

RECORD OF PROCEEDINGS

Minutes of the Special Meeting of the Trustees of Sycamore Township Sycamore Township, Hamilton County, Ohio

April 13, 2021

NOTE: Due to the COVID-19 pandemic and the issuance of guidelines to limit public gatherings by Governor DeWine and the Director of the Ohio Department of Health, and due to enabling legislation (House Bill 404) which extended the ability of local governments in Ohio to meet remotely during this time, this meeting was held remotely via Zoom. Video of the meeting was live streamed to the public on the internet.

The Special Meeting was called to order at 10:00 a.m.

Present for the Special Meeting were Trustee LaBarbara, Trustee James, Trustee Weidman, Fiscal Officer Porter, Law Director Desai, Administrator Warrick, Superintendent / Assistant Administrator Kellums, Planning & Zoning Administrator Miller and Beth Gunderson.

Approval of Electronic Signatures

The Board members gave their approval for their signatures to be applied electronically on any documents approved at this meeting.

Retiring or Renewing of the BAN Note on the Maintenance Building

Mr. Warrick gave some history on the bond anticipation note for the recently constructed maintenance storage building. He reported money was appropriated in December, 2020 for both the retiring of the Goldcoast bond, which was at six percent, and the retiring of the bond anticipation note on the maintenance building. He said the bond anticipation note means it is temporary and at some point, the bond would be paid off by the Township or the Township would issue bonds to pay for it. He said he proposes paying it off because the Township is earning 1.2 percent interest on the money it would use to pay it off and the current note is greater at 1.55 percent. He noted this puts the Township upside down when one compares what the Township earns versus the cost of having that bond.

He said he did get a projection from Bradley Payne Advisors stating they think we could secure a note as low as .75 percent for a one-year renewal which would put the Township in a neutral position if we renewed it.

Mr. Warrick shared an email from Chris Virgulak, the Chairman of the Sycamore Township Citizen Finance Committee, who made some observations based on conversations the committee had and numbers he had gotten from Brenda Wehmer, the Township's Bond Counsel, and Andy Brossart, of Bradley Payne Advisors. He reviewed Mr. Virgulak's observations with the Board. He then noted the Township just received \$10 million from the semi-annual apportionment of taxes from Hamilton County, \$2.9 million of which will go into the Kenwood TIF which is the TIF he would use to pay off the bond.

Mr. Warrick stated if the anticipatory note is renewed it can be retired any time with 30 days' notice or we can issue bonds to pay it off at a rate of between 1.5 and 2 percent. He stated the transaction cost to issue bonds would be in the \$60-to-80-thousand-dollar range.

Mr. James asked for the source of those figures.

Mr. Warrick answered the source is Andy Brossart of Bradley Payne. Mr. Warrick stated he had Brenda Wehmer prepare documents to renew the note and he also had a purchase order prepared allowing us to pay it off. Mr. Warrick stated at the last meeting there was a resolution to approve the retiring of the bond, however, Ms. Wehmer said a resolution is not necessary if the Board chooses to retire the bond because money is already appropriated for this purpose. He said the Board would only have to approve the purchase order. He noted Mr. Desai had prepared a resolution repealing Resolution 2021-021.

Mr. Desai said repealing the resolution is the final piece in cleaning this up and should be done no matter which direction the board decides to take.

Mr. James recapped saying the bond anticipation notes are due May 4th, and since only approval of a purchase order is required to retire it, that could go into effect immediately with a simple majority vote. He asked if that is correct.

Mr. Warrick answered yes.

Mr. Desai said the latter part is correct noting the resolution passed last year already approved the payment of it when it matured, and since the money is already appropriated, the only thing that would have to be done is to approve the purchase order.

Mr. Weidman stated he is upset by this process noting the Board did not receive a copy of the bond payoff request until 12:09 p.m. on the day of the last meeting which did not allow the Board enough time to research.

Mr. Weidman said he wanted to address a couple of things in the email from Citizen Finance Committee Chairman Chris Virgulak. He noted even though TIF are restricted funds, it is possible to deviate from those restrictions to meet other obligations and used the recent legislation giving permission to use 25% of unencumbered TIF funds for road projects as an example.

Mr. Weidman pointed out two unknowns that could affect Township finances: the legislation regarding local income tax withholding for people working from home and President Biden's American Rescue Plan which eliminates Townships in Ohio from being eligible for aid. He expressed concerns about continuing to deplete funds by unnecessarily paying off low interest bonds which could lessen the Township's ability to get creative with project funding using TIF funds in the future.

