

**CITY OF INDEPENDENCE  
FINANCE COMMITTEE MEETING  
MINUTES  
SEPTEMBER 15, 2020 5:00 P.M.  
VIRTUAL MEETING VIA ZOOM**

Present: Chairman Vice Mayor Dave Grendel  
Councilperson Kenn Synek  
Councilperson Dale Veverka

Also Present: Mayor Gregory P. Kurtz  
Councilperson Kathleen Kapusta  
Councilperson Chris Walchanowicz  
Finance Director Vern Blaze  
Finance Assistant Maggie Osysko  
Procurement Coordinator Dennis Zdolshek

Chairman Vice Mayor Grendel called the Finance Committee meeting to order at 5:02 p.m.

Chairman Vice Mayor Grendel said I guess the first thing we have here Vern on the agenda is to update us on your Five-Year Capital Improvement Plan, the progress you are making with Department Heads and the Administration.

Finance Director Blaze said sure, thank you Chairman. It is always a collaborative effort with the Mayor's office, our office, Dennis who we have sitting here. The Procurement Coordinator is responsible for a lot of the working with the Department Directors to acquire the things on the top of that Page 1; if you have that there, it's mostly what I will reference. Right now, just that front summary page that Debi had sent out late last week or earlier this week regarding this. It was the attachment to the Five-Year Capital Plan that was adopted by Council in December of 2019, and yes we have taken the first steps in meeting with Directors. We have some more to go. Councilperson Kapusta I see you have a Community Services meeting scheduled. You have a couple Directors coming in. I see the agenda items, some of them are capital related. So, that's appreciated.

We are doing good time wise. We are still here in early, mid-September. If we get something roughed in sometime in October after meeting with all the Directors; and we start meeting in early November, I think we are still on track to pass the 2021-2024 Capital Plan at the December Council meeting.

If you look at that first page, it's really broken up into two big parts, the Capital which is the first half of the page, the top half of the page; and that's all of the equipment and furniture and vehicles that each of the Departments purchase. The total Capital Improvement Fund line 410, you will see it, it goes down each year because each year going out you are a little less certain. I would say that the earlier years are more certain, but it's fairly consistent that we are in that

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\$2,500,000, \$3,000,000 range of capital purchases each year for the departments. My concerns that I have with the entire document are not so much related to that half, the capital in the departments. My concern is when you jump down to the bottom part of the page where you see total infrastructure, and in 2021 the total infrastructure is \$22,500,000 alone, and 2022 is almost \$16,000,000 in this plan, making the total of capital infrastructure for those two years \$25,000,000 at the bottom in the 2021 column and \$18,000,000 in the 2022 column. So, what is that, almost \$43,000,000 of capital and infrastructure in a two year time period. I just feel that's a little aggressive, and our goal internally between the Mayor's office, between Maggie and Dennis and myself working with the Directors is to take a little bit of that infrastructure, that \$22,500,000 for 2021 and that \$16,000,000 for 2022; and we will use the phrase "push some of it to the right" in the 2023 and 2024. Since next year planned 2020 will fall off since that's done; this is really the 2021 through 2025 Capital Plan that we are working on. So, we need to shift a little bit of that money from 2021 and 2022 over to years 2023, 2024 and 2025. I think we will be successful in doing that in a general overall big picture viewpoint; and then I know I personally will have a little more comfort factor that we have a document then that is what I will use the term "more realistic" that we could fund that bottom line on there, Total Capital and Infrastructure with internally generated funds.

Now should Mayor and should Council want to be more aggressive and list more capital items to purchase and more infrastructure projects to complete, then that's totally within your prerogative; but then at some point we will have to expand the discussion then to talk about borrowing then to fund that. I just don't think we have enough internally generated funds to broaden to the level that is listed on this document.

The last thing I will say as far as introductory comments, and then I am kind of done with the big picture, high level view; and if we want to dive into any specific questions or any specific departments, we are free to take it wherever the committee and Council and Mayor want to take it. This current plan and prior plans, prior versions of it have always broken it down into these two categories, the Capital for the Departments and the Infrastructure out there in the community, the roads, the sewers, the sidewalks, the bridges, the creeks, all those items. I would suggest that we tweak it and add a third category for this plan, the 2021 through 2025 plan, and that's property acquisition because we have never really planned for that like we do for our capital purchases and our infrastructure. We just kind of are presented with an opportunity, and then we react to it; and fortunately because we do have some material cash balances that we could work with and move money around, we have been able to fund those. I am just suggesting, we won't know what real estate purchases we have 2021 through 2025. They will be more opportunity oriented, but I think it's prudent on our part to know that we historically have engaged in strategic real estate acquisition for primarily economic development purposes; but we have also included now for stormwater management purposes. We have acquired some property on Pleasant Valley for that purpose. We have acquired some property on Brecksville Road recently for that purpose. So, I think just adding a line of real estate property purchases and putting a number on there. I am not even sure what number right now at this early stage of the plan to even consider putting on that line but putting a number to recognize the fact that yes we know that some opportunities are going to be presented to us, and yes the majority of Council and the Mayor will probably want to take advantage of those opportunities and to properly do so we should just acknowledge that now and put a line in there and throw a couple of hundred

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thousand, a million dollars, pick a number. That way, again, the document to me has more significance, it's a more valuable document because then it readily acknowledges, not just two big categories of items that we do big ticket purchases and projects on, but now three, the capital purchases for the Departments, the infrastructure out in the community and then the land acquisition as well. So, it's just a suggestion. If Council and the Mayor do not want to go down that path, that's your prerogative; it's just my suggestion to start the discussion off.

