

FINANCE COMMITTEE MINUTES

January 16, 2019

ATTENDEES

Alex Goetsch, Chairperson
Terry Hemmelgarn, Council Member
Nickol Sell, Fiscal Officer

Also in attendance: Council Members Kathleen Hale, Kathleen Esposito, Ryan Rubin, and Ken Kvacek, and Mayor Spremulli

The meeting was called to order at 6:18 p.m. after an extended Utilities Committee meeting.

- **Minutes** from the prior meeting were reviewed and approved.
- **Accounts Payable** for the month of January 2019 were reviewed and approved.
- **Financial Statements** were reviewed and approved.

Old Business:

- The Committee discussed the final financial statements for 2018 and commended the safety, streets, and administrative departments for each keeping expenditures within budget. Overall surplus was not as extensive as anticipated, but still healthy, allowing for the Village to increase reserves in the General Fund or use those funds for capital projects in the next year.
- The Committee also discussed briefly the status of outfitting the new police vehicle, cost estimates for a new salt bin, and whether the current 2019 Budget is appropriate.

New Business:

- The Committee discussed whether the Village should participate in Shred Day, which has an approximate cost to the Village of \$400. The consensus was not to participate given that cost and the perceived limited use of the event by residents.
- The Committee also discussed the anticipated road projects over the next 5+ years, and how the Village would pay for those projects. The Village will need to explore financing options, likely through the issuance of bonds, to amortize the cost of those projects over 10-20 years. The Mayor will meet with a consultant to start the process of gathering information necessary to explore this option further.

FINANCE COMMITTEE MINUTES

February 20, 2019

ATTENDEES

Alex Goetsch, Chairperson

Nickol Sell, Fiscal Officer

Also in attendance: Council Members Kathleen Hale, Ryan Rubin, and Ken Kvacek, and Mayor Spremulli

The meeting was called to order at 6:00 p.m.

Minutes from the prior meeting were reviewed and approved.

Accounts Payable for the month of February 2019 were reviewed and approved.

Financial Statements were reviewed and approved. The Committee noted that both real estate tax and RITA revenues are significantly down compared to 2018. This may simply be a matter of timing of collections, which will be revealed in the coming months.

Old Business: The Committee discussed the anticipated road projects over the next 5+ years, and how the Village would pay for those projects, likely through the issuance of bonds, to amortize the cost of those projects over 10-20 years. The Mayor, Goetsch, and Kvacek met with a bond consultant to start the process of gathering information necessary to explore this option further. While the numbers are currently estimated, it appears that the approximately \$1,600,000 needed to complete Village infrastructure projects can be amortized over 20 years for the Pepperwood North resurfacing, and 10 or 15 years for the remaining projects. Debts service for bonds covering those costs would likely be in the range of \$120,000 to \$140,000 per year. Current revenue for the Street Fund is approximately \$55,000 per year from the Street levy, which must be renewed or replaced this year. Thus, annual transfers from the general fund of \$70-90,000 would be necessary to cover the debt service on the proposed bonds. Because those funds are not readily available in the current budget, the Committee discussed whether the Village should seek a replacement street levy to generate increased revenue, or whether Council should consider eliminating the .25% RITA credit, which would generate an estimated \$150,000 in annual revenue to the General Fund. In that event, excess revenue would primarily be used to restore reserve levels in the General Fund and to “bank” funds for future capital projects not covered by the proposed bond, or necessary after the ten-year bonds are satisfied. The Mayor proposed inviting the bond consultant to the next Finance meeting or a special meeting when all council members can be present.

FINANCE COMMITTEE MINUTES

Special Meeting March 13, 2019

ATTENDEES

Alex Goetsch, Chairperson

Nickol Sell, Fiscal Officer

Also in attendance: Council Members Kathleen Hale, Kathleen Esposito, Ryan Rubin, Ken Kvacek, and Mayor Spremulli, Village Engineer Jeff Filarski

The meeting was called to order at 6:00 p.m.

