

City of Springdale Council

January 4, 2017

President of Council Vanover called Council to order on January 4th, 2017 at 7:00 p.m.

The governmental body and those in attendance recited the Pledge of Allegiance.

Mrs. McNear took roll call. Council members Diehl, Emerson, Ghantous, Harlow, Hawkins, Shroyer, and Vanover were present.

The minutes of the December 21st, 2016 City of Springdale City Council meeting were considered. Mrs. Harlow made a motion to adopt; Mr. Hawkins seconded. With a vote of 6 – 0 and one abstention (Mrs. Ghantous), the minutes of the December 21st, 2016 City Council meeting were approved as published.

Communications

Mrs. McNear: I have an email from the Ohio Ethics Commission. You may, elected officials, have received one directly from them. You also would have received an email from me reminding you that it is now time to prepare your 2016 Financial Disclosure Statements. You can do this online or you can print out the document and mail it in. I would recommend that you do it online. It's very quick and easy, and if you've done it before, it's even easier for subsequent years. I will continue to remind you until the deadline which is Monday, May 15th. And I'm sure we'll have a contest to see who can be last one to submit for this year.

Communications from the Audience - None

Ordinances and Resolutions

Ordinance No. 1-2017
ADOPTING THE ANNUAL APPROPRIATION/ ESTIMATED RECEIPTS ORDINANCE
FOR FISCAL YEAR ENDING DECEMBER 31, 2017

Mr. Diehl moved to adopt; Mr. Emerson seconded and the Ordinance passed with a vote of 7-0.

Ordinance No. 2-2017
AUTHORIZING THE CITY TO ENGAGE THE SERVICES OF AN UNDERWRITER TO
ASSIST THE CITY WITH ISSUANCE AND SALE OF APPROXIMATELY \$8.2 MILLION
IN ROAD IMPROVEMENT BONDS FOR PROJECTS THROUGHOUT THE CITY AND
DECLARING AN EMERGENCY

Mr. Diehl moved to adopt; Mr. Hawkins seconded the motion.

Mr. Parham: Council, as you probably noticed, there was an additional document at each of your desks when you sat this evening. The first copy that was attached to the Ordinance is the proposal. The second document that was added this evening as a part of Exhibit A is also what is identified as a G17 Disclosure Letter which is a part of the process. Ms. Katie Kleinfelder is here this evening, if you have any specific questions relative to the proposal or any of the information included within. I think the second document we've provided you with this evening have a lot of helpful information relative to the process and talks about some of the risks that we can expect to anticipate. So with that, Katie, would you like to say a few things and introduce yourself?

Ms. Kleinfelder: Good evening. Thank you very much for having me. My name is Katie Kleinfelder. I have been employed with RBC Capital Markets, which formerly purchased Seasongood and Mayer, the very old, historic bond finance firm headquartered in Cincinnati, Ohio since 1887, and they helped finance the railroads, believe it or not, way back when. I actually came to the organization straight out of law school. I'm a lawyer, and my training for the last fifteen years, I've been in investment banking throughout the State of Ohio, doing about \$6 billion worth of capital improvements for various municipalities, townships, villages, etc. I do a lot of public finance, tax exempt, and taxable indebtedness throughout the state, and it's my pleasure to be engaged by the City and I will work very diligently. The one thing that we will be doing in our work is establishing again the credit rating of the City. Since the indebtedness of the obligations formerly has been retired, there is no outstanding credit rating

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currently, and that will be a very important juncture for me to work with the Administration to pursue. We will be working and deciding which credit rating agency we do that with, as well as going into the market and issuing \$15 million, excuse me, \$8.3 million across those fifteen years amortization period. It's been a wild ride in 2016 that we enjoyed extremely. The ten year treasury hit a 1.35% interest rate, and we trade off that market in the municipal market, in tax-exempt land. It's been up substantially since then, about seventy basis points, but two percent cost-of-funds for the feds is still a pretty darn good cost-of-funds in my opinion, and we will be working to get a great credit rating for the City as well as a great interest rate when we go to market. I'd be happy to entertain any questions about what an underwriter does and our engagement process, but suffice it to say we're going to start in short order. We have a meeting tomorrow morning.