That's about all I have for eye level. I don't know how detailed you want to get at this point; but I will just throw it back to you Chairman, and we will go from there.

Chairman Vice Mayor Grendel said it's hard to project when those opportunities are going to be raised. It's hard to put a dollar amount on that because some of these opportunities don't present themselves until the Mayor actually comes to us or something. So, that being difficult; but I am not opposed to having that item.

What I would like to do as far as looking at this, I would like to make every member of Council feel a little ownership as far as putting this Five-Year Capital Plan together; and as I look here, I see there's with the Building Department, the Public Lands & Buildings; Chris it would probably be nice to be a part of that, your committee to have input into that. We did that a few years back, I think Jim Crooks was on Council, and we had in depth meetings, quite a few of them.

We haven't had a Safety Committee meeting. Since I got back on Council, I think Patti only had a few. When I was Chairman of Safety and everything, I tried to have regular meetings with John Nicastro and Pete Nelson; and to me like Kathleen does with Community Services, it gives us a greater appreciation for our two chiefs there and a greater appreciation of their needs. I had a great admiration for Pete Nelson because of just the organization he had. Steve Rega I know is the same way in going after grants for the City. I would like to see that done by committee so this way it forces us to have a greater part in putting this plan together. The same thing, Kathleen you have done that through your tenure with Community Services on a regular basis; and I would like to see that, not that we have any objection, just that we were part of the team. I know that's another set of eyeballs besides the Administration and Vern your work and the Department Heads. It might be a little bit more work on our part, but it gives us an idea so that when we come to our regular meetings when we are going to approve these things, we have a firsthand knowledge and actual input and kind of mold the direction. I think all of us have a part in one committee or another that could help mold this.

As we move forward, I don't know Kenn or Dale if you have any other ideas, but I would like to see us through our committees have a more active role in how we prioritize things.

Finance Director Blaze said I think that's an excellent idea Chairman, and maybe if we could shoot to have something to Council by the end of this month; and then the committees use the month of October to drill down into each line item on here, and then we regroup as a body in November and debate it on a higher level. Then look to adopt it in December.

Chairman Vice Mayor Grendel said very good because I think truly I got some blowback from the City Hall expenditures that we approved last month and everything. Chris, you are a rookie

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here, you don't have the experience like some of us have for a number of years; but had we had a chance to keep up to date on what was being done at City Hall, the dollar amount being spent, I think we would be able to react to citizens' concerns much better. That's why I am looking at, by committees we take a greater control as if we have the purse strings; so we would be more responsive to the residents and again be part of a the team. I am not looking at causing headaches or that, but I am just looking at a little more oversight and being able to respond to residents' inquiries so we know fully what's going on and be able to react much quicker and much more efficiently.

Any other comments?

Councilperson Kapusta said thank you Vice Mayor. I agree with that. What I have always found helpful is that when we do talk about the purchases like for the Community Services and the Rec Department and because we reviewed them in committee, I am better able to respond too to the very good questions that I think we receive about them. I would find this to be very helpful, and Vern we would be happy to do what you suggested at our Community Services Committee if we could have that. We have the meeting at the end of the month, the end of September.

Finance Director Blaze said okay.

Chairman Vice Mayor Grendel said and I notice it's on your agenda Kathleen as far as the Five-Year Plan. Any comments Kenn or Dale?

Councilperson Veverka said it's an excellent idea Mr. Vice Mayor. I know that I appreciate when I sit in on Kathleen's quarterly meetings that they always pay a careful eye on projects. They are always proposing projects way ahead, and there's plenty of lead time to be considering those projects. So, Kathleen you do an excellent job with that, and I know you had mentioned as an example Safety Committee. I don't believe the Safety Committee has met yet this year, has it Vice Mayor?

Chairman Vice Mayor Grendel replied no, and I don't believe they have; and we don't have to a lot of them. It would be nice for that committee, and also the other Council members to sit in and actually hear our two Chiefs explain to us what they have planned, what their capital needs are and how they go about achieving that. I know a lot of times Chief Rega will have grants that will supplement what the City can provide, and it's a great appreciation. I can't remember too many meetings with our current Police Chief and being able to hear him, except for maybe when we had a Council meeting or workshop or that. It gives us a greater opportunity to appreciate the fine staff that the Mayor has there and everything and be able to interact with them, especially now with this Covid thing, it's kind of hard to see our Department Heads that often. So, it gives us an opportunity again to appreciate what's going on and also to add our input into it and make it a more collaborative effort.

Councilperson Veverka said and Mr. Vice Mayor, obviously the proposal for the kitchen in the fire station, those of us who were on for at least the previous two years know all the steps and all the hoops that the Fire Chief went through in the process of developing that plan that he

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presented. So, by having a Safety Committee meeting a little more regular, it would have helped to have everybody up to speed and increase the comfort level.

Chairman Vice Mayor Grendel said correct. Any thoughts Kenn?

