

July 20, 2020

Members present: Daniels, Schaber, Meade

With a quorum present, Daniels called the meeting to order at 6:30 PM.

Old Business: None

New Business:

Item 1. ORDINANCE AUTHORIZING AND DIRECTING THE DIRECTOR OF PUBLIC SERVICE TO ENTER INTO CONTRACT WITH OH-MAN ENTERPRISES LLC FOR THE FY 2019 CDBG MARION AQUATIC CENTER WATERSLIDE REPAIR PROJECT AND DECLARING AN EMERGENCY. (Regional Planning)

Evelyn Warr-Cummings, Regional Planning, said they bid this out. OH-Man Enterprises, Toledo, was selected as the best bid out of 3 at \$13,138 (budget was set at \$22,000). They can get the job completed while the pool is closed. It is under budget. The other bids were either right on or over budget. This is the first project of the grant, so hopefully this will provide some money for the other projects. She felt that they might be looking for more projects because of pandemic. Work includes painting the slides.

Meade made a motion to recommend to council; Schaber 2nd; Roll Call: Ayes – Daniels, Schaber, Meade; Nays – none.

Legislation sent to council (3-0)

Item 2. ORDINANCE MAKING AN ADDITIONAL APPROPRIATION IN THE SANITARY SEWER CAPITAL IMPROVEMENT FUND ENDING DECEMBER 31, 2020, TO COVER CURRENT COST AND FUTURE PAYMENTS (Auditor)

Auditor Landon deferred to Deputy Auditor Watts. These are for improvements at Sewer Treatment Plant. Kokosing has the contract for \$26 million in improvements. We had appropriated \$6 million. They have not slowed down on construction and could use another \$12 million, based on where they are in their construction calendar. We have to show this as revenue and expense, but it is a pass through and OWDA pays directly to Kokosing (after our approval of the invoice).

There is a low interest loan for the total project through OWDA (Ohio Water Development Authority) through EPA (went through council 2-3 years ago). Separately, we are paying that low interest loan back over a period of time. We just made a payment of \$766,000 in July. We have not borrowed the entire \$26 million at this point because project is not complete. This loan would have been approved by council 2-3 years ago.

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Schaber made a motion to recommend to council; Meade 2nd; Roll Call: Ayes – Daniels, Schaber, Meade; Nays – none.

Legislation sent to council (3-0)

Item 3. RESOLUTION APPOINTING COUNCIL’S MEMBERS TO THE BOARD OF TAX REVIEW (Ratliff/Russell)

Law Director Russell stated that he is working with council pro temp, Mr. Ratliff. The city adopted a uniform statewide income tax code as required by state legislature in approximately 2016. That is Marion City Code 194. We continue to have Code 193 in place.

The resolution is currently in draft form, because we have learned that Doug Diequez is not eligible because he does not live in the city. The resolution continues to include John Williamson’s name, however the other is still up in the air. It is a three-person board (Code 194) that council is looking to fill the two positions that the council is required to fill. Mayor appoints the third member.

The 193 board currently includes Attorney John Williamson and Kevin Hall.

We can work between now and Monday night to find another appointee that is agreeable to council. For purposes of this resolution, Russell proposed that we just say this is the appointment for John Williams only.

Schaber made a motion to recommend to council; Meade 2nd; Roll Call: Ayes – Daniels, Schaber, Meade; Nays – none.

Legislation sent to council (3-0)

Item 4. Request for Transfer of Funds Within Department Appropriations: General Fund of Engineering Department (\$500 due to increased maintenance on Engineering/Zoning vehicles with the first full year of an 2nd construction inspector) (Bishop) – requires committee approval only

Meade made a motion to approve in committee; Schaber 2nd; Roll Call: Ayes – Daniels, Schaber, Meade; Nays – none.

Transfer of funds approved by committee/no council action needed (3-0)

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Item 5. Request for Transfer of Funds Within Department Appropriations: General/Safety Dept. (\$5,000 to finish out the year in the weed/grass program) (Caryer) – requires committee approval only

Safety Director Caryer stated that this is for routine maintenance and equipment cost. They believe it will get them through the end of the year for the weed and grass program.

Schaber made a motion to recommend to council; Meade 2nd; Roll Call: Ayes – Daniels, Schaber, Meade; Nays – none.

Transfer of funds approved by committee/no council action needed (3-0)

Item 6. AN ORDINANCE PROVIDING FOR THE ISSUANCE AND SALE OF BONDS IN THE MAXIMUM AGGREGATE PRINCIPAL AMOUNT OF \$2,953,000 FOR THE PURPOSE OF PAYING THE COSTS OF REFUNDING BONDS PREVIOUSLY ISSUED BY THE CITY FOR THE PURPOSE OF PAYING THE COSTS OF VARIOUS PUBLIC INFRASTRUCTURE IMPROVEMENTS AND VARIOUS IMPROVEMENTS TO THE CITY'S STORM WATER AND SANITARY SEWER SYSTEMS; AND DECLARING AN EMERGENCY. (Auditor)

Kathleen Clark, Fifth Third Securities, has been working with Auditor's Office on this potential refunding for 2010A and 2010B bond issues. Watts indicated that they are looking at bond refunding on the 2012 issuance as well. They are confident that this would get good savings for the city, around \$87,000/year. The Mayors Office and Service Director have worked on this as well and the refunding has their support.

