

**CITY OF INDEPENDENCE  
FINANCE COMMITTEE MEETING  
MINUTES  
OCTOBER 7, 2021 AT 8:45 A.M.  
VIRTUAL MEETING VIA ZOOM**

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

Also Present: Mayor Gregory P. Kurtz (arrived at 9:07 a.m.)  
Councilperson Kathleen Kapusta  
Councilperson Jim Trakas  
Councilperson Chris Walchanowicz  
Finance Director Vern Blaze  
Matt Stuczynski, MAS Financial (left at 9:20 a.m.)

Chairman Vice Mayor Grendel called the Finance Committee meeting to order at 8:51 a.m.

Chairman Vice Mayor Grendel said there's only one item on the agenda today, and that is Ordinance 2021-124. It's an ordinance authorizing the full or partial redemption of the City's various purpose refunding bonds, Series 2011, limited tax obligation and declaring an emergency. Well it was kept on First Reading at the September meeting, and I guess what I will do Vern is turn this over to you. Again, you explained to us many of times, as a matter of fact going back a number of months but let us know the whole purpose and intent of this legislation.

Vice Mayor Grendel said the question that Vern put in his email was why the bond payoff legislation is open-ended to allow a varying amount of a potential \$3,600,000 in bonds that can be paid off?

Mr. Stuczynski said let me address the question unless Vern has something he wanted to bring forth first.

Finance Director Blaze said I know you have a time schedule, you have another meeting.

Mr. Stuczynski said so I have seen the type of optional redemption language drafted both ways; sometimes fixed amount, sometimes a not to exceed to amount. The larger the optional redemption amount, the more flexibility I suggest building into the legislation. In as much as if there are market dynamic changes, the City may decide to alter its strategy and do something else. Keep in mind, this is more of an investment strategy than it is a debt management strategy. What we are trying to do is extract what we are going take some liquidity out of the City's financial resources to retire debt that has higher coupons, ranking from to 3% to 4%.

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The goal here is that should the market dynamics change and the City decides it doesn't want to utilize all the \$3,500,000 to invest or retire these bonds; the not to exceed amount is merely designed to give the City flexibility, nothing more than that.

Chairman Vice Mayor Grendel said I know Kenn you have concerns, what is your question for Matt?

Councilperson Synek said the way this is written, it's Council handing a blank check to the Administration saying here's a check, don't spend more than \$3,500,000; and I don't like it being that way. Pay the stuff by a certain date or we are not; and the Administration should come to Council with a civic plan of what you are going to do and when. Either they are going to pay this stuff off or we are not, and this ordinance doesn't make it clear exactly what the end date is to pay off the \$3,500,000 debt. We need a clear statement of that. This is just open-ended as it's written now. I think everyone is in agreement, we want to pay this stuff off. Let's say what we mean and mean what we say; and say if we are going to retire this whole \$3,500,000 by whatever date. They mature on December 1<sup>st</sup>, so we have as much time as we need or want after December 1<sup>st</sup>. I am not exactly sure, I just know the debt matures on December 1<sup>st</sup>, and then we have the option to pay it off.

So, what exactly is the plan for paying this back? When is the cash going to leave the City's coffers and retire this debt?

Mr. Stuczynski said if I could jump in with just one quick clarification. The first opportunity to redeem is December 1, 2021. The City can do this at any time after December 1, 2021. It doesn't have to be on December 1, 2021. So, you raised a good issue in terms of what is the plan. The plan was to retire the debt in the amount that is authorized in the legislation; however, again should the market change dramatically, should there be something as it relates to income tax, litigation that changes the future forecast of income taxes. The legislation was designed to give the Finance Department the authority to do something less than the maximum amount. That's not uncommon in these pieces of legislation where we are issuing notes or bonds or where we set a maximum amount and the City does something less by way of the authority of the Finance Department.