Mayor Webster: Thank you very much for coming in. Could you maybe explain a couple of these terms to the body here? I know some of these I've been exposed to over my lifetime, but some of them haven't. What is a takedown fee?

Ms. Kleinfelder: Sure. Average takedown is the sales commission, so the salespeople, men and women, are going to be picking up the phone and calling investors on the date of sale. It's a true over-the-counter market. There's no exchange, as opposed to the equities market, right, New York Stock Exchange, American Stock Exchange, etc. So you're paying salespeople to make those calls and make sure that they're transacting business to get that pot of cash, if you will, on the date of sale, so it's every man and every woman for himself when we're selling those bonds to get those commissions and garner that. So that's our ability to reward their ability to sell each of the maturities to which we market.

Mayor Webster: So would it be stretch it to call a sales commission?

Ms. Kleinfelder: No, that's a very accurate term.

Mayor Webster: Okay, the management fee I understand. Discount fee – could you explain that to us please?

Ms. Kleinfelder: Sure. So the total, if you will, of the underwriter's discount and the various fees that are City-initiated expenses by RBC, meaning, for example, Depository Trust Company. No longer do we have old certificates of bonds, but rather they're book entry securities, and they have a number, a CUSIP number identified to them, and they're actually held and domiciled in New York in a depository trust in a big vault, apparently. Those securities then are just tracked by DTC to your paying agent bank to be able to make the payment to the record holder fifteen days prior to the interest of principal payment scheduled. So those are fees, if you will, of any financing, we pass along to the issuer, that we obviously go forward into marketplace with and initiate on your behalf. The top, the underwriter's discount, versus the remaining total underwriter's discount and fees are the ancillary cost of doing business.

The Ordinance passed with a 7-0 vote.

Ordinance No. 3-2017

AUTHORIZING THE CITY TO ENGAGE THE SERVICES OF BOND COUNSEL TO ASSIST THE CITY WITH THE ISSUANCE AND SALE OF APPROXIMATELY \$8.2 MILLION IN ROAD IMPROVEMENT BONDS FOR PROJECTS THROUGHOUT THE CITY AND DECLARING AN EMERGENCY

Mr. Diehl moved to adopt; Mrs. Harlow seconded the motion and the Ordinance was passed with a 7-0 vote.

Resolution R1-2017

AUTHORIZING THE INVESTMENT OF MUNICIPAL FUNDS

Mrs. Harlow moved to adopt; Mrs. Emerson seconded and the Resolution passed with a 7-0 vote.

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Resolution R2-2017

REQUESTING ADVANCE PAYMENT FROM HAMILTON COUNTY AUDITOR

Mrs. Emerson moved to adopt; Mr. Hawkins seconded the motion and the Resolution passed with a 7-0 vote.

Old Business

Mr. Parham: Council, now that you have adopted Ordinance 2 and Ordinance 3 of 2017, as we've talked about moving forward in this process of borrowing the funds for the road improvement projects, the next step in the process would be to have Council adopt the Ordinance that essentially would authorize us to issue the bonds. We want to request that that process take place at our January 18th meeting, which is the next meeting. As Katie indicated, we have a meeting scheduled tomorrow. We hope to begin to move this process forward very quickly. We do not have the bond counsel Brenda Wehmer here this evening. You've met Brenda on a number of occasions. We wanted you to have the opportunity to meet Katie this evening, as we continue to move this process forward. We are trying to target to have the funds available by April. Some good news to share, we are starting with the projects: next Thursday, the 2017 Street Improvement Program is scheduled to go out to bid and is scheduled to have its bid opening on January 26th, exactly two weeks after that. If you recall, there are two phases to that project. One will phase will be a rehab project, the other will be a maintenance project. The rehab project is scheduled to begin construction around April and will be weather dependent, of course. The maintenance part of the project will be scheduled to start in June. It's a bit more sensitive to temperatures and weather. So that we are able to make compensation to the contractors, we would like to continue to move forward and target having those funds available by April, hence the reason for trying to move forward as quickly as possible.