Councilperson Synek said what's going through my head Mr. Vice Mayor, a couple things. Mr. Finance Director I presume you must have some sort of plan to either meet or request information from Department Heads. There has to be some sort of process. The Department Heads are really the people who best know and can judge what equipment they need or what additional capital assets they need for their facility that they manage, wherever those capital needs are. So, the Department Heads really have that institutional knowledge, and so whatever forum we can create to kind of help members together in the same meeting, Department Heads; it probably makes the Finance Director's life easiest if we can coordinate those meetings somehow.

Again, Mr. Finance Director I am not quite sure what your process is to solicit input from Department Heads for this, but if there's way to emerge Council with that. That would be wonderful.

The other, sort of back to the line item for property acquisition or anything else, my hope and expectation through this whole budget process is that it be as measurable and specific as possible. I think we should avoid kind of creating general reserves for this, that or the other thing, whether it be property acquisition or just general improvements at building "x" of the City. We should just avoid those general reserves and aim towards specific projects. Be more specific. Sometimes we may want to reserve money for property acquisition, but just refer to them as property A, B and C. There's confidentiality to this and some things can't be discussed publicly, but we can create placeholders in the budget that we could talk about off line potentially. So I think rather than create a general reserve for property acquisition that perhaps we need to think about specific targeted properties that wouldn't necessarily be named publicly and probably shouldn't be named publicly because of the nature of it. I presume we could do that. I don't know, and the Law Director could maybe opine on that as well, but it should be specific, whether it's property acquisition or building improvements.

Chairman Vice Mayor Grendel said thank you Kenn. Kathleen, I think you had something.

Councilperson Kapusta said if I could respond to something that Councilperson Synek said. I understand where you are coming from; but I think, I don't know how that would be able then to help us in situations where we don't know the names of the properties A, B and C. We don't know what might be available. So, I think we would have to discuss that a little bit about how we could handle those situations.

What I wanted to go back to earlier was the comments about the grants. We have had the same thing in Community Services and Rec. Both Directors, God rest her soul Marilyn Senick and Tom Walchanowicz have been very good in looking into grants. We haven't been as lucky in Community Services because sometimes we have that blighted criteria in those kinds of grants that we look for and haven't gotten them. We know for a fact that we have gotten some that we

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had with the senior program that we worked with other municipalities on, and then we also know that Tom has gotten ones for like Liberty playground. So, I do think that by giving our Directors the forum to discuss this, I think it's enhancing to them. I think it's encouraging to them. I think they recognize that their work is being acknowledged too when we can put it in our Minutes and share it with our community. So, I strongly agree with your idea to continue doing that.

Chairman Vice Mayor Grendel said thank you Kathleen. Mayor, we will let you have an opportunity to speak here.

Mayor Kurtz said I find it intriguing. As a matter of fact, if the concept that Councilperson Synek suggested is legal, that would be a vehicle for us to have our discussions and be able to at least set some money aside in anticipation of possible purchases. So, I will research that, and if in fact it's legal, then we can adapt that policy as the Finance Director introduced; and it would have a foundation to work off of. So, that's an interesting scenario, and if it works and is achievable, that would be great because I think there should be some opportunities that we can designate in Executive Session and then we are protected and allowed to be able to discuss those. So, if in fact it's legal, then we create a vehicle to do that. So, that would be a great idea.

In terms of the Department Heads, in terms of our safety forces, they work; and in this Covid situation, we have had a unique situation this year for two reasons. One, and we just discussed it as late as today. The safety forces are doing things different. New normal as we navigate this Covid environment, and so we have had to obviously adjust, it will adjust our Court expectations for the Police Department; and we will also be very sensitive in the future going forward for the safety of our Fire, Paramedic and medical personnel.

In addition to the uniqueness of the Covid situation, we have also been, the Police Department primarily has been distracted for the past two quarters relative to the lawsuit that we have been trying to navigate through. So, it has created a different set of circumstances and a major distraction for our Police Department.

So, those two things have been in our sights the past several months, and so I am hopeful that we are done lifting to this extent with the lawsuit so that we can get back to some normalcy in terms of our Police Department. With respect to Fire, that personal safety is going to be with us for a lot longer than I think we anticipated.

We can have those more robust discussions at Safety Committee meeting.

Chairman Vice Mayor Grendel asked Mayor am I correct now that as far as the lawsuit is concerned, that we are waiting for the judge to make a determination on the Summary Judgment motions and that? So, we are at that point in the case?

Mayor Kurtz said we have presented ours. They have had two weeks to rebut, and we just presented our final positions. So, now it's in the hands of the judge. Normally, in a typical Federal lawsuit, it could be three to four months; but this judge and his uniqueness, I wouldn't be surprised if this thing goes on beyond 60 days. It will be a directional move. We are in this thing, at this point, unless we settle, which at that point we may be in a position to settle

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depending on how he rules. If not, we will be into 2022 before there are any final decisions on all this stuff from a legal perspective. I can't say enough about the impact it has had on our leadership team in the Police Department, this major distraction we have dealt with.

Chairman Vice Mayor Grendel said it's hard with that hanging over the department's head. It's kind of hard to do other planning and that, it kind of takes maybe precedence in some of the staff's minds and that.