I completely understand the Councilperson's concern, but again it is designed to give the City flexibility. That doesn't mean that the City doesn't have a plan. I believe the Finance Director and Finance Department do have a plan; and with that I will stop and see if Vern wants to jump in.

Chairman Vice Mayor Grendel asked well Vern is there a possibility that, we have every intent to pay everything off unless something changes. Is there a possibility that between when we approve this that if you do have a change of plans, you would inform Council immediately and we have to approve anything that's less like what Kenn said what we approved? So, that Council is kept in the loop of this decision, and it's not learning after the fact.

Finance Director Blaze said thank you Vice Mayor. I have been pretty open in my communications with Council, the public the last couple of months that yes the intent is if

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everything stays as it has the last couple of months, the next couple of months the intent, I think we have the support of Council is to retire this \$3,580,000 worth of bonds. I just always rounded it to \$3,600,000 for the discussion. I just wanted the flexibility in case, and the chances are small, but these in case things happen. Income tax drops like a lead balloon in October and November, and we are like maybe we don't want to give up this cash. Or the Mayor gives the example of what if a Sherwin Williams comes and says hey we want to come to your City like right now, but we need a decision right now; and we need "x" millions of dollars to make this economic deal happen right now. Something like that will cause us to maybe okay maybe we aren't going to pay off all this \$3,600,000; but barring any of those circumstances that I just described, which are not completely likely, but they are possible, the intent, I have said it many times, and I will say it again here, the intent is to just pay the \$3,600,000 off because as we noted in communications and as Matt just noted, the interest rates on the tranches are between 3% and 4%. We are not getting anywhere close to that on the City's money.

Yes, I have been very transparent. I don't ever want to take a unilateral action in a vacuum and then come to Council and tell you what the Finance Department and the Mayor did. If we would deviate from the plan of paying the \$3,580,000 off, I would certainly come to Council and say hey Council you know what, I think we are going to pay off a little bit less because the income tax dropped, something happened, whatever. Expenses are coming in way higher than we thought, some outlandish circumstance that would cause us to rethink it. Right now we are very comfortable with the City's cash liquidity and cash position that if nothing changes going forward, if the income tax stays the way it's been, the \$3,600,000 is absorbable for sure.

Chairman Vice Mayor Grendel asked any questions Kenn or Dale?

Councilperson Veverka said just a comment. Vern, would you just say for the record if the \$3,500,000 is paid off would it get us back in the ballpark of what the liquid cash would be if like you said, if Sherwin Williams comes charging in. What money would we still have readily available?

Finance Director Blaze said well we just turned over in October, I don't know we don't have the September numbers closed out; but with fairly good certainty say that even after if December 1<sup>st</sup> was right now; and we wrote the check for \$3,580,000, the City's total cash balance, a lot of it is encumbered, but the whole cash balance would still be in excess of \$40,000,000. So that gives me the comfort factor that we are in a good liquid position now, and we are blessed to have this opportunity to be able to pay off this higher interest rate debt.

Chairman Vice Mayor Grendel asked Vern how soon after December 1<sup>st</sup> do you intend to pay this off? Do you intend to pay it off pretty quickly, early December?

Finance Director Blaze said oh no, right on the 1<sup>st</sup> because if you don't pay it all off we still have to make the scheduled principal payment; so the intent is to make the whole payment of the \$3,600,000 on that date.

Councilperson Synek said if that's the plan, that is what Council should vote to approve and be specific, we are going to pay this debt off, \$3,500,000, not this full or partial redemption

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language that's in here. Let's say what we mean and mean what we say. We want to pay this debt off on December 1<sup>st</sup> so the ordinance should reflect that. The way it's written right now is very open-ended. It just gives the Finance Director the opportunity to choose how much he pays off or doesn't pay off; and Council has no further say in the matter; \$3,500,000 is too much for Council to just hand over that sort of blanket approval. We should be more specific.

