying the cost of improving the sanitary sewerage system by constructing and improving sanitary and storm sewers and related sanitary and drainage facilities.

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DISCUSSION ITEM: 2020 YEAR-END RESULTS (UNAUDITED).

Director Potts presented to the Committee an unaudited report of actual 2020 General Fund revenues and expenditures in comparison to the 2020 budget and 2019 actuals. Much of these results were discussed at length with the Finance Committee and Council in the last half of 2020 in preparation for the 2021 budget and moving through the significant economic impacts of the pandemic.

The Mayor stated the tradition of Shaker Heights to financial matters could be considered conservative at times and has served the City well, but this kind of situation is what the City plans for and has systems and processes in place to address. He stated this is a testimony to the fact that the City faced the challenges of the pandemic in 2020 with hard work, good planning and great cooperation between the administration and council.

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AUTHORIZING A CONTRACT WITH RONYAK PAVING IN A TOTAL NOT-TO-EXCEED AMOUNT OF \$1,421,976.40 FOR THE 2021 STREET RESURFACING PROJECT.

Patricia Speese, Director of Public Works, stated this is a request for accepting the lowest and best bid and authorizing a contract with Ronyak Paving, Inc. in the total estimated amount of \$1,421,976.40 for the 2021 Street Resurfacing Project.

February 12, 2021 the City received eight (8) bids for the 2021 Street Resurfacing project. The bid of Ronyak Paving, Inc. has been determined to be the lowest and best, based on experience and references, and the fact that its bid is less than 4% higher than that of the lowest bid.

This request was presented and approved by the Safety & Public Works Committee at their March 5, 2021 meeting.

In response to Council Member Williams regarding enough qualified bidders bidding for paving projects; Director Speese stated that was not an issue and that eight (8) bidders was a record for this bid actually.

The Finance Committee recommended authorizing a contract with Ronyak Paving in a total not-to-exceed amount of \$1,421,976.40 for the 2021 Street Resurfacing Project.

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AUTHORIZING A CONTRACT WITH HOME REPAIR RESOURCE CENTER (HRRC) IN THE TOTAL NOT-TO-EXCEED \$75,000 FOR THE 2021 HOME REPAIR EDUCATIONAL SERVICES FOR SHAKER HEIGHTS HOME OWNERS FOR THE DEPARTMENT OF ECONOMIC DEVELOPMENT.

Colin Compton Neighborhood and Housing Specialist, stated this request is for authorizing a personal services contract with Home Repair Resource Center to administer home repairs programs for City residents for the period March 1, 2021 through December 31, 2021 in the not to exceed amount of \$75,000. Of the total amount of \$75,000, \$50,000 will be reserved as grants funds available to residents for brick and mortar repairs.

City Funded Programs include Exterior Maintenance Grant, Senior Exterior Maintenance Grant, Senior Emergency Safety Grant, and the Paint Program. Externally Funded Program is the Carol M. Peterson Housing Fund (CMPHF).

On January 25, 2021 the City solicited requests for qualifications from local housing partners to administer the City's home repair grant program in 2021. The City received to two proposals, one being from the Home Repair Resource Center (HRRC). The City has had a successful collaboration with HRRC since 2014 that has provided hands-on repair classes, technical assistance, and access to the Tool Library.

This was presented and approved by the Neighborhood Revitalization and Development Committee on March 10.

The Finance Committee recommended authorizing a contract with Home Repair Resource Center (HRRC) in the total not-to-exceed \$75,000 for the 2021 Home Repair Educational Services for Shaker Heights Home Owners for the Department of Economic Development.

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AUTHORIZING THE EXECUTION OF CERTIFICATES BY THE DIRECTOR OF FINANCE AND THE PAYMENT OF AMOUNTS DUE UPON CERTAIN CONTRACTS FOR WHICH THE FINANCE DIRECTOR HAS ISSUED THEN AND NOW CERTIFICATES IN CONNECTION WITH CERTAIN EXPENDITURES.

Director Potts, stated there are three transactions this month that exceeded the \$3,000 costs which were done prior to the funds being encumbered.

The Finance Committee recommended authorizing the execution of certificates by the Director of Finance and the payment of amounts due upon certain contracts for which the Finance Director has issued Then and Now Certificates in connection with certain expenditures.

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There being no further business, the meeting was adjourned at 9:00 a.m. The next meeting will be April 19, 2021.

Respectfully submitted,

John J. Potts, Finance Director
Finance Committee