Getting back as far as the Five-Year Capital Plan, I think Vern I guess what we are going to do is hopefully coincide with your meeting. We don't want to jump to anything or overstep our bounds, but we would like to be collaborative as far as making some of the decisions. I know that especially in the infrastructure. There's only so much money to go around and so much appetite to borrow; and we don't want to borrow too much either. So, I would like to see it prioritized with the projects we have because also there's residential versus commercial and a couple of things on line with Brecksville Road there too. So, you have to look at the big picture to set your priorities and maybe you will see what are the more urgent needs as far as some need to be taken care of within the next couple of years, some we can have go out maybe four or five years and not be as urgent. We need to all be on the same page, and we need to have the same information that is shared there by the Administration and the Department Heads. Ultimately we are responsible for making the financial decision, and we want to be as knowledgeable about the decision as possible.

So, like you said, we are still early in the process; but any time you need us to have committee meetings. I don't think Kenn Economic Development really needs, it's hard for that; but I do know that Public Lands & Buildings has some capital along with Kathleen's committee. Dale does and Jim Trakas with Utilities. So, we want to be up to date Mayor as much as we can and be part of the decision team so that you have a good idea where people are thinking and where our priorities are.

Finance Director Blaze said why don't we take that Page 1 and just go by each line item and then assign a committee to it right now; and they could start being ready and being in the queue like Councilperson Kathleen Kapusta's committee. She already has a meeting scheduled, and then some of the other committees can start getting ready after hers in early October, and let's just assign each line to a committee if it's applicable. Some of them, I am not sure which committee would handle them, but others are pretty obvious. Fire Department and Police Department, I already just wrote down Safety Committee.

Chairman Vice Mayor Grendel said I think there's some overlap, especially with Public Lands & Buildings. Chris, sometimes yours overlaps with Safety, overlaps with other items too; so it's whatever we can accommodate. For Police and Fire, then we have Safety Committee. Community Services speaks for itself, that's Kathleen's committee as well as Recreation. Publicly owned buildings and publicly owned lands, that's Chris's committee.

Mayor Kurtz said Mr. Vice Mayor, you are right, a lot of these will overlap into Public Lands & Buildings because as we determine a strategy in terms of our physical facilities, we obviously have to get buy in from Council through an overall strategy but then also individual line items,

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whether it be the cemetery, whether it be safety improvements or upgrades to City Hall or Community Services Department or the Civic Center. It's going to be a lot of overlap into Public Lands & Buildings.

Chairman Vice Mayor Grendel said right.

Councilperson Walchanowicz said it sounds like I will be busy.

Mayor Kurtz said and it goes back to Safety also because the actual physical facilities for the Police Department are being reviewed as we speak. Remember, this building is 38 years old and keep in mind Brecksville just built a new standalone Fire station; and they are repurposing their Police station. They are repurposing their old Police station which is a few years older than ours. So, that's going to be part of an overall strategic planning session before we drill down in the specifics.

Finance Director Blaze said that's a very valid point because I think when you look at the infrastructure categories, maintenance contracts, streets, TIF projects, I can see Utilities, Streets & Sidewalks combined at least taking care of those and maybe they have to have a combined meeting to cover those or we just do those as a general Council workshop because they encompass so many of the committees combined.

Chairman Vice Mayor Grendel said you are right, and I think Vern that also could encompass the Service Department because those vehicles are used for both Streets & Sidewalks as well as the Utilities. So, a joint meeting or maybe a workshop could be in store for that, and again some of those will take a number of hours, depending on everybody's schedule. Sometimes it is better to allot three hours and knock off a lot than to have a lot of smaller meetings; but that would be the members' decision and everything.

I think we have everything covered on here. The bottom part which is the infrastructure, I think Streets & Sidewalks and Utilities would be able to handle, those two committees could handle all those items there. Public Lands & Buildings would have their own two items there at the bottom of the top part, but they would also be involved with the Safety and the Community Services.

Councilperson Walchanowicz asked what about Technical Service Department, they work on our buildings?

Chairman Vice Mayor Grendel said I guess their input would be limited to what projects we have that they are contributing towards. They have a key component to the Public Lands & Buildings. A lot of the upgrades, a lot of the actual work is done by our own staff there.

I think we have a good idea. We know that the Safety Committee, Community Services, Streets & Sidewalks and Utilities, those four committees could really take care of a lot of this Five-Year Plan, at least contribute and then finally we would end up discussing it as Council as a whole.

Finance Director Blaze said well then the Mayor, Maggie, Dennis and I have some work still to do this month to get something workable into Council's hands at least for Rec and Community

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Services prior to Councilperson Kapusta's committee meeting later this month. Then we will anticipate everybody else following up with either committee meetings or a general workshop for the infrastructure through the month of October.

Chairman Vice Mayor Grendel said that sounds like a good plan Vern, and then we could have everything, the first draft of that, for the November meeting and then hopefully approval in the December meeting.

Finance Director Blaze replied excellent.

Chairman Vice Mayor Grendel said I know the hard work, and it's even more difficult because of this Covid situation, we are meeting here virtually where I much prefer meeting person to person and having people to be at our disposal. I think we would be a little bit more efficient, but we have to take care of things as they present themselves.