Finance Director Blaze said Matt has another meeting to go to, but my suggestion is leave this on First Reading. It was on First Reading in September. It's on Second Reading next Tuesday. Make a motion on the floor to amend, and if you get a second and at least a 4-3 vote, then it will go that way. We will administer it how Council desires. I stated what I believe that the right position to be, being open that it's going to be transparent. If we do anything other than the \$3,600,000 Council will know about it. I will take the poll, get your blessings, and I am sure the Mayor feels the same way and just vote it up or down on Tuesday then. That's fine. We will live with it either way, but this is I think the right course of action just to make sure that anything happens, it's a crazy world out there right now, and we don't know what could happen between now and December 1<sup>st</sup>.

Chairman Vice Mayor Grendel asked is there a way we could approve just paying the \$3,600,00 and then if something does come up, say right near Thanksgiving or then, we could have a Council meeting that we would adjust that figure to whatever amount you would think would be appropriate? Say everything is going along, and all of a sudden something happens around the end of November, and you feel that \$3,600,000 is not the proper course; and you would be doing the same thing you are actually doing now, but then you would come to Council and say hey we need to have a quick meeting. I am thinking the \$3,600,000 isn't proper, but maybe \$2,500,000 is or that, and we have a meeting and approve the \$2,500,000 and you go ahead and pay off that figure on December 1<sup>st</sup>. I think Dale you had a question.

Councilperson Veverka said just a suggestion then. If the concern is what's going to happen a little bit down the road, why don't we simply not deal with this piece of legislation at the October meeting and do it in November? If we do it in the November meeting, it's only 2 weeks before the actual due date for the bonds, and then we could put the verbiage in there that we will do it at the \$3,600,000 and do it.

Finance Director Blaze said Matt could speak to that, but I believe there's some covenants that we have to abide by if we intend to pay off these bonds prior to their maturity; we have to notify the bond holders and jump through a few hoops. Maybe it can be done in 2 weeks, but that might be cutting it a little bit close.

Mr. Stuczynski said let me jump in because I do have to terminate this call and move on to my next meeting. I apologize for that, but I would just suggest that you don't put a hard date in there. If you want to put an end date that's fine, but as you just mentioned Vern, there is a Notice of Redemption that was to go out. That's generally 30 to 45 days. I think it's 45 days in this case, but I don't have the document in front of me. It's generally no more than that. So we have to give notice to the investors that we have the intent to redeem these bonds; so I would only ask that you not put a date of December 1<sup>st</sup> as the redemption date. That will get there if we do a November meeting. If you want to say something like before June 1, 2022, that certainly

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would give us enough room; but I please ask you not to put a defining date in there as a termination of when this legislation will be in effect.

Finance Director Blaze said I'm okay with the legislation as it's written without that date in there, but I could accept the Vice Mayor's suggestion. I guess by osmosis it's also Councilperson Synek's suggestion that in Section 1 it should read that the City is to redeem all of the Series 2011 bonds and further in that sentence it says \$3,580,000, and if it is the desire to do otherwise, we will just have to come back to Council and do so; but at least that will be able to put us, start the paperwork in motion and notify the bond holders that we intend just to redeem these.

Mr. Stuczynski said I apologize, I am going to have to jump to my next meeting. Vern, I will get back to you.

Chairman Vice Mayor Grendel said thank you Matt for your contribution. Have a good day.

Matt Stuczynski then left the meeting.

Chairman Vice Mayor Grendel asked Mayor do you have any comments regarding this?

Mayor Kurtz said it's not as though we are hiding any money or things aren't being transparent. I think the Finance Director made a request and developed a strategy, and you are the body that has to approve it; but you have to give some flexibility. He's not going to sit here and just be able to continue to make suggestions and then make recommendations, not suggestions, and then we go back and forth like windshield wipers. You know the most, it could be less, and my opinion is I'm not sure this, we are spending a lot of time on something that we already know the outcome, whatever.

Councilperson Synek said if it's going to be less, Council needs to be an active participant in that. We should not leave that decision to the Finance Director. By the way the legislation is written, Council takes itself out of any decision if we are going to pay less; so that's not good. It's just not good.

