

**CITY OF HIGHLAND HEIGHTS
MINUTES OF A COUNCIL MEETING
AS A COMMITTEE OF THE WHOLE
HELD: FEBRUARY 16, 2021
7:00 PM
ZOOM MEETING**

PRESENT VIA ZOOM: Mayor Brunello; Council Representatives D’Amico, DeLisio, DiLalla, Ganser, Hargate, Milroy, Stickan; Clerk of Council Cahill; Fire Chief Turner; Police Chief Cook; Service Director Belfiore; Building Commissioner Grabfelder; Finance Director Filippo; Director Paluf; Recreation Director Ianiro; Stephen Szanto & Greg Van Wagnen from Sudsina & Associates.

AGENDA

Zoom meeting with Bond Counsel to discuss bonds, budget, and capital projects.

President Stickan stated this was a public noticed meeting and there were no requests for public participation to this Zoom meeting.

Mayor Brunello provided Council with capital request lists from the Fire Chief, Police Chief, Service Director, Recreation Director, Finance Director and Mayor’s Office.

Sudsina & Associates provided a Bonds 101 Presentation packet and Capital Financing Overview packet for Council to review. Mr. Szanto stated that interest rates are very low, and the City is considering taking a bond issue for roads and capital needs for 15 years. The City has a AA1 bond rating which is near to AAA, the highest rating.

Mr. Van Wagnen provided a page from the Capital Financing Overview packet that illustrated current interest rates. Currently interest rates are at an all time low and it is anticipated to remain low for the foreseeable future.

Page 3 of the packet, the debt limitations page, illustrated debt outstanding, direct debt limits and indirect debt limits. Page 6 illustrated an example of competitive bidding and the cost associated with the different percentages. The competitive bond sale allows for the most aggressive bank to be the underwriter. A chart illustrated how the different percentages affected the total interest on a \$7,500,000 bond. The difference between the first and second lowest interest rate is worth approximately \$100,000.

Mr. Szanto stated the transaction requires to be conducted by June 10th as this is when the current notes mature. Mr. Szanto suggested a conference with the bond rating agency to request an increase to the current AA1 bond rating.

Mr. Van Wagnen responded to Mr. Milroy’s and Ms. D’Amico’s question that the payment in 2022 is lower due to an intentional structure that was requested. Mr. Filippo stated the amount can be discussed; however, in 2021 there is a \$403,000 debt service payment. The delay in payment will cost approximately \$26,000. There is an opportunity to have a 5-year flexible pre-payment option. Mr. Filippo stated that once the money is received in June, 85% of the monies must be spent within three years.

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Chief Cook questioned the fee structure on the bond. Mr. Szanto stated the bond issue is a flat fee and the estimated cost of issuance on \$6-\$12 million is approximately \$125,000.

Mr. Szanto stated he will be available to answer any questions or concerns Council may have. Director Filippo thanked Mr. Szanto and Mr. Van Wagnen for their presentation this evening.

President Stickan thanked the Mayor Brunello, Chiefs and Department Heads for submitting their department's capital requests. The specific projects will not be determined this evening; however, it provides a context of all the projects.

Mayor Brunello stated his listing of potential projects/purchases exceeds the proposed amount to be borrowed. All projects/purchases are debatable as not all projects/purchases can be completed. Mayor Brunello suggested Council begin by determining the amount that will be borrowed and then the projects can be selected. Mayor Brunello confirmed with Council that a \$1.1 million balance will be kept in the capital fund. The new monies will be used for the submitted projects.

Director Filippo stated the Department Heads, Chiefs and Directors have been invited to attend this meeting so that Council can ask them specific questions regarding their requests.

Ms. D'Amico questioned if a list was submitted for the Building Department. Mayor Brunello stated the Building Commissioner has only requested a new vehicle. Commissioner Grabfelder stated the current vehicle is 11 years old and is the only capital request.

Mr. DeLisio questioned the Safety Forces regarding the tower replacement. Chief Cook stated the cost estimate which will need to be updated, is for a total replacement of the tower.