New Business

- None

Meetings and Announcements

Mrs. Zimmerlin: Leaf collection has completed for this year, so if there are any leaves that you have, please bag them and put them on the curb for pickup.

Registration is underway for youth sports, including girls' softball, baseball, t-ball, and spring soccer. You can contact the Community Center for details.

AARP is offering their free income tax help program this year. It's on Fridays at the Community Center beginning January 27th. They are one hour appointments, and are designed for the simple state and federal returns. Appointments can be made now by contacting the Community Center.

The Community Center will be open on holiday hours Monday, January 16th from 1-9pm for Martin Luther King Jr. Day.

Mayor Webster: Speaking of the Rec Center, this Friday, the day after tomorrow, we will have the pep rally. All of our teams will be there with their banners, and the cheerleaders and so forth. I think we've got eleven teams; seven basketball and four volleyball. And we also will have the inductions of the Coaches' Hall of Fame Ceremony. That starts at 6:30, and we've got eight members that will be inducted into the Hall of Fame, so I hope to see all of your smiling faces if possible. We're looking forward to a nice evening.

Mrs. Emerson: The Board of Health meets January 12th and 7 o'clock in the conference room adjacent to these quarters.

Mrs. Ghantous: Hopefully, the Board of Zoning Appeals will meet on Tuesday the 17th. We'll see.

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Mrs. Harlow: Planning will meet on January 10th at 7 pm in these chambers, and also, January 5th, tomorrow evening at 7 pm, we have a Spruce Up Springdale meeting here in the Council Chambers and we'd like to invite everyone to come please.

Communications from the Audience - None

Update on Legislation Still in Development

Mr. Hawkins: As you review your Internal Memorandum, item number one which was addressed with Ordinance No. 2-2017 as well as Ordinance No. 3-2017, both passing with 7-0 votes, two separate Ordinances authorizing the City to engage in services of bond counsel and professional underwriter to assist the City with the issuance and sale of approximately \$8.2 million in road improvement bonds for projects throughout the City of Springdale and declaring an emergency. Item number two was addressed with Ordinance No. 1-2017, an Ordinance adopting the annual appropriations/ estimated receipts for fiscal year ending December 31st, 2017, which passed with a 7-0 vote. Item three was Resolution 1-2017, a Resolution authorizing the investment of municipal funds, which passed with a 7-0 vote. Item four was addressed with Resolution R2-2017, a Resolution requesting advance payment from the County Auditor, which passed with a 7-0 vote. All other items were forthcoming.

Recap of Legislative Items Requested for next Council Meeting

Mr. Hawkins: There is a request for an Ordinance amending the Springdale Executive Reemployment Program, also referred to as SERP, and declaring an emergency, as well as a request for an Ordinance issuing bonds for the \$8.2 million road improvement program.

Mr. Parham: Just one comment I want to make. As Mr. Hawkins read, in the Pending Legislation Report as well in the cover of the Ordinance, it stated \$8.2 million. If you look at the proposal that Ms. Kleinfelder put together, it lists \$8.3 million. If you recall, we talked about rolling in the fees that are associated with this process, and that's why it's the \$8.3 million.

Adjournment

Mr. Hawkins made a motion to adjourn. Mrs. Emerson seconded the motion and Council adjourned at 7:25 p.m.

Respectfully submitted,

Kathy McNear
Clerk of Council/Finance Director

Minutes Approved:
Tom Vanover, President of Council

_____, 2017