Councilperson Kapusta said I respect our advisor Matt who we have worked with for many, many years, and if I heard correctly, his opening remarks were that this legislation is not unusual. That it is legislation that he has seen before written in this format, and I think it goes back to, I respect what Councilperson Synek is saying, I think it goes back to what does the majority of Council feel? If the majority of us are uncomfortable with it, I certainly would say it has to go that way, but I believe, I don't understand where it's such unusual times, economically and otherwise why we would want to take a position where we would, to me it almost seems like a position of we don't trust. I do trust, and I respect that our Finance Director has continued throughout his whole tenure to provide us with more than adequate information, and I think I am good. I am good with the way the legislation is now, and I don't know if the majority isn't, then I think we need to amend it. I would like to hear if the majority is or is not.

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Mayor Kurtz said Mr. Vice Mayor, it's been very clear, this Finance Director has been super transparent, been giving more information to Council than anyone in history; so anyone who is not comfortable with the path, the strategy we have on for the last 2 years, I am a little bit disappointed because we have been more than transparent; and he has been very transparent in terms of giving us more information than Council has ever received historically. So, he has responded to Council's suggestions and requests over the past year and a half, and I think he still continues to. Ultimately it is your decision.

Chairman Vice Mayor Grendel said Mayor I agree with you. I have been, I am finishing my 18<sup>th</sup> year. The majority of that time with the previous Finance Director, we pretty much, Kenn you mentioned carte blanche, but he pretty much operated in a circle of one as far as letting us know after the fact on a number of things. So, Vern has kept us in the loop this last almost 2 years and we have been informed. I think in this case here, I trust, I know that Kathleen had stated too; and I know that Vern if something happened that you needed to adjust the amount being paid, you would inform us rather within a day's time through email or at least call a quick meeting or that; but like you say, we are 99% sure we are going to pay off the whole amount; but in today's world things could change on a dime. It could change quickly, and the big thing is that we need to know that and know the information. You have always provided us information within a short period of time if not immediately. Like Kathleen, I trust, but again I am also sensitive to what Kenn says that we have our duties and are responsible ultimately for expenditures and things of that nature.

Kenn, I think Kathleen you and I being on here a little bit longer, we have more trust, especially the way Vern has operated that he will keep us informed right away that if something has to be done less, it's because he's protecting the City in one way or another and protecting us.

I am happy either way, but I understand Kenn's feelings too, and again I have to be sensitive to what everybody has stated here. Myself, I would vote for this legislation if it came on the agenda for Tuesday's meeting. Dale, I will let you comment on this.

Councilperson Veverka said I kind of like what you said Dave, we write it as all; and that we have it all covered. If there's a situation that changes, then in that case Vern can come back to us. That way we do keep our thumb on the pulse; so Dave I like your thought about just saying we are going to do it all. If anything comes up in the time in between, then Vern can come back to us; and could make a quick adjustment. That way we have the \$3,600,000 covered, and if something does in that fraction of a percent come up, then we can be informed and we can redeem less. I like your word all.

Chairman Vice Mayor Grendel asked would that give the flexibility to you Vern, if we approve paying it all off and then something comes up in November; and you need to cut back on some of the payment and everything, would you have the capability of doing that through legislation with Council?

Finance Director Blaze said yeah I think as Matt indicated, we might not be able to affect that right on December 1<sup>st</sup>, but since the call date begins December 1<sup>st</sup>, we could do it at a date after; so instead of just paying whatever amount of principal we would be paying on the very first date

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possible, December 1, 2021, it would just be a couple of months after that, after we got the legislation passed and gave the 45 day notice if that's what the notice is. I am pretty darn sure that \$3,600,000 is the number; so if the majority of Council amend it to say all, then that's probably going to get us where we want to get to. If we need that flexibility, then we will just have to come back to Council for that flexibility.

