

FINANCE COMMITTEE MEETING MINUTES

JANUARY 27, 2019

Mr. Stelmaschuk called the **FINANCE COMMITTEE** Meeting to order at 7:15 p.m.

Attendance

**MEMBERS PRESENT:** Mr. George Stelmaschuk (Ward 3 Councilor, President Pro-Tem)  
Mr. Joe Price (Councilor At-Large)  
Mr. Robert A. Boldt (Ward 4 Councilor, President)  
Mr. Thomas Pavlica (Ward 1 Councilor)  
Ms. Jennifer A. Mahnic (Councilor At-Large)  
Mr. Glenn R. Goodwin (Councilor At-Large)

**MEMBER ABSENT:** Mr. Brian Wolf (Ward 2 Councilor)

**OFFICER(S) PRESENT:** Mr. Samuel J. Alai (Mayor)  
Mr. Dave Pfaff (Finance Director)  
Chief Jeffrey Hajek (Fire Chief)  
Mr. David Schroedel (Service Director))  
Mr. Gary Yelenosky (City Engineer)  
Ms. Kristina Sorensen (Economic Development Director)  
Mrs. Paula Horner (Parks & Recreation Director)  
Mrs. Amy Jo Washabaugh (Human Service Director)  
Lt. Steven Raiff (Police Lieutenant)  
Mrs. Helen Dunlap (Clerk of Council)

**OFFICER(S) ABSENT:** Mr. Vince Ruffa (Law Director)  
Mr. Joe Mandato (Chief Building Official)

NEW BUSINESS

**Approval of Law Director and Assistant Law Director Invoices**

Mr. Stelmaschuk asked Mr. Price since he was previously on this committee if he had a chance to review the Law Director billings for November and December.

Mr. Price stated that he did and he has no questions. He doesn't know whether or not Mr. Stelmaschuk does.

**Mr. Price moved to approve the Law Director and Assistant Law Director invoices for November and December; seconded by Mr. Stelmaschuk. All voted in favor.**

**Hiring of Municipal Financial Advisor**

Mr. Pfaff stated that this is a best practice for when you are doing bond and note issuance. He knows that last year when they did the note issue he just handled it himself. Actually that was on a recommendation from Matt Stuczynski who he is recommending that we proceed with. Looking at what we are going to do this year we have the notes that mature in April and we will either roll those over which we may reduce the amount to \$2 million and then we are also going to have a bond issue for the fire engine and possibly some of the traffic signal work and depending on the timing of Route 82 we may actually issue the bonds early before that project is complete if we have the cost nailed down. If that is the case, we wouldn't even have the note issued we would go straight to bonds. Looking at roughly say \$2 million in notes, \$2 million in bonds or say roughly \$4 million in bonds, he does have a proposal from Sudsina and Associates but in both of those scenarios, Matt Stuczynski would be cheaper by about \$7500 in one and \$9000 in the other. They have different fee structures that they work on. Sudsina usually works on a flat fee where Matt charges a dollar amount per \$1000 of issue. The breakeven point is about \$10 million of an issue and he doesn't see that we will get to that point.

Mr. Stelmaschuk asked what Mr. Pfaff means by breakeven.

Mr. Pfaff stated where their costs would be roughly equal.

Mr. Price stated that Mr. Stuczynski has an outstanding reputation. He has never met him but he has had a number of conversations with Independence, Strongsville and a number of other communities that have employed his services. He thinks that Mr. Stuczynski is out in Strongsville. He spoke to him a couple of times and was very impressed by the man and he thinks that he would be an ideal candidate to do this service for the city.

Mr. Pfaff stated that one of the things that he wanted to mention too with the fees, generally speaking just like Squires with the bond counsel, you roll the cost into the issue themselves so it wouldn't be money that we are paying out of the general fund. Ultimately we are paying for it but it is usually part of the debt issue itself.