Mr. Weidman addressed item number four in Mr. Virgulak's email by stating the Township can rollover the bonds at a rate of .75 percent net with the issuance cost included and said this was reiterated by Branda Wehmer and Andy Brossart. He pointed out by extending them an additional year, the Township would make \$19,238.00. He said debt is only a problem if you cannot pay it. He noted the Township is in a very favorable position with great cash flow and credit rating and said managing debt and having reserves are two key components to keeping low taxes and high levels of service for our residents and businesses.

Mr. Weidman stated we also must not forget that debt has a direct effect on our Credit rating. He said we have worked very hard over the years to achieve a AA1 Credit rating by Moody's, which is their second highest rating. He said he can tell you that Groveport, Ohio has a single A1 Credit rating, and they issued bonds last week at 67 basis points higher than Mr. Brossart estimates we would be at if we were to decide on a 10-year bond. He stated an additional 67 basis points is very significant when issuing bonds for large projects. Mr. Weidman concluded, once again, managing debt and having reserves are the two key components of our great credit rating by Moody's.

Mr. Weidman stated he talked to some residents at the Trash Bash and while volunteering at St. Vincent de Paul and 20 of 21 people he spoke with were convinced it is best to renew this for another year. He said rolling them over allows the Township to make money, have a stellar credit rating and preserve our reserves and he believes it is the best option for our residents and for Sycamore Township.

Mr. James asked Mr. Warrick if the issuance cost is rolled in to the .75 percent interest rate.

Mr. Warrick answered the cost is added to the principal.

Mr. Weidman said that is not how Mr. Brossart described it to him.

Mr. LaBarbara stated he was under the impression we would be losing \$18,000.00 plus on this.

Mr. Weidman stated the Township would make 1.2 percent on investments and pay .75 percent on the debt.

Mr. LaBarbara stated there is a fee to change it over.

Mr. Weidman stated he would share the email.

Mr. James noted the agenda was sent April 2nd, four days prior to the April 6th meeting, and the bond payoff was on the agenda.

Mr. Weidman read the email he received from Andy Brossart.

Mr. LaBarbara asked when Mr. Brossart sent Mr. Weidman the email.

Mr. Weidman answered yesterday.

Mr. LaBarbara asked why Mr. Weidman did not share this with his fellow trustees.

Mr. Weidman said because I am not supposed to communicate with my fellow trustees.

Mr. LaBarbara asked why Mr. Weidman did not share it with Ray Warrick and let him share it with us instead of a gotcha.

Mr. Weidman said he just received it yesterday and is giving him the information in a public meeting.

Mr. James said the Township has accumulated taxpayer money to the tune of approximately \$40 million in reserves. He said that is a wonderful thing except that it is not our money, and we continue to tax them and put it into magic buckets of money called TIFs and other things. He said the question is should we be accumulating that much of it and still have debt, or should we pay off the debt with the money we have already extracted from taxpayers. He said the question is whether to pay this off noting we have the money even though there are future uncertainties.

Mr. Porter commented usually one pays off debt when money is expensive and right now it is cheap. He recommended extending it out a year noting the Township can always pay it off later.

Mr. James asked if renewing the bond would violate IRS bond arbitrage rules.

Mr. Porter answered that is a very complicated issue, but if it were a problem, bond counsel would alert us.

There was continued discussion about whether to retire the bond now and about possible changes to the law that could allow us to pay off higher interest debt in the future.

Mr. James reviewed the options before the Board and Mr. Desai confirmed them. The Board must either approve the resolution prepared by bond counsel renewing the bond or approve the purchase order to pay off the debt and retire the bond. The purchase order approval option would not require a unanimous vote.

Mr. Weidman made a motion to approve the resolution “Authorizing the Issuance of Not to Exceed \$4,275,000 Various Purpose Bond Anticipation Notes, Sycamore Township, Ohio and Declaring an Emergency.”

Mr. LaBarbara said we need to discuss it more and asked if we know how much money we will pay to redo this paperwork.

Mr. Warrick answered \$18,000.00, noting that cost would be rolled into the deal, we will not be writing a check for that amount.

Mr. Porter explained the .75 percent rate would be, for example, maybe a .68 percent rate, if we wrote a check for the \$18,000.00. He said the issuance cost is included in the .75 percent rate.

Mr. James said he would like to get clarification on that. He asked Mr. Warrick how much time is needed to act on refinancing saying we could always call another special meeting.

Mr. Desai cautioned there is a 48-hour notice for a special meeting and suggested taking a recess to allow time for Mr. Warrick to get confirmation from Mr. Brossart.

Mr. James instructed Mr. Warrick to find out how much time is needed to renew the bond, if the .75 percent rate is a higher rate inclusive of cost, and whether there is any principal add on or other upfront cost for the refinancing.