Councilperson Veverka said in that case I would make a motion that you add the word all, \$3,600,000.

Finance Director Blaze said all is in there. You just really have to take out the words "or a portion of."

Councilperson Veverka said okay, then that would be my recommendation.

Chairman Vice Mayor Grendel asked Kenn, you are supportive of that too?

Councilperson Synek said I will second that.

**Moved by Veverka, seconded by Synek, to take out the words "or a portion of" from Ordinance 2021-124. Voice Vote: 3 yes/0 no; motion carried.**

Chairman Vice Mayor Grendel asked Jim are you in agreement with what you have heard?

Councilperson Trakas said I was comfortable either way.

Chairman Vice Mayor Grendel said I was too, but I want to have it unanimous and have it approved; and I think still Vern knows if he needs a change, we are receptive. If something comes up, we will understand that you need to cut back on that, then we will do that. I would like to have a recommendation from Finance.

Finance Director Blaze said Councilperson Walchanowicz is in the room too. He is not on camera.

Chairman Vice Mayor Grendel asked any comments from you?

Councilperson Walchanowicz said I follow a lot of my information from my tenured Council Members. I trust Vern. I feel that the verbiage, I am fine with it. I will support it.

Chairman Vice Mayor Grendel said thanks Chris. We will amend the legislation for Tuesday, and we will vote on it as amended.

Councilperson Synek said Dave I would like to propose a second amendment, somewhat in line with what Matt proposed. So, Section 3, paragraph (c) of the ordinance refers to a redemption date, and I would like to add language something to the effect of "such redemption date shall be on or before June 30, 2022" just so it has to be done by June 30, 2022, otherwise it could just hang out there forever.

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Chairman Vice Mayor Grendel asked what page is that on in the legislation?

Councilperson Synek said it's Section 3, paragraph (c) of the ordinance. I would like to add a sentence at the end that says: "such redemption date shall be on or before June 30, 2022."

Chairman Vice Mayor Grendel asked any problem with that Vern?

Finance Director Blaze said no, that's fine.

Chairman Vice Mayor Grendel said Kenn has a motion, and I will second that motion.

**Moved by Synek, seconded by Grendel, to add the above language to Ordinance 2021-124. Voice Vote: 3 yes/0 no; motion carried.**

Chairman Vice Mayor Grendel asked anything else for the good of the committee or good of Council?

Then we will entertain a motion to adjourn.

Councilperson Synek said I'm sorry Dave, I did have one more thing that I wanted to bring up. As I was going around the neighborhoods, I bumped into a constituent whose company has a job relocation grant of some sort related to Quasar Energy on Pleasant Valley. The reimbursement grant or whatever is held up somehow, Vern can you enlighten us as to the status of the payment of that? It also sort of ties in with the Topgolf thing, which was committed by the previous Mayor; and as I understand it still hasn't been paid. So, is there an issue getting these people these grants that have been promised?

Finance Director Blaze said I think there's more to it than just a simple 30 second answer on line here, and if we want to talk in person, I will be amenable to that.

Mayor Kurtz said I am hoping to have legislation yet in place for the October meeting for Topgolf; so that will answer that question as soon as it's available.

Councilperson Synek said good. I just don't want the City to get a reputation for making promises and not delivering on them. If it's one, it's a standalone, but now there are 2 that I am aware of that are kind of hung up in the City Administration; and I am not quite sure what the holdups are.

Finance Director Blaze said there are a lot of extenuating circumstances surrounding that particular economic development incentive grant; so I could talk to you about that in another forum.

Mayor Kurtz said the Topgolf is complicated because of the issuance of the occupancy permit, and several of the areas that are making sure there is no conflict. So, we are bringing a resolution

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to that I believe, and hopefully we have something, even next week we might have it on the agenda if there is a conclusion drawn.