I guess that's our plan. You and the Mayor and the Department Heads will still fine tune your efforts, and then the very first meeting will be Kathleen your Community Services meeting will have the first one for the Five-Year Plan. Then Chris maybe your committee as well as Utilities and Streets & Sidewalks take care of things in October. What we can do possibly Chris, you have your meeting last because you will be the one who will handle some of that which crosses two or three other committee areas too. You can kind of tie things together.

Vern, does that sound, that's probably enough that we have on the Five-Year Plan at this point.

Finance Director Blaze said yes, the only concluding comment I will add is that if Council desires to try to pass the 2021 Appropriation ordinance at the December meeting, then we also kind of have to go down dual paths over the next three months of not only analyzing the capital and infrastructure budget but do the work for the operating budget too. That could be done on a parallel course where maybe we have a meeting, and we could have a Finance meeting shortly thereafter, maybe over the same areas but on the operating side.

Finance Director Blaze said I think we can do it. It's very important. We can go line by line, but obviously most people know that the biggest part of the operating budget is wages, salaries and benefits. So, it's really talking about the staffing levels in each department, and if the Mayor doesn't have any recommendations either for significant additions or significant deletions, then it's kind of just okay we are rolling forward into 2021 with the existing team we have; and then it makes it easier for Maggie, Dennis, the Mayor and me to propose an operating budget that shouldn't need too much tweaking, at least on our part unless Council desires to see major additions to staffing or major deletions to staffing.

Chairman Vice Mayor Grendel said the operating really kind of takes care of itself, especially you have so much invested in the employees and everything and the wages, benefits and that. So, I don't think we need to have as much time as we would on the Five-Year Plan even.

Mayor Kurtz said Mr. Vice Mayor, the only change or adjustment we need to consider will be overlap, there may be overlap periods when the Drop programs kick in which we are not totally

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aware of all the time. We may have to do some pre-planning for training and bringing new people in. Then we will have that overlap cost.

Chairman Vice Mayor Grendel said I see. A lot of that falls into the safety area, you are describing the Police and Fire. So, again a lot of times staffing issues can be handled with the Safety Committee too as part of their review of the Five-Year Plan, they could also review personnel needs or that too if we can.

Other than that, I would like to have both if we can introduced sometime in November, primarily at our November meeting and get everything approved at the December meeting so we can hit the new year with everything in place from a financial standpoint.

Finance Director Blaze said I like that plan, and I support it.

Chairman Vice Mayor Grendel said very good. I guess the next item unless there are some other questions on the Five-Year Capital Plan, we will move on to the update on the City debt issuance.

Finance Director Blaze said yes, thank you Vice Mayor. Hopefully, people got just the one page summary that was labeled the Fall 2020 Debt Offering Schedule of Events; and then there was a second page to that with two recent bond offerings by municipalities in Ohio. I have to thank Financial Advisor Matt Stuczynski who has been doing this for a couple of decades now, and he has been invaluable as has Blake from Calfee from the legal side just guiding us through all the process that has to be followed and make sure the i's are dotting and the t's are crossed in getting us to the starting line. We are kind of at the starting line of the prep phase but getting to the starting line of actually doing the debt issuance and getting it over the finish line.

So, that one page schedule of events, Matt had helped work up for us, and I just modified it to be not specific dates and just for purposes of this meeting use just general timeframes within the months. We are in that mid-September period. We are in that second phase there, mid-September review, revise and amend the preliminary offering statement. We are doing that internally. We do have a conference call scheduled for this week to finalize that which is that third step. Once we have that finalized, we will be sending it out to that OMAC that we are a member of, Ohio Municipal Advisory Council, and the best I could describe that in layman's terms. If you are familiar with the real estate business and the multiple listing service, you go to sell your house, you list it with a real estate agent and brokerage; and they put it on this multiple listing service. That way, agents all over the State of Ohio and their clients have access to help sell your house. That's the purpose of that step there with OMAC that we put notice out to the investment community across the country that hey Independence is going to be scheduling a debt offering pretty soon so keep us on our radar screen as far as trying to participate and bidding on purchasing our bonds. So, we will do that over the next couple of weeks, and we still have the goal by the end of the month to not only schedule the ratings call with Moody's but to hold that call with Moody's by the end of the month, if not the first week of October. I believe I explained in previous communications Matt had recommended that we stay with Moody's for our rating. That's who the City has used in the past. They are familiar with us. They are familiar with municipal offerings. Standards & Poors is too, but Matt feels that switching horses at a time like

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this would probably be more trouble than it's worth; one, because then we would be starting from scratch with Standard & Poors as far as getting them to know us as good as Moody's does. Secondly, Matt is indicating that Standard & Poors has a generally negative outlook on all government issuances right now. So, I concurred with Matt and Mayor as far as staying with Moody's. That should be done by the first week of October. It only takes a week to ten days to get a rating back from them then after that, and once we have that, then we could circulate that official notice to OMAC that yes here's the sale that's going to take place.