Mr. Stelmaschuk stated that it makes sense that if it is comparable and Mr. Pfaff is comfortable working with the gentleman himself, he is just saying.

Mr. Goodwin asked if we would have bond counsel in addition to these costs.

Mr. Pfaff stated correct.

Mr. Goodwin asked if Mr. Pfaff knew how much the cost would be for the bond counsel.

Mr. Pfaff stated that he is going to guess \$20,000-\$25,000. It depends on where we are at. He could look but he thinks that it was \$40,000-\$45,000 when we did the recreation center bonds. Usually bond issues are more expensive than note issues. He wants to say that he was around \$15,000 for the note issue last year.

Mr. Goodwin stated that he guesses when he is looking at the proposal he sees that it is the minimum of \$15,000 per bond and we are going to have three separate bonds. You are not going to lump them together and you are going to have three separate issues.

Mr. Pfaff stated no, you are going to combine them. If we are doing bonds, we are going to do bonds one time during the year. We are not going to do bonds at three different intervals.

Mr. Goodwin stated that Mr. Pfaff is saying that the total cost for his (Mr. Stuczynski) part is would then be, depending on the \$12,000 and then the \$6,000 which would be half of that that we would be credited back.

Mr. Pfaff stated correct. Let's say for example if we did a \$2 million note and a \$2 million bond issue, the fee for the note issue, there is no minimum, it would be \$3500. The bond issue would be a minimum of \$15,000 and then we would get credited for half of the retainer so we would owe \$6000 on that which would be a total of \$24,500. The Sudsina proposal, his cost for a note issue is \$2500 and for a \$2 million bond issue he charges a flat fee of \$30,000 so you would be at \$32,500 instead of \$24,500.

Mr. Goodwin stated that he guesses that he is living in the past because in the past we never had a counsel, or an advisor, we just had bond counsel.

Mr. Pfaff stated no you had an advisor.

Mr. Goodwin stated and his costs were between \$4000-\$5000 but granted that was a few years ago. He thinks that this was back in 2006. The total costs were much less. But you are saying that this will only be one bond though.

Mr. Pfaff stated yes. He stated that he will somewhat correct Mr. Goodwin on that. If you go back to when you issued the recreation center bonds, within the bond ordinance itself, you hired a municipal advisor and you paid him over \$40,000 but it was within the bond issue legislation and got paid for out of the proceeds of the bonds. So you have used them in the past. That is sort of why he is here today. He wants to be up front and let them know that he is going to use them. He didn't want to go to having the note or bond legislation written with a paragraph in there authorizing him to use someone.

Mr. Goodwin stated but he is only going to have one bond issuance cost.

Mr. Pfaff stated correct. We may have a note issue and a bond issue but there is no minimum on a note issue or we may just have one bond issue.

Mr. Boldt stated that he agrees with Mr. Pfaff and that they need to go forward on this. He would just like to know monthly and where they are at and how much they have paid out and he is good with that. He knows that some council members would agree and he thinks that Mr. Goodwin is just trying to get at how much it is going to cost us this year and if they find out monthly where they are at then they can all make a good decision.

Mr. Pfaff stated that on clarification on how he will bill, he won't bill when we do an issue, we will know what his costs for that issue are, but it will get paid through the proceeds and then the retainer portion, it is not due until next year because what he does is that he waits until the end of the first year of the contract and then credits you for any of the issues that you had and then you pay the bonds on retainer.

**Mr. Price moved to pass the Municipal Financial Advisor along to Council with Finance Committees approval; seconded by Ms. Mahnic. All voted in favor. This now goes to Work Session.**

MISCELLANEOUS

There will be a Finance Committee meeting next Monday, February 3<sup>rd</sup> to begin going through the budget.

Mr. Stelmaschuk stated that with no further business to come before the committee, this meeting is adjourned.

The time was 7:24 p.m.



HELEN DUNLAP, CLERK OF COUNCIL



ROBERT BOLDT, PRESIDENT OF COUNCIL