- The Finance Committee met with Matt Stuczynski, who is a municipal bond consultant. Mr. Stuczynski presented proposals outlining the costs and process associated with financing Village Road projects through the use of bonds. Per Mayor Spremulli, the projected road projects are estimated at 1.5 to 1.6 million over the next 5 years. This meeting was held to consider issuing bonds to cover the financing over the next 20 years.
- The proposed bonds would permit financing the cost of these projects over 10-20 years, depending on the expected life expectancy of the work to be performed. In general, the Pepperwood North resurfacing, which should last 25+ years at a cost of \$900,000+, would qualify for a 20-year bond. The remaining projects outlined by the Engineer would likely qualify for either 10-year or 15-years bonds.
- In order to obtain bond financing, the Village must first approve legislation to bid the projects. Once bids are selected and approved, the projects will be presented to the top lenders in the area. At that time, the Village can select the exact amortization for the financing. For instance, 10 versus 15-year plans for some projects. While a 10-year bond would require a higher annual payment, funds for other projects/repairs would be freed up after 10 years instead of 15 years. The Committee expressed a general consensus in favor of a shorter repayment schedule.
- The Committee also discussed the means to pay for the annual cost for the bonds. The Mayor presented a historical analysis of transfers into the Street Fund, along with annual revenue of the Street Fund from the existing levy (which must be on the ballot for renewal in 2019). If all currently-anticipated projects are included in the bond process, the Village is expected to need an approximate \$50,000 per year in additional funds to meet the annual debt obligation. Those funds could be transferred from the General Fund, although that would further and significantly

FINANCE COMMITTEE MINUTES

March 20, 2019

ATTENDEES

Alex Goetsch, Chairperson

Nickol Sell, Fiscal Officer

Also in attendance: Council Members Kathleen Hale, Kathleen Esposito, Ryan Rubin, and Ken Kvacek, Terry Hemmelgarn and Mayor Spremulli

The meeting was called to order at 6:00 p.m.

Minutes from the prior meeting were reviewed and approved.

Accounts Payable for the month of March 2019 were reviewed and approved.

Financial Statements were reviewed and approved. The Committee noted that both real estate tax and RITA revenues are coming back into line with expectations.

Old Business: The Committee discussed the status and cost of the Salt Bin replacement project. The Committee also discussed the Bond legislation and process discussed at the March 13, 2019 Special Finance meeting. The consensus is that the Village should amortize shorter-term projects over 10 years, as opposed to 15 years. Further, all council members generally agreed that, in 2020, it will likely be necessary to revoke the .25% RITA credit, and that other sources of revenue, such as an expanded or additional streets levy are not likely to be approved by Residents. While revoking the RITA credit will-over an three-year phase-in, increase revenues larger than needed to cover the bond-related debt obligations, those excess funds could be used to restore the reserves in the General Fund to the levels that were traditionally maintained and that have been significantly depleted over the last 5-7 years. Additionally, if general revenue increases significantly, or after the 10-year bonds are repaid, the Village could re-enact the RITA credit at such time.

New Business. No new business was discussed.

The meeting adjourned at 6:50pm.

Respectfully submitted by Alex Goetsch, Committee Chair

FINANCE COMMITTEE MINUTES

April 17, 2019

ATTENDEES

Alex Goetsch, Chairperson
Terry Hemmelgarn, Committee Member
Nickol Sell, Fiscal Officer

Also in attendance: Council Members Kathleen Hale, Kathleen Esposito, and Mayor Spremulli.

The meeting was called to order at 6:05 p.m.

Minutes from the prior meeting were reviewed and approved.

Accounts Payable for the month of April 2019 were reviewed and approved.

Financial Statements were reviewed and approved. The Committee noted that real estate tax revenue collections are a bit behind last year, but are expected to even out by year end. Expenditures are all on or under budget, with the exception of the year-to-date Streets Budget, which is skewed based on salt purchases.

Old Business: The Committee briefly discussed the status and cost of the Salt Bin replacement project, which is expected to be completed this Summer.

The Committee also discussed the Bond legislation and process discussed at the March 13, 2019 Special Finance meeting. The Mayor reported that it may be possible to reduce the RITA credit to 12.5% instead of eliminating it entirely. If this is possible, the consensus was that Council should approve a reduction in the RITA credit instead of eliminating it entirely.

The Fiscal Officer reported that the State auditors have almost completed their record review, and that the process has gone much smoother this year because the new accounting software used by the Village also electronic sharing of data with the Auditor.