The goal is to still sell the bonds at a competitive sale before the end of October. Initially, we were looking at the fourth week of October; but we would like to bump that up to even the third week of October if we can if only to keep the sale as far away from Election Day in November as possible. We just don't know what wildcards are going to be out there. It seems like the October surprises have started to come earlier in the Presidential campaign, and the bond market, the investment market, the stock market, they are all just on edge a little bit right now. We have seen some large swings in some of the tech stocks recently; so our goal is to hold that sale as much as possible before the election. Once that is over and done with, then the last steps to be done in late October and through November are all perfunctory at that point, and the pressure is off us because we have our competitive bid for our bonds and hopefully before the election there is no big upheaval in municipal tax free market; and we are able to obtain some of the attractive rates that I will just go and briefly reference that the second page of that attachment that I sent out with the offerings of both the City of Troy and the City of Upper Arlington earlier this month, a couple of weeks ago. They both sold their bonds on September 2<sup>nd</sup>, and they are scheduled to close tomorrow as far as their closing date.

I would say both of them had fairly successful offerings from an interest rate standpoint. You could see if you have that sheet in front of you that we are going to be able to take advantage of the current low interest rates because it's not like a fixed rate mortgage where we are borrowing at a specific interest rate for the entire life of the mortgage. We are borrowing in these tranches, and so each year for the 15 years that we intend to issue the bonds for, a certain amount of those are going to come due and expire. That gets paid off, plus the principal. So, that's why you see Troy issued in their \$13,000,000 bond issue, their first four years of their bond offering, they are getting an interest rate under a half a percent.

Upper Arlington was even more successful because their first six years are under a half a percent. So, we are hoping to capitalize on that similar dynamic, and with the 15 year maximum life of these bonds, we hope that the all in true interest cost that takes in all the years is still well south of 2% as indicated by these recent offerings.

We can't guarantee that, but if things stay pretty stable in the tax free muni market for the next six weeks, we will be okay. These are the things that keep me up at night because I have seen these attractive rates, and I would like to make sure we get them. If something goes haywire as we have talked about many times the last six months, I always will thank Council for adopting that note legislation because we will have right up to the last minute to not issue the bonds if something goes haywire; and we see we are not going to get a favorable rate and collectively we make a decision to issue notes instead. That's the last thing from our minds right now, and I can't speak for the Mayor, but Mayor chime in. I know if we are going to make a decision like

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that, since we have been talking about the bond path for so long; if we necessitated altering and doing a 180 and going to notes, I certainly wouldn't do that in a vacuum, and I would reach out to all of Council to make sure you are all aware of that and all on board with that decision. Hopefully, that doesn't come into play, and that's just a back pocket option should it be needed.

Chairman Vice Mayor Grendel said now Vern I had a couple of questions regarding this. The two offerings from Troy and Upper Arlington, those were both for long term bonds?

Finance Director Blaze said correct.

Chairman Vice Mayor Grendel said I noticed that Upper Arlington had a better interest rate. Is that because of their financial, are they stronger financially than the city of Troy or is because they have more money that they are financing? Just the reason why there is a pretty good discrepancy between the favorable rates that Upper Arlington had and the rates that Troy had.

Finance Director Blaze said I think if you go to the Moody's rating, I think the difference will be there between AA1 and the AAA, it's in capitals. I think that's the catch right there that they had the different bond ratings, and so Upper Arlington got the better rates. It's just curious how they decided to extend their maturities out to 29 years. We certainly don't want to get anywhere close to that, but even Troy was there for their last (inaudible) in 21 years. That's due to the credit rating I believe Mr. Vice Mayor.

Chairman Vice Mayor Grendel said very good. I just wanted to get a little bit of an understanding. You can see both of these communities 15 years it gets under 2%.

Finance Director Blaze replied correct.

Chairman Vice Mayor Grendel asked now do you have any information, have any communities gone towards the BANs recently as opposed to bonds?

Finance Director Blaze said they have, and I notice those tend to be the smaller offerings, the \$2,000,000, the \$3,000,000 the \$5,000,000 offerings. I really haven't seen any Ohio municipalities do, an offering the size of the ones here recently on one year BANs. The website I go to that lists all these. I only pulled the Ohio tax free municipal ones as what I will call comparables to give to Council. There have been some school districts that have issued bonds, but those are backed by special assessments; and I don't think that's quite apples-to-apples. There have been some hospitals. There has been some joint improvement districts that have borrowed, but those to me all have dedicated revenue sources to pay them back, and so that has a different appeal to the investment community. The comparables I give you like these two, one they are municipalities like Independence; and two, their GO is listed here under offering type General Obligation Bonds. They are backed only by the full faith and credit of those communities and don't have a specific dedicated revenue source that is dedicated to the repayment. So, that's why I am giving you these cities that I am as comparables because it's as close as apples-to-apples comparison as there is.

Chairman Vice Mayor Grendel said very good. Any other questions of the Finance Director?

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Councilperson Synek said Mr. Finance Director, with Council having recently approved the purchase of the Kindl properties, how does that impact the principal amount you are intending to repay or is it to refinance itself. Are we going to borrow that money to buy the Kindl property? Are we going to fund it out of cash? How does that property acquisition tie in with this?

Finance Director Blaze said good question. Thank you for that. There is no intent to borrow for that. We were able to use that proverbial statement “move money around”, and with the August amendment that Council approved, we had teed that up as if the Kindl property ordinance was going to get passed and it ultimately did this month. So, we are good. If that sale closes by the end of this year or sometime in 2021, we are good to use cash on hand to pay for that; and this borrowing doesn’t come into play in that equation.

