

Minutes from the Debt Review Committee meeting called June 30, 2021 at 3:00 P.M.

Page 1

**TUESDAY, JUNE 30, 2021
DEBT REVIEW COMMITTEE MEETING – 3 P.M.**

Present: Jesse Nelson, Mayor
Vickie Gainer, City Manager
Kiki Roman, Deputy Finance Director
Twila Miller
Al McCambry
Frank Hall
Joey Ginn
Brian Gray

Item #1. Call to Order. Chairman Frank Hall called the meeting to order.

Item #2. Chairman's Report.

Introduced Brian Gray who was absent last meeting.
Thank Kiki for handling all his questions and being so responsive.

Item #3. Approval of minutes for the June 18th meeting.

Motion by Brian Gray	To approve the previous minutes.
Second to the motion	Twila Miller

On Vote:

Miller	aye	
Gray	aye	
Ginn	aye	
Hall	aye	
McCambry	aye	
Gainer	aye	
Roman	aye	Motion passed: 7-0

Item #4. Review of Moody's report dated January 19, 2021.

Ms. Roman explained it is the report they queried from the last meeting, and it is a AA rating.

Item #5. Review of Debt Services Analysis for FY 2012 through FY2020.

Ms. Roman briefly outlined the Analysis.

Water/sewer/stormwater - any savings will be from a refinancing scenario.

- Ms. Miller asked what was the proceeds for from the general funds for fiscal 2021 used for?
 - o Ms. Roman answered that there is no documentation showing where the percentages split came from.
- Chairman Hall queried about the disaster recovery of \$30m:
 - FEMA reimbursement: \$21m cash for the rebuild of the City.
 - o \$21m in a cash account earning zero, and a high 2.5% annual debt service. Was there not an option to have a line of revolving credit?

Minutes from the Debt Review Committee meeting called June 30, 2021 at 3:00 P.M.

Page 2

- Ms. Roman said when the bond was signed that line of credit was closed out.
- Chairman Hall suggested it is a true opportunity over a one year period if the money is not going to be used, in order to save every potential dollar,
- Ms. Miller asked what is the plan to spend it?
 - Mrs. Gainer explained the rebuild. We had promised the Citizens we would not touch that money until we started to rebuild. Everything left over from the rebuild will go to pay the bond off. Plus, we are expecting about another \$6m in insurance money.
 - There will be cash reimbursements from FEMA for about \$15m.
 - It is a timing thing. We can see that money being obligated, but we have to wait for them to agree to let us start. When that money has gone, we can start using the \$21m.
 - It will take about \$27m to rebuild the City.
- Chairman Hall clarified the dollar amounts expected to be \$21m + \$15 + \$6m = \$42m.
- Chairman Hall asked if there is another storm, will the City cope - do we have a rainy day fund?
 - Mrs. Gainer confirmed not and that the former City Manager had borrowed more than \$10m from the general funds.
- Chairman Hall asked when the dust is settled, everything built and all money paid, what debt will remain?
 - Mrs. Gainer agreed for Ms. Roman to do that **estimate** analysis (using “What if’s scenarios”) for them but **estimates** about \$7m.
 - Ms. Miller asked is there a particular line item that can offset that?
 - Ms. Roman said that Mr. Moody or Mazyck will be able to answer that at the next meeting.
 - Ms. Roman feels this is a timing cash flow issue. We will have to continue making these payments, but when all is built and paid, we will be able to pay a significant amount of the debt off.
- Chairman Hall asked how do you apportion the funds?
 - Ms. Roman clarified that everything that is a Hurricane Michael claim goes into the 101 fund.
- Chairman Hall asked Is there an ability to pay it off early?
 - Ms. Roman confirmed potentially
 - Ms. Miller said that a Bond payment is paid out before ANYTHING.
- Mrs. Gainer clarified that with the 428 type projects that they pushed the City’s to do, you can use the money straight away, but you have to use it within 90 days. If we do not spend all the money on that 428 project, we can actually use it for other projects.
- Chairman Hall asked what was the total dollar amount committed to the 4 major rebuild projects?
 - Mrs. Gainer said about \$23m
 - Mr. Ginn asked if the contracts were for guaranteed maximum price?
 - Mrs. Gainer confirmed yes.
- Chairman Hall stated that it might behoove us to find a way to pay it off and have

Minutes from the Debt Review Committee meeting called June 30, 2021 at 3:00 P.M.

Page 3

a line of credit for whenever its truly needed.

- Mr. Ginn suggested the City look at paying some of the smaller but higher interest rate ones down first.
- Ms. Roman reminded that they are in silos so if the bond is issued to the sewer dept the sewer dept has to pay that money back.
- Ms. Miller said that with a caveat, the departments do need to transfer funds with permission from the Commission from time to time.
- Chairman Hall said the half cent sales tax is self-sufficient and goes through to 2026. There are no more projects going to be using the half cent tax.
- Chairman Hall queried the sinking fund, one year reserve with principal and interest earning 0.1%.
 - Ms. Roman said yes as part of the bond requirements we have to show we have the payments on hand to pay.
- Chairman Hall asked so if there are excess funds the commission can reflect on redirecting the funds.
 - Ms. Roman confirmed it was made clear all extra money should be paid on the bond.
- Chairman Hall clarified that 2026 is the projected payoff if things continue, so we can continue to reduce it down as we make payment.
 - Ms. Miller advised that there is certain state revenue sharing that stipulates what you may or may not spend money on.
 - Mrs. Gainer confirmed that the American Rescue fund plan gave this City \$8.6m (half will be paid to the City now and the other half twelve months later), which we are still waiting to receive. The scope of use for this money is widening daily, so there may come a time when it can be used to pay the bond down.

Item #6. Discussion of agenda for the July 14th meeting.

Chairman Hall confirmed that John Mazyck from the Bond Advisory will be joining the meeting to cover a wide range of topics around servicing our debt.

- Ms. Roman said she had asked him to cover a broad market overview.
 - All to email Ms. Roman the specific topics and info they would like him to talk about.
 - Mrs. Gainer suggested asking him to come armed with his recommendations to service this debt.
- Ms. Miller asked if we still do the rate study?
 - Mrs. Gainer confirmed yes, but Commission chose not to raise the rates last year. It will come back before them again in the near future.
 - The Chairman asked that Mr. Mazyck give them a high level summary of the whole book.

Chairman Hall also confirmed J. Moody will also be joining the meeting to discuss topics around servicing the City debt.

The Chairman asked for the good of the Order were there any other comments:

Chairman Hall welcomed Mr. Brown as a member of the public and asked for his opinion.

Mr. Brown said he thinks they are heading in the right direction.

Minutes from the Debt Review Committee meeting called June 30, 2021 at 3:00 P.M.

Page 4

Mr. Gray asked can we have a synopsis to add to the website for the residents?

o

Mayor Nelson thanked all for being part of this committee and their input, and thanked staff for putting this together and proving such clarity.

Chairman Hall said that just in the two meetings he feels comfortable in the direction the Committee is going.

Mrs. Gainer confirmed the job of this committee is to tell the story of the debt, and the story of the strategy for paying it.

Chairman Hall confirmed an update to the Commission will come after the Committee's July 14th meeting, to the July 27th Commission meeting, and asked that the entire Committee be at that Commission meeting.

Mrs. Gainer will ask Mr. Mazyck to be at that Commission meeting too in case there are questions from the residents.

Item #7. Adjourn.

Meeting adjourned at 4.06 PM

APPROVED THIS 14th DAY OF July 2021.



Frank Hall, Chairman

ATTEST:


Vickie Gainer, City Manager

prepared by Cicelia J Holliday