The Mayor also reported that he expects that the recently enacted Ohio gas tax increase could result in increased revenues to the Village of approximately \$8-10,000 per year. That number is a vague estimate, and the increased gas tax is expected to be rolled out incrementally, so it is unlikely that the Village will realize the full amount of the increased revenue until 2020 or perhaps longer.

New Business. No new business was discussed.

The meeting adjourned at 6:22pm.

Respectfully submitted by Alex Goetsch, Committee Chair

FINANCE COMMITTEE MINUTES

May 15, 2019

ATTENDEES

Alex Goetsch, Chairperson
Terry Hemmelgarn, Committee Member
Nickol Sell, Fiscal Officer

Also in attendance: Council Members Kathleen Hale, Kathleen Esposito, Ryan Rubin, Council President Kvacek, and Mayor Spremulli.

The meeting was called to order at 6:00 p.m.

Minutes from the prior meeting were reviewed and approved.

Accounts Payable for the month of May 2019 were reviewed and approved.

Financial Statements were reviewed and approved. The Committee noted that real estate tax revenue collections are a bit behind last year, but are expected to even out by year end. Expenditures are all on or under budget, with the exception of the year-to-date Streets Budget, which is skewed based on salt purchases. An amendment to the Budget will probably be necessary to cover additional salt expenditures for the balance of the current commitment, as well as a portion of the 2020 commitment. Total additional salt expenditures this year will likely be around \$25,000.

Old Business:

The Committee discussed the Bond legislation and process discussed at the March 13, 2019 Special Finance meeting. The Mayor confirmed that it would be possible to reduce the RITA credit to .125% or .15% instead of eliminating it entirely. According to projections based on 2017 revenue, a reduction to .15% would realize additional revenue of approximately \$69,000, or \$87,000 at .125%. Any change to the credit, if made in 2019, would not begin to generate additional revenue until 2020, with the full effect not kicking in until 2021.

All council members and the Mayor felt that a reduction of the credit to .125% would be the most appropriate. The Mayor intends to introduce legislation in June to reduce the credit to .125% effective January 1, 2020.

The Fiscal Officer reported that the State auditors have almost completed their record review, and that the process has gone much smoother this year because the new accounting software used by the Village also electronic sharing of data with the Auditor. The total cost to the Village for the audit is expected to be about \$8,000. This expense was not allocated in the 2019 Budget, so an amendment will be necessary.

FINANCE COMMITTEE MINUTES

June 17, 2019

ATTENDEES

Alex Goetsch, Chairperson

Terry Hemmelgarn, Committee Member

Nickol Sell, Fiscal Officer

Also in attendance: Council Members Kathleen Hale, Kathleen Esposito, Ryan Rubin, Council President Kvacek, Mayor Spremulli, and Law Director Charles Nemer.

The meeting was called to order at 6:00 p.m.

Minutes from the prior meeting were reviewed and approved.

Accounts Payable for the month of July 2019 were reviewed and approved.

Financial Statements were reviewed and approved. The Committee noted that payroll estate tax revenue collections are a few thousand ahead of last year on a year to date basis, now that RITA has reclaimed an overpayment. Expenditures are all near or under budget.

Old Business:

The Law Director advised that it would be necessary to pass additional legislation at the July regular council meeting to clarify the roll back of the RITA tax credit. This resulted from an uncoded ordinance from 2015 that implicitly abolished and replaced the prior codified credit ordinance. The new legislation will both clarify and confirm the new credit amount, but also clean up codified ordinances.

The Fiscal Officer reported that funds from the bonds have been deposited in the Village accounts. New, specific accounts will be created to manage the funds throughout the construction progress.

New Business. The Committee discussed the proposed new charge for disposal of leaf and stick pick up. Those materials had been dumped at the Chagrin Falls service yard for many years and picked up for free by a company that would use for mulch or other purposes. That company has no announced that it will begin charging for pick up. The actual costs will not be known until perhaps the end of the coming leaf season, but it expected that the Village will be asked to contribute \$1-3,000 towards the cost. A discussion ensued as to whether the Village should continue the leaf and stick service given the cost. Continuing the service was supported by most council members, but this issue will be revisited as actual costs are determined. Other option could include arranging a storage/chipping area on Metroparks property or in the Village Park.

The meeting adjourned at 6:35pm.