Councilperson Synek asked we are still hoping to pay back potentially \$2,100,000 at the upper end? That’s not off the table because of the Kindl property?

Finance Director Blaze said no, the intent is to max out the bond offering at \$15,500,000; so at \$17,375,000 minus \$15,500,000, it’s paying out at least \$1,900,000 if not the low \$200,000,000. We will try to get that number to as close to \$15,000,000 as possible.

Councilperson Synek asked and did I hear you say you were looking at a 15 year amortization on that?

Finance Director Blaze replied correct.

Councilperson Synek said good, glad to hear that. Shorter is better.

Finance Director Blaze said I agree. Look, I try to advocate with Matt. It’s our call ultimately, but I believe Matt has been a financial advisor in this business for a long time. He has been our financial advisor for a long time. He knows our cash flow capabilities, and the TIF revenue and projections. The Mayor and I talked about going 10 years, but he just said that’s a little aggressive. You don’t know with what’s on the horizon with the tax law change and stuff; I am more comfortable at the 15 because it keeps that debt service manageable. If we get in a position in 2021, 2022, 2023 or any time after that where the tax law change and the whole remote work issue starts impacting us negatively somehow; this will give us more breathing room where we will be able to fund our operating expenses. We will be able to fund our debt service, and we will still be able to fund our capital infrastructure, maybe not to the extent we do right now, but we will still be able to do all three and service our community. Whereas, if we nudge that payback period down to 10 years or so, we would be forced to devoting more of our free cash flow to the debt service. So, this just gives us a little bit more breathing room going forward the next couple of years.

Chairman Vice Mayor Grendel said very good. Dale, any questions for Vern?

Councilperson Veverka said no, I am good.

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Chairman Vice Mayor Grendel said I know Vern you gave us a scenario that I guess the Cleveland Finance Director was fretting about as far as what if as far as the income flow. That could be something that I think Council and the Administration could look at during our January workshop that we have for the coming year. I think we could take a look to see what kind of planning is necessary in case these lawsuits go against our City's position and that too.

I think that's something we have to be wary of, you can't dwell too much on it because otherwise you will lose sight of what is actually going on too; but you have to be aware. You have to be like you said, nimble, being able to plan accordingly if all of a sudden our income is being reduced. I think that's reading material. I read some of that, and I have to still read more of that article that you had sent us.

Finance Director Blaze said that was from Crain's, and I concur that at the January meeting, if we did it on a Saturday or like we have done in the past; I would be all supportive of that. I like what I think General Eisenhower said that something to the effect of plans are ultimately useless, but the planning process is invaluable. We need to engage in that process as just in case so we are not caught flat footed should the tide turn against us. You are right, and I think the Mayor has always been optimistic in nature, and we are going forward, and we are moving this City forward, and we are not going to let some potential risks take us off our game. I think it would be naïve on our part to just think future is all bright roses, and everything is going to be good; and we are never going to have any hurdles to jump over or chasms to jump over. I think a little bit of time devoted to that in January will pay in spades for us as we are more prepared to face the future.

Chairman Vice Mayor Grendel said thank you Vern. Mayor, any thoughts as far as what the Mayors' Association or what you are hearing as far as these lawsuits go.

Mayor Kurtz said to piggyback off of what the Finance Director said, there's a time to dream, and there's a time to be realistic. Finding the blend of both of those is the mark of a leader. That's my perspective, and we have been meeting continuously, the Mayors' Association and specifically I am part of a committee that is reviewing the impact of the income tax on our local municipalities. There's a house bill that's been introduced. Our thought is that we know there is no incentive to act on that this year. It's going to be something that's probably going to be a 2021 on the activity list before the legislature; but we are reviewing every aspect of the potential impact on the City of Independence. We will be continually reviewing different data points that RITA is supplying us, and we will continually look at what the legislature's appetite to change as well as the courts.

You may be aware that the courts are playing a role in this process of managing how you pay your taxes, where you pay your taxes and who you pay your taxes to. It's a big animal. It's very cumbersome, and it has a tremendous impact on the major big cities of Ohio. It also has that same effect on cities like Independence, Mayfield Village, a lot of the more affluent suburbs.

In my communication with my colleagues, even those who would be the beneficiaries of a change in the law, they recognize that major cities are the hubs; and if they are decimated like Cleveland, 85% of their income tax is by commuters. You take that away, and it would decimate

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the hubs of Ohio. Even those communities that would benefit financially, they recognize if we decimate the hubs. We are spokes, and if the hub goes bad, we are all going to be adversely impacted.

So, I will be keeping Council well aware of the status of any developments, but we continue to move ahead. We just have to continue to do all the projects we are doing, plan the future and be strategic about some of these things. That's what we are doing.

Chairman Vice Mayor Grendel said very good. I think it's probably a good idea if Jessica could keep kind of a pulse or tabs on those buildings on Rockside and Pleasant Valley and see if there's vacancies, and if there's different needs so we can be on top of those trends as a community to see maybe ahead of time which direction things are going in as far as employees continuing to work at home or if they are coming back. There is probably some information that we can get from our own companies here to keep on top of things too.

