

MINUTES OF THE SPECIAL MEETING OF COUNCIL
Mayfield Village Civic Hall
Monday, June 23, 2014 - 9:00 p.m.

The Council of Mayfield Village met in Special Session on Monday, June 23, 2014 at Mayfield Village Civic Hall. Council President Buckholtz called the meeting to order at 9:00 p.m.

ROLL CALL: Present: Mr. Buckholtz, Mr. Jerome, Mr. Marquardt,
Mr. Marrie, Mrs. Mills and Dr. Parker

Also Present: Mr. Wynne and Mrs. Betsa

The Pledge of Allegiance to the Flag was given.

OPEN PORTION

. 5 minute limit imposed by Chair. Those who wish to speak must first state their name and address.

There were no comments.

. **Motion to open the floor for nominations for Open Council Position.**

Mrs. Mills, seconded by Mr. Jerome, made a motion to open the floor to nominate Joseph M. Saponaro for position of Council-At-Large by the position vacated by Nick Delguyd.

Council President Buckholtz asked, any other nominations? There were none. There being no further nominations, the nominations were closed.

Roll Call:	AYES: All	Motion Carried
	NAYS: None	Joseph M. Saponaro Nominated for Council-At-Large Position

. **Motion to appoint Joseph M. Saponaro to the position of Council-At-Large.**

Mr. Marquardt, seconded by Mrs. Mills, made a motion to appoint Joseph M. Saponaro to the position of Council-At-Large.

Council President Buckholtz asked, any discussion? Mr. Saponaro will be back in the country on June 28th. Council will swear him prior to the Caucus Meeting on July 7, 2014.

There was none.

Roll Call:	AYES: All	Motion Carried
	NAYS: None	Joseph M. Saponaro Elected as Council-At-Large

. **Motion to authorize the Finance Director to pursue refunding of the 2006 LTGO bonds.**

Mr. Marquardt, seconded by Dr. Parker, made a motion to authorize the Finance Director to pursue refunding of the 2006 LTGO bonds.

Council President Buckholtz asked, quick explanation?

Mr. Wynne reported, our 2006 bonds after our payment this year will have a balance of \$4,270,000. What we are looking to do is a refunding or refinancing for the same amount of money so our debt won't go up. Our current bonds are callable on December 1st so what we would do is we would do the refinancing now. Once it is completed, that money will go in to escrow. On December 1st, it will come out of escrow, recall the old bonds, pay them off with debt money and we would take on the new bonds for the same period of time as the current bonds so they would expire in 12 years in 2026.

We've got two choices, one is going through a public offering which is on the sheet I handed out today. Referencing the first line, if we did a public offering, based upon the interest rate as it stands on Friday, the rate and market would be 2.21% and our net savings over the remaining 12 years would be \$370,274. The public offering would take anywhere from 8-10 weeks and is subject to any changes in the interest rate that happens between now and the expiration. It's a little bit of risk going that route.

The private placement with Huntington Bank is confirmed at 2.5%. The savings on that one would be \$330,331 net of all costs, so the difference between the two options is about \$40,000 in savings we would potentially leave on the table if we decide to go the private route.

Myself, I tend to be more conservative and go for the sure thing, so I would lean towards the private placement at 2.5% and take the risk out of it. This would be wrapped up by the end of July. In either option, whether it's a public or private placement, the new offering would be callable in 8 years so after 8 years we could pay it off 4 years early and call whatever balance it is at that period of time.

Council President Buckholtz asked, you said 12 years and then you said it's callable at 8. So, the term is 12, but at 8 we can?

Mr. Wynne replied, at 8 we can tell Huntington we are calling it, pay off whatever is left and then we walk away, if we chose the pay off early.

Mr. Jerome asked, what about with the public one, do you have to stick for 12 years?

Mr. Wynne replied, no that's callable also. They are both callable.

Dr. Parker asked, so the time duration in either case is the same?

Mr. Wynne replied, yes, both exactly the same. Both 12 years. Both callable after 8.

Dr. Parker asked, how long have we had the existing bonds?

Mr. Wynne replied, we took them out in 2006, so 8 years. They were 20 year bonds so they mature in 2026.

Council President Buckholtz asked, at what rate were the bonds at?

Mr. Wynne replied, they are coupons, so they vary in rate from 3.7% to 5%.

Mr. Marrie stated, I tend to agree with you on taking the sure thing.