Respectfully submitted by Alex Goetsch, Committee Chair

FINANCE COMMITTEE MINUTES

June 19, 2019

ATTENDEES

Alex Goetsch, Chairperson
Terry Hemmelgarn, Committee Member
Nickol Sell, Fiscal Officer

Also in attendance: Council Members Kathleen Hale, Kathleen Esposito, Ryan Rubin, Council President Kvacek, Mayor Spremulli, and Matt Stuczynski.

The meeting was called to order at 6:02 p.m.

Minutes from the prior meeting were reviewed and approved.

Accounts Payable for the month of June 2019 were reviewed and approved.

Financial Statements were reviewed and approved. The Committee noted that real estate tax revenue collections are a bit behind last year on a year to date basis, but are expected to even out by year end. This is likely a result of some residents pre-paying the full year 2018 taxes in late 2017 in expectation of the cap on SALT deductions. Expenditures are all near or under budget, with the exception of the year-to-date Streets Budget, which is skewed based on salt purchases.

RITA income to date appears extremely high, but will only be slightly ahead of projections once RITA reverses a \$75,000 deposit made in error.

Old Business:

The Committee discussed the Bond legislation and the need to amend one of the budget ordinances. Total cost of the road projects came in much lower than expected, but the allocation between the Pepperwood North contract and the asphalt project require a different allocation between the ordinances. Matt Stuczynski provided his analysis of the bonds offered by various lenders, the repayment options, interest rates, etc. After discussion and analysis, the Committee voted to recommend that the Zions Bank proposal be selected, based on the terms offered and the flexibility to re-amortize the obligation if necessary.

The Committee also discussed and reaffirmed the decision to adopt legislation to roll back the RITA credit to .125%, which is expected to generate additional revenue of approximately \$87,000 per year once fully phased in.

The Fiscal Officer reported that the State auditors have completed the audit, and the report was briefly discussed. Only minor issues were noted by the auditors, mostly related to problems with the old accounting software. The audit report is available on the website.

FINANCE COMMITTEE MINUTES

August 21, 2019

ATTENDEES

Alex Goetsch, Chairperson

Nickol Sell, Fiscal Officer

Also in attendance: Council Members Kathleen Hale, Kathleen Esposito, Ryan Rubin, Council President Kvacek, Mayor Spremulli.

The meeting was called to order at 6:03 p.m.

Minutes from the prior meeting were reviewed and approved, with the correction that the heading be changed to show July instead of June.

Accounts Payable for the month of August 2019 were reviewed and approved.

Financial Statements were reviewed and approved. The Committee noted that payroll estate tax revenue collections are a few thousand ahead of last year on a year to date basis, now that RITA has reclaimed an overpayment. Expenditures are all near or under budget, except for Administration, which is a few thousand over (this is mostly due to repairs made a Village Hall).

Old Business:

The Fiscal Officer reported that funds from the bonds have been deposited in the Village accounts. The committee discusses the expected timing of payouts for the roadwork, and whether it would make sense to open a new, higher interest-bearing account if sufficient funds will not be paid out for a number of months. The Committee will revisit this issue at the September meeting when a payout timeframe is more definitive.

The Fiscal Officer reminded the Committee that the Village has still not been reimbursed by the County for the Chagrin River (Holbrook to Solon line) work. \$105,000 was transferred from the General Fund to the Street Fund last year to cover the cost of that project. If the funds are not returned to the General Fund within 12 months, the transfer must become permanent. The Fiscal Officer was advised to make the return transfer before that deadline.

New Business. The Committee discussed the cost of physicals for full-time police officers, which is required for their pension. Mr. Kvacek questioned whether this cost would fall under the officer's health coverage. The Mayor/Nickoll will explore.

FINANCE COMMITTEE MINUTES

September 25, 2019

ATTENDEES

Alex Goetsch, Chairperson

Nickol Sell, Fiscal Officer

Also in attendance: Council Members Kathleen Hale, Kathleen Esposito, Ryan Rubin, Council President Kvacek, Mayor Spremulli.

The meeting was called to order at 6:03 p.m.

Minutes from the prior meeting were reviewed and approved.

Accounts Payable for the month of September 2019 were reviewed and approved. Recent repairs to a service truck and expected costs to fit a new plow may require an amendment to the appropriate budget line-items before year end.