Mayor Kurtz said we are. We have a good infrastructure by design in terms of communicating with some of our businesses, but a lot of them are also in a wait and see mode or adjustment mode. Some of them are making adjustments to their infrastructure, their physical footprints to accommodate the new normal as we deal with it today. Some of them are looking at how they want to right size their facilities. Some of them it's taken a toll on their actual business model, and we will see some casualties on that. We have some companies that are spread out that are looking to consolidate and move into big buildings. So, it's the full gambit, and we are trying to protect ourselves and position ourselves. I would like to land one of them downtown or to be a part of our pretty strong foundation for our downtown development. We are working on that. So, we have some irons in the fire, but the Economic Development Director has done a great job of trying to navigate through this so we are not blindsided.

Chairman Vice Mayor Grendel asked how is our hospitality, the hotels and everything doing? They have to be hurting big time.

Mayor Kurtz said that's one of our biggest challenges right now, and it's not just the loss of revenue. It's the change in their business models, and the impact it's having on society and our safety forces. We will be talking about that more in depth. Some of this may have to be addressed in Executive Session, but it's opened our eyes to a number of different concerns. We are going to talk to Council, and our safety forces are going to position themselves to help us and help the greater Cleveland area and the entire country to navigate through some of these new challenges that are becoming more evident as a result of this Covid situation.

Chairman Vice Mayor Grendel said and finally Mayor the last question I have for you is that Dimit that we hired to do the downtown. Any kind of timeframe as far from them having something proposed or to show to the City?

Mayor Kurtz said you know Vice Mayor, as a matter of fact, we have a meeting I believe on Thursday with them; and so we should be in a better position after our meeting Thursday with the Economic Development Director to outline a proposed schedule. So, the meeting Thursday should generate some of the answers to those questions.

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Chairman Vice Mayor Grendel said thank you. Any other questions for the Mayor or Finance Director from the committee? Kenn?

Councilperson Synek said Mayor this isn't exactly Finance, but I am hearing multiple reports from friends, neighbors on social media of cars being broken into and cars stolen out of people's driveways in the dead of night. It's 3:00 a.m. and people are coming in one car. There are videos out there, the Ring security system showing the car pulling up from the street. One of the people jumps out of the car, walks up to the cars that are parked in the driveway, jiggles the doors and if they can't get in them they go back out; but I know of at least two cars that have been stolen and others have been broken into. We have a problem. So, whatever you can do to rally the Police Department and the forces to kind of put an end to that.

Mayor Kurtz said it's appropriate Councilperson Synek. We are well aware of the situation, and as a matter of fact, the Chief we discussed it today. He's preparing a narrative. He has already prepared it where we have internal review and new strategies that we are putting in place. It's a group of young kids. For example, the one who we apprehended who stole a vehicle a couple of weeks ago, or three or four weeks ago; we got him, and guess what, he was out before the paperwork was finished because of the policies downtown in Juvenile Court. So, we are fighting this battle, and these kids started in the western suburbs and they are navigating the southern suburbs and eastern suburbs. You are right, they have a simple model. They drive down a street, they see cars, they jump out. If they can get in or they have some tool that tells them when there's a remote in the vehicle, they access it and they are gone.

We have several strategies that we are going to put together; and I am going to address this more in my Admin Update this week so that we can make the people more aware of something that's very important. It's called protect yourself. In other words, your own property, lock your cars, take your personal belongings inside. With this Covid situation, it's no longer I trust my neighbors. I trust my neighborhood. I trust my community. It has taken on a whole different complexion, and people are finding new ways to create theft in the communities.

Yes, I appreciate the comments, and you will read more about it in my Admin Update and the Chief with the strategies that we are putting together to help get through this.

Chairman Vice Mayor Grendel asked Mayor are they targeting certain parts of town or close to the freeway or is there no pattern to this activity?

Mayor Kurtz said the concentration is on Hillside where there's easy access through Valley Woods, Forest Woods and I-77, and the Rockside, 21, Lafayette area. Again, these are the areas that we have affirmed action on; and then people through Nest and a few others, are seeing people who are coming over their cars, trying to break into their cars. Once they realize they can't, they get back in their car and take off. The Chief is well aware of it. His management team is looking at redeploying our resources in a manner that is consistent with our new policy to try and get a better handle on the situation.

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Chairman Vice Mayor Grendel said thank you Mayor. Any other comments? We are past our time there, and I am trying to stick to the 6:00 p.m. hour as close as we can. Any other questions before I call for a motion to adjourn?

Finance Director Blaze said just real quick. You will notice in the news today that Sherwin Williams announced that they are not going to kibosh the headquarters downtown and the R&D facility in Brecksville, but they pushed the timetable back by a year now to 2023 from 2022. They are just trying to figure out how to reintegrate all those employees given the Covid situation. They do want them back downtown and back in Brecksville, but now I guess they have had to alter their construction plans about how to bring that number of people and do it safely.

Chairman Vice Mayor Grendel said thank you Vern. Any other comments or questions? If not, I will entertain a motion to adjourn.

**Moved by Synek, seconded by Veverka, to adjourn the Finance Committee meeting of September 15, 2020. Voice Vote: 3 yes/0 no; motion carried.**

The Finance Committee meeting of September 15, 2020 was then adjourned at 6:07 p.m.

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Debra J. Beal, Clerk of Council  
**Minutes Unapproved at Time of Release 09/16/20**

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