Chief Cook is concerned with the roof and HVAC system of the police and fire department building. Chief Turner stated the current boiler system is insufficient and the roof has numerous leaks. Chief Turner stated the roof estimate for the police and fire building was between \$400,000-\$850,000.

Chief Cook stated the priority is the roof to eliminate water damage. The HVAC system is not efficient. If a new police and fire building is built, the jail would be eliminated. A new jail facility would cost between \$10-\$15 million. Chief Turner stated along with a new roof, insulating also must be considered. The Fire Department has outgrown the 40-year old building. Mayor Brunello stated cost estimate proposals for the building should be obtained.

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Mr. DeLisio questioned if the Park entrance Marquee should be addressed concurrently with moving the entrance. Mayor Brunello stated relocating the park entrance is very costly. Ms. Stickan stated the renovations to the park entrance were brought forward because the entrance is narrow and causes traffic issues. Mayor Brunello stated the traffic issue was investigated and occurs only for 10 weeks out of the year. Director Ianiro concurred that the approximately \$1 million cost to correct the issue surpasses the condition that exists for a short period of time.

Mrs. Ganser is aware that the building conditions at the police station have existed since the 1990's. Mrs. Ganser suggested utilizing the funds earmarked for the renovation of the Council Chamber to the police and fire building roof project. Ms. Stickan added that the Council Chamber is used by other city boards and commissions. The audio/visual technology of the Chamber needs to be modernized to improve public access.

Ms. D'Amico interjected an idea to consider borrowing an additional half-million dollars to complete both projects. Mayor Brunello stated Council can approve increasing the amount borrowed to finance the priority projects. Borrowing \$8 million will allow for approximately \$6.2 million for projects.

Mr. DiLalla commented that the total request from all the departments is approximately \$10 million. Mr. DiLalla requested the Mayor prioritize all the requested projects throughout all the departments with necessary funds that can be 85% expended in the next three years. Mayor Brunello concurred and recognized that the Police and Fire building roof is a priority of Council. Mayor Brunello reiterated that the dollar amount to be borrowed is the first step to prioritizing the projects.

Mr. Milroy suggested borrowing \$6.25-\$6.5 million which would pay off current debt and have annual payback in the \$550,000-\$600,000 range. The borrowing amount would be approximately \$8.1 million. Mr. DiLalla agreed with the ranges Mr. Milroy articulated. Mr. DeLisio stated that the Police and Fire building repairs are a priority and should be done correctly. Sufficient monies should be allocated to finance that project. Mrs. Ganser agreed with Mr. DeLisio.

Mayor Brunello stated the four major categories for spending are: park, roads, buildings, and equipment.

Ms. D'Amico clarified that these projects are in addition to annual projects/equipment that are funded/purchased for safety and service departments. She concurred with the four major categories, the suggested borrowing amount and looks forward to the prioritization list from the Mayor.

Director Filippo stated the borrowing will alleviate the burden on the General Fund. In the past, the Estate Tax funded the capital fund; however, the Estate Tax has been eliminated.

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Mr. Hargate looks forward to reviewing the Mayor's priority list and noted that all three city buildings have serious structural roof concerns.

President Stickan agreed that the City Hall roof is also a concern along with the Police and Fire building. Technology upgrades are necessary in the Council Chamber to meet the needs of the residents. She agreed with the borrowing amount of \$8.1 million and will continue discussions when the three-year priority list is created by the Mayor.

Director Filippo suggested a first reading of borrowing legislation on March 9th. The dollar amount, between the suggested \$8-\$8.5 million, needs to be determined.

President Stickan suggested a Committee of the Whole meeting for next week to determine the amount to be borrowed. Then the legislation could be presented at the March 9th meeting to allow for the three-reading process. Director Filippo stated first reading on March 9th and passage on April 13 would adhere to the bond counsel timetable and allow for a referendum period.

ADJOURNMENT: A motion was made by Mrs. Ganser and seconded by Mr. DeLisio to adjourn the meeting at 8:15 p.m. Ayes all; motion carried.