Mayor Schertzer said they are in favor of moving these bonds. There are some funds that are close to being paid off within the bonds. He asked if we have looked at paying off some of those before we look at refunding. Clark said one purpose will be paid off 12/01 (fire and pension fund and storm water), and they are pulling that out when considering refunding because that purpose will be paid off. Mayor agreed to get with Auditor's office to take a close look at what will be paid down. He would like to have a discussion on the 2012 because there is an item on there of great interest to city administration.

Clark continued. There are two separate issues. Two types of refunding: current and advance. When bonds are issued there is an optional redemption date which gives the issuer the opportunity to refund those bonds, if it is economically advantageous. These two bonds are refundable on a current tax-exempt basis because those bonds are callable on 12/01/2020. The savings levels currently are very good. Often times you will get a present value savings. These have multiple purposes but are lumped together for larger maturity values that investors are looking for. This helps with interest rates. The net present value savings of the refunded bonds on a percentage basis in the current market is 11.64% or \$886,000 (and on gross savings basis \$950,000) which gets to \$86,000 annually just on a uniform basis or approximate equal value savings. They deemed it appropriate to move forward on both.

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Allyson Binkley, Squire, Patton, Boggs, was available for additional questions as the bond counsel.

Christian Dunston (211 E. Fairground) asked for further clarification. Refunding the bonds is similar to refinancing a mortgage for a better interest rate. They will issue a new series of bonds with lower interest rates. The city will owe the principle and (lower) interest on those, but the current outstanding bond will be paid off. This creates a savings.

Clark discussed the potential 2012 refunding (no legislation at present). She went on to say that changes to federal tax law in late 2017 (Tax Reform Act) changed the ability of governments to issue tax-exempt advance refunding bonds. Taxable advance refundings of tax-exempt or taxable bonds are still permitted. Taxable rates are generally higher than non-taxable as a rule of thumb. A current refunding is one in which the outstanding (refunded) bonds are redeemed within 90 days of the date the refunding bonds are issued. In an advance refunding, the refunded bonds are redeemed more than 90 days from the date the refunding bonds are issued. 2012 has a call date of 12/01/2021. These would need to be an advanced refunding on a taxable basis.

Rates are very low right now. This is a good refunding on a taxable basis. The aquatics center is one of the purposes and the payments will ramp up in the next few years. If they do some refunding, they could look at restructuring this debt. They need to some calculations on whether final maturity could be extended and look at lowering those payments.

It is recommended that the city work together to determine a savings threshold you are comfortable with on this. It is \$57,000 annually across all of the purposes.

The 2012 current final maturity is 2033. There is a savings of 6.88% that does not extend the final maturity remains in 2033. Those are uniform savings (same amount of savings annually) and we do not extend final maturity. They are looking at this as an option to restructure aquatics center debt service. There are many varying factors on how long we can extend it or even if we can extend it.

Allyson said ORC dictates how long they can finance certain projects. She is working with the Auditor's office to get a better idea of how funds were spent across a number of categories. They are researching this. She will come up with a weighted calculation as to what the maximum maturity of the bond can be.

They can only finance assets up to their anticipated life. There are restraints on this through the ORC, as well as the internal revenue code. She does not have an answer for them yet. She is requesting more information in order to determine maximum maturity.

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Tracy Cooperider asked why they wouldn't try to shorten term up, as opposed to dragging a debt out? Clark said that is an option. That is why they do not have this legislation in front of them. The city is constrained by the revenue. To pay off more quickly than 2033, the city would have to make higher payments. They are constrained by the revenue. Savings is created by the financing at a lower rate.

Mayor Schertzer said that administration continues to work with all parties to come with scenario for 2012. Right now, they are focusing on 2010 A (Item 6) and B (Item 7).

At the request of Mr. Schaber, Service Director Chaffin explained that this is a lot like refinancing your personal mortgage. It is important for the aquatics center. We have hospital lease money that pays for that. We want to make that a balanced load. So, they don't have to pull from the general fund in mass quantities. We need to restructure under the taxable bonds. She is working with Deputy Auditor Watts. This is a good time to do it. These savings done happen when the market is good. With 2010A and B started off with \$20 million and here we are 10 years later down to \$7 million. We have made a lot of progress and this would allow us to refinance with the aquatics center.

Meade made a motion to recommend to council; Schaber 2nd; Roll Call: Ayes – Daniels, Schaber, Meade; Nays – none.

Legislation sent to council (3-0)

Item 7. AN ORDINANCE PROVIDING FOR THE ISSUANCE AND SALE OF BONDS IN THE MAXIMUM AGGREGATE PRINCIPAL AMOUNT OF \$5,423,000 FOR THE PURPOSE OF PAYING THE COSTS OF REFUNDING BONDS PREVIOUSLY ISSUED BY THE CITY FOR THE PURPOSE OF PAYING THE COSTS OF VARIOUS PUBLIC INFRASTRUCTURE IMPROVEMENTS AND VARIOUS IMPROVEMENTS TO THE CITY'S STORM WATER AND SANITARY SEWER SYSTEMS; AND DECLARING AN EMERGENCY. (Auditor)

(see previous discussion)

Schaber requested and it was confirmed that the Aquatics Center is not included in either one of these ordinances.

Schaber made a motion to recommend to council; Meade 2nd; Roll Call: Ayes – Daniels, Schaber, Meade; Nays – none.

Legislation sent to council (3-0)

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Item 8. Monthly Budget Report (Auditor) - Full Reports available at www.marionohio.us

Auditor Landon stated that the City is up \$364,000 revenue over expenses. The City's budget is being maintained very well.

Items not on the Agenda: NONE

With no other business, Daniels adjourned the meeting at 7:11 PM.

Chairman Daniels

Clerk of Council