Mr. Wynne replied, there's still a \$40,000 difference but it's spread out over 12 years. You are only talking \$3,000-4,000 a year and to me that's not worth the risk of the interest rate going up and losing the market altogether.

Mr. Marrie agreed.

Dr. Parker stated, we discussed this in the Finance Committee and everything was good.

Council President Buckholtz asked, is this a time that we could pay anything on the debt?

Mr. Wynne replied, yes. The fact that it's callable on December 1st, the \$4,270,000, we could pay down some additional on that if you wanted to. I thought about that quite a bit if that's something I think we should do and I guess my reaction is no. The reason being is we have had a plan for the past five years that we have really done a good job of implementing as far as with the money we are getting, putting it into infrastructure, amenities, operations, debt retirement and reserves. Our reserves right now are \$10 million which I think is a level we are all comfortable with and I think the public's comfortable that we have that type of reserves in place.

From an infrastructure standpoint, we've got another sewer project to do on the heels of this one that is going to cost the same. A lot of the funding for the one we are doing now came from some estate tax dollars that we have gotten that are now gone, that has been taken away. Now, if we don't receive any Issue I funding which we have not been able to get, it is going to be 100% funded by General Fund money versus any estate tax money.

Our debt at the end of 2009 was \$16.3 million. It will be \$7.9 million at the end of this year.

Council President Buckholtz asked, from \$16.3 million, and at the end of 2014 it will be?

Mr. Wynne replied, \$7.9 million, so we paid it down by \$8.4 million in five years by just following the normal payment plan of the debt as well as paying some additional money. Taking all that into consideration, I guess I would lean more towards keeping the extra money and using it for infrastructure needs we still have to address versus paying down on the debt.

Council President Buckholtz stated, I don't know that we will see interest rates like this. It's hard to get lower than this. I am just funny about numbers, like getting it under 4 into the 3's because how it sounds to the ear. I don't disagree that you've done great things with the debt.

So, what does that leave us then? At the end of this year, that leaves us, not counting the bond, what kind of debt?

Mr. Wynne stated, the \$4.2 million is in that \$7.9 million.

Council President Buckholtz asked, the \$3.7 million is in what kind of debt?

Mr. Wynne replied, there will still be \$1.1 million in the debt line that we roll over every year. This year we increased the payout from \$500,000 to \$800,000 so it will be \$1.1 million for that Note.

Council President Buckholtz asked, and that's an annual?

Mr. Marquardt stated, we can pay that one down.

Mr. Wynne replied, you can pay that off altogether next year if you wanted to.

Council President Buckholtz asked, what's the rate on that?

Mr. Wynne replied, 1%, actually less than 1%. The others are debts we incurred in doing some sewer projects and the SOM Center Road widening project that are all funded by either TIFs or special assessments on the homeowners or businesses that benefited from those projects.

Council President Buckholtz stated, as usual you have done your homework. Any other questions? There were none.

Mr. Marquardt stated, you will have to amend the motion.

Council President Buckholtz asked for an amendment for the motion to instruct the Finance Director to pursue refunding the 2006 LTGO bond with the private placement with Huntington Bank.

. **Motion to amend the previous motion to read "Motion to instruct the Finance Director to pursue refunding the 2006 LTGO bond with the private placement with Huntington Bank."**

Dr. Parker, seconded by Mr. Marquardt, made a motion to amend the previous motion to read "Motion to instruct the Finance Director to pursue refunding the 2006 LTGO bond with the private placement with Huntington Bank."

Council President Buckholtz asked, any additional questions? There were none.

Roll Call: AYES: All
 NAYS: None

Motion Carried
Motion Amended

- **Motion to instruct the Finance Director to pursue refunding the 2006 LTGO bond with the private placement with Huntington Bank.**

Dr. Parker, seconded by Mr. Marquardt, made a motion to instruct the Finance Director to pursue refunding the 2006 LTGO bond with the private placement with Huntington Bank.

Council President Buckholtz asked, any questions? There were none.

Roll Call: AYES: All
 NAYS: None

Motion Carried
Motion Approved

ADJOURNMENT

Mr. Mills, seconded by Mr. Marquardt, made a motion to adjourn.

The meeting adjourned at 9:10 p.m. The next Council meeting is scheduled for Monday, July 21, 2014 at 8:00 p.m.

WILLIAM BUCKHOLTZ, COUNCIL PRESIDENT

BRUCE G. RINKER, MAYOR

MARY E. BETSA, CLERK OF COUNCIL