Let me make it clear, the Covid didn't help anything because it exacerbated the time tables people had in place to validate the expectation relative to a building permit, and the occupancy permit. So, based on our observation and all of a sudden Covid hit and just moved the ball, so we believe that we have reached an understanding and the Building Department, everybody is going to be comfortable. If that's true, then we are actually going to put it on the October agenda if we get it this week.

Councilperson Synek said great.

Chairman Vice Mayor Grendel said thank you Mayor. Any other questions or concerns?

It was nice to see everybody early in the morning.

Councilperson Synek said one more thing, we do have an appropriations amendment for next week, but details still to come I think.

Finance Director Blaze said yeah, and as of last evening we think we can get through October without that and it will just likely come in November. We will reserve that right because there are some spending legislation on the agenda Tuesday that again we think we can facilitate by moving some money around the way we are allowed to; but if by chance it kind of cracks over the ability of us to do it with internal movement, we would have to come back for an appropriation amendment. The goal is actually to have that removed and just deal with it in November.

Councilperson Synek said thank you.

Chairman Vice Mayor Grendel said so we will know by this weekend Vern if you need to have that on or not.

Finance Director Blaze said look Maggie's nephew died, the wake is today, the funeral is tomorrow; so we are going to get sidetracked the next couple of days with that. It might not be until Monday; but right now there is a greater chance you will not see an appropriation amendment on the agenda, but just as we amended legislation to say all I try to stay away from using those always and for sure words and give myself a little flexibility. The intent is to not have the appropriation amendment on for the Tuesday legislative agenda.

Chairman Vice Mayor Grendel said very good. Dale, you had a comment.

Councilperson Veverka said one kind of a side comment. The Finance Committee does bear the responsibility of passing along the best decisions to the rest of Council, and obviously we have a Finance Director that is doing a wonderful job. He is definitely looking out for the best of the community. I am uncomfortable when people were talking about the word trust because we are fulfilling a responsibility as a Finance Committee; and I know that Vern is doing a great job. So,

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I hate when people start talking about the word trust because it's a combination of he's doing a good job, he is presenting the information to the committee and the Finance Committee is fulfilling their responsibility by being very careful at what legislation we pass on to the rest of Council. That's my point.

Chairman Vice Mayor Grendel said thank you Dale.

Councilperson Kapusta said I hear what Councilperson Veverka said, and I tend to disagree with that because I think when I make any of my decisions, if I don't trust the person who is presenting the information, then I have a problem, and I won't vote for that. So, for me I always need to know that we are being presented, yes our ultimate responsibility as the elected officials is to vote on it; but I need to know where my source is coming from. So, I will continue to use the word trust because I think it's very important because if we don't feel we have that, then we have issues guys; and so that's why use that word.

Chairman Vice Mayor Grendel said the 7 of us working together, along with our Finance Director and our Mayor, everything is built on trust and mutual trust. I have never come in here not trusting any of my fellow Councilpersons. I have been blessed that everybody has spoken from their hearts, spoken with a trust factor of each other. We are here to support the City first and utmost, and if we need to express ourselves and certainly we need to do that to be true to ourselves and to be true to the residents. The fact that we work well together is based on that we know that the Mayor, the Finance Director, everybody that works in our inner circle here, Debi and Dar and everything; the trust factor is there because we cannot operate without that. You are kind of crippled almost, and we have been operating very well these last few years; and I give a lot of credit to the Administration and to Council that we have been able to really be open with each other and trust that we are going to do the right thing. The right thing in our hearts might be a little different from each other, but at least the thought process that we are doing things for the best benefit of the City, not for us politically or for anybody else. It is just one goal, and that is to make this City the best it possibly can be.

Finance Director Blaze said amen.

Mayor Kurtz said I agree, a beautiful saying, thank you.

**Moved by Veverka, seconded by Synek, to adjourn the Finance Committee meeting of October 7, 2021. Voice Vote: 3 yes/0 no; motion carried.**

The Finance Committee meeting of October 7, 2021 was then adjourned at 9:29 a.m.