Mr. LaBarbara asked Mr. Desai to have Mr. Weidman send the other Trustees the information he has from Mr. Brossart.

Mr. Desai said he appreciates Mr. Weidman not wanting to get into a discussion with Trustees outside of the public meeting. He said Mr. Weidman may forward it to Mr. James and Mr. LaBarbara without comment.

Mr. James said we will reconvene at 11:00 a.m.

The meeting reconvened at 11:00 a.m. Mr. Porter called roll all three Trustees indicated they were present.

Mr. Weidman addressed comments by Mr. James made about TIF, saying if the Township closed every TIF today, neither residents nor businesses in the Township would get a reduction in taxes. He said TIF funds are generated in our business district, noting if the funds did not go to the Township in the form of TIF, they would go elsewhere. He said Mr. James previous comments were misleading as they suggested residents may get a tax break if the TIFs were closed. He said that is false.

Mr. James said that was not what he said, Mr. Weidman misunderstood. He agreed if the TIFs closed the money we are walling off within them would otherwise be collected by the County so there is a benefit to accumulating that money.

Mr. Weidman stated it is good business planning that the Township has done over many years that has generated the \$40 million in unencumbered funds. He said Mr. James should not continue to shed bad light on TIFs as they are quite good for our Township.

Mr. James said his point is that we collect money from taxpayers that is accumulating, and we need to be good shepherds of that money and not hang on to it.

Mr. James shared the email that Mr. Brossart sent to Mr. Weidman on the screen and said Mr. Warrick has new information which may render it all moot.

Mr. Warrick reported the drop-dead date to give instructions to renew the note would be next Monday, April 19th. He said if we wrote a check for the \$18,000.00 issuance fee instead of rolling it into the deal, the rate would be .5 percent instead of .75 percent. He said he received a third piece of information from Mr. Brossart who was working on a note for the City of Fairfield. He reported today's market indicates Fairfield is probably going to be able to secure the note at .25 percent. He said based on that market condition that he just heard about; it is highly unlikely that the market is going to move against us in the next week. He stated at .25 percent the transaction cost is irrelevant and if we renew the note, we can watch the market and make a different decision about it with 30 days' notice. Mr. Warrick concluded at .25 percent; it makes sense to renew for another year.

Mr. James agreed and noted if we must keep an eye on this throughout the year and consider paying it off later. He stated if we have other debt eligible for payoff at a higher rate that should be our focus.

Mr. James said before the recess there was an un-seconded motion on the floor by Mr. Weidman to move forward with the reissuance of one year bond anticipation notes.

The resolution "Authorizing the Issuance of Not to Exceed \$4,275,000 Various Purpose Bond Anticipation Notes, Sycamore Township, Ohio and Declaring an Emergency" was presented by Mr. Warrick. Mr. Weidman made a motion, seconded by Mr. James, to approve the resolution and dispense with a second reading.

Mr. LaBarbara stated he appreciates Mr. Warrick getting new information which changed his opinion.

Mr. Weidman said for the record he and Mr. Porter were correct that the .75% rate included the \$18,000.00 in fees so at .75 percent the Township would still have been cash flow positive over \$19,000.00. He said going down to .25 percent is even better.

Mr. James and Mr. LaBarbara stated the email Mr. Weidman forwarded was without the attachment.

Mr. Weidman forwarded the attachment to the other Trustees.

Mr. Porter called roll. Vote: All Aye.
Resolution 2021-022 passed this 13th of April, 2021.

Mr. Warrick stated he will have to check with Brenda Wehmer to find out if electronic signatures will be acceptable.

Mr. James stated we will have to rescind last week's resolution for certain now.

The resolution "Repealing Resolution 2021-021 That Authorized Payment in Full of Various Purpose Limited Tax General Obligation Bond Anticipation Notes, Dispensing with a Second Reading and Declaring an Emergency" was read by Mr. Warrick. Mr. LaBarbara made a motion, seconded by Mr. James, to approve the resolution.

Mr. Porter called roll. Vote: All Aye.
Resolution 2021-023 passed this 13th of April, 2021.

Mr. Weidman stated for the record the email attachment was sent to everybody.

Mr. Weidman made a motion to adjourn, seconded by Mr. LaBarbara. Mr. Porter called roll. Vote: All Aye.

The meeting adjourned at 11:11 a.m.

/s/ Thomas C. James, Jr.
Thomas C. James, Jr., Trustee

/s/ Jim LaBarbara
Jim LaBarbara, Trustee

/s/ Thomas J. Weidman
Thomas J. Weidman, Trustee

/s/ Robert C. Porter III
Robert C. Porter III, Fiscal Officer
Special Meeting 04/13/2021