Financial Statements were reviewed and approved. The Committee noted that real estate tax revenues have exceed the budgeted amount for the first time in years, by approximately \$12,000. This is likely due to the recent Auditor reappraisal. RITA tax revenue collections are about \$50,000 ahead of budget on a year to date basis, even after RITA has reclaimed an overpayment. Expenditures are all near or under budget, except for Administration, which is a few thousand over (this is mostly due to repairs made a Village Hall and the timing of annual payments).

Old Business:

The Committee discussed the status of the Salt Bin construction. The Mayor reported that it was discovered that the Ohio Basic Building Code would need to be applied to the project because the Village does not have a certified, non-residential building department. This could lead to a requirement for a more substantial foundation in order to pass code, at an additional cost up to \$25,000.

Councilman Rubin suggested that we investigate the process and cost related to obtaining non-residential certification, which may be less expensive than the additional construction costs. If necessary, the existing structure may be sufficient make it through the winter, which would allow more time to either obtain non-residential certification or obtain more competitive pricing for an OBBC-compliant plan. The Village Engineer will be consulted about this issue during the full Council meeting.

The Committee discussed the expected timing of payouts for the roadwork which is expected to be completed by year end.

FINANCE COMMITTEE MINUTES

October 16, 2019

ATTENDEES

Alex Goetsch, Chairperson

Terry Hemmelgarn

Nickol Sell, Fiscal Officer

Also in attendance: Council Members Kathleen Hale, Kathleen Esposito, Ryan Rubin, Council President Kvacek, Mayor Spremulli.

The meeting was called to order at 6:04 p.m.

Minutes from the prior meeting were reviewed and approved.

Accounts Payable for the month of October 2019 were reviewed and approved.

Financial Statements were reviewed and approved. Expenditures are all near or under budget, and revenue categories at or above projections.

Old Business:

The Committee discussed the status of the Salt Bin construction. It appears that the Engineer will be able to obtain a non-residential certification, which should keep total costs in line with the approved costs. But construction will not be possible until after the winter season.

The Committee discussed the expected timing of payouts for the roadwork which is expected to be completed by year end.

The Fiscal Officer reminded the Committee that the Village has still not been reimbursed by the County for the Chagrin River (Holbrook to Solon line) work. Once that reimbursement is made, those funds will be "earmarked" for the first bond payments due in 2020.

New Business.

The Committee reviewed the Mayor's first draft of the proposed 2020 Budget. Councilmembers will continue to review and the Budget will be discussed in more detail at the November Finance Meeting, and hopefully approved by the December Council Meeting.

FINANCE COMMITTEE MINUTES

December 18, 2019

ATTENDEES

Alex Goetsch, Chairperson
Terry Hemmelgarn
Nickol Sell, Fiscal Officer

Also in attendance: Council Members Kathleen Hale, Kathleen Esposito, Ryan Rubin, Council President Kvacek, Mayor Spremulli.

The meeting was called to order at 6:00 p.m.

Minutes from the prior meeting were reviewed and approved.

Accounts Payable for the month of November 2019 were reviewed and approved.

Financial Statements were reviewed and approved. Expenditures are all near or under budget, and revenue categories are above projections. The Village will likely enjoy a FY 2019 surplus of approximately \$40-60,000.

Old Business:

The Committee discussed the expected timing of payouts for the roadwork projects. Approximately 50% of the bond funds will be paid out by the end of 2019. Work on Pepperwood North is approximately 50% complete and will continue next year.

The Fiscal Officer reminded the Committee that the Village has still not been reimbursed by the County for the Chagrin River (Holbrook to Solon line) work. Once that reimbursement is made, those funds will be "earmarked" for the first bond payments due in 2020, along with an appropriate budget amendment to account for those funds.

The Committee reviewed and approved the current draft of the FY 2020 Budget proposed by the Mayor, which was modified to address the lease of a police vehicle with a first payment due in 2020.

The Committee discussed whether it would be possible to add a gasoline tank at the service garage for bulk fuel purchases (like the current diesel tank), and while that is possible, the cost of the tank and preparation of the site, along with security issues make the use of such a tank impractical.

New Business.

The Committee discussed the December legislation, including the pay ordinances reflecting increased compensation for Village employees.

The meeting adjourned at 6:37pm.

Respectfully submitted by Alex Goetsch, Committee Chair