FINANCE COMMITTEE MEETING MINUTES
REYNOLDSBURG CITY COUNCIL
November 21, 2011

Members of Finance Committee present: Doug Joseph, Leslie Kelly, Mel Clemens, Fred Deskins, Jr.
Other members of Council present: Barth R. Cotner, Nathan Burd, Council President William L. Hills. Councilman Chris Long was absent.

Mr. Joseph called the meeting to order at 7:30 p.m.

Mr. Joseph: Second item on the agenda tonight is approval of the agenda. I have two changes for the agenda tonight; the first is that we are going to add the 2012 Interim Budget for discussion; that'll be Item 5a; and the other change is we're going to remove Item 5 and send that to Other Legislation for now, dealing with revenue cuts; any discussions there, we'll just incorporate that into discussions when we have budget talks. All in favor, please say "Aye". (All voted Aye) Opposed. (No response) Motion carries. Thank you.

Next is Item 3, approval of the minutes of the Finance Committee meeting of November 7, 2011 - - any additions, deletions or changes to those minutes tonight? Seeing none, those minutes stand approved.

Item 4 is Discussion: Authorize Methodist Retirement Services (Wesley Ridge) to issue bonds under the city's name - - -*on 11-7-2011 item held for two weeks*. Mr. Harris.

City Auditor Harris: Thank you, Chairman Joseph, members of Council. I have Price Finley from Bricker and Eckler law firm here; he is bond counsel for the people at Wesley Ridge and he will go ahead and give you the details on this particular project. Mr. Finley.

Mr. Finley: Thank you very much. Good evening. The purpose tonight is just to introduce you to the project that Wesley Ridge Residence Corporation will be undertaking and to describe the legislation that we've prepared for you to consider at your meeting a week from tonight, at your regular Council meeting. I have with me Peg ____, who is the CEO of Wesley Ridge Residence Corporation; Bob Wiener, CFO at Wesley Ridge Residence Corporation; also my partner, Shannon Martin, who is working with me on the financing; and _____ with Lancaster Pollard Companies and they are the ____ agent and financial advisor for the bond issue, so hopefully with all these people that we have here, we can answer any questions that you might have, but the...let me just quickly describe what we're doing. We're doing a .. up to nine million dollar bond financing; these bonds are going to be issued through the City of Reynoldsburg as what's called a conduit issue, and what that means is, the City of Reynoldsburg simply issues the bonds; the bonds are paid through lease payments that are assigned to the lender bank and that's really the mechanism that's used to pay those bonds. The city has no liability with respect to these bonds. These are backed solely by the revenues under that lease arrangement; and this is something that Wesley Ridge has done with the City of Reynoldsburg in the past for other financings, and so this is a new financing for a new project that Mr. Wiener can talk about, and the idea is to be able to take advantage of tax exempt interest rates by using a public issuer like the city. Any questions about the general financing overview? I'm happy to try to answer any questions that you might have in that regard, and then, like I said, Bob can talk about the project itself.

Mr. Joseph: Any questions from the Finance Committee at this point? Council?

Mr. Finley: Great. Bob, you want to....

Mr. Wiener: Thank you for having us tonight. Did want to tell you a little bit about the project; first of all, Methodist Elder Care's been in business since 1969; we are a not-for-profit, affiliated with the Methodist Church and we have been operating here in Reynoldsburg location since about twelve years total now. And so our plan here is, we always design the campus to be a full-service, you know, service, so we'll have folks that are independent living, assisted living, and then what we want to do is build a nursing home and this will complete what we consider is necessary so we can manage the care of all the patients, or all the residents on the campus. So we're proposing to do a twenty-five bed nursing home; it'll be a two-story building that's going to be about 36,000 square feet total; and one of the reason's that's driven this for us, is what happens is, our residents need nursing care and they have to leave the campus - they go to our competitors, they have to go to other places, and they want to stay here, and we want them to stay here, so what we try to do is - we went out and bought the rights to these twenty-five beds from other nursing home providers in the county so we could have the ability to operate this. So what we're trying to do is complete that whole continuum of care for them so when they go to the hospital and come back, they have a place that they come back and get proper care, and the proper services, so that's kind of what we're hoping for. We anticipate adding about twenty-five to thirty full time employees to this project. We currently have over two hundred employees that work on that campus currently with the other operations. And so in overall as a company we have about five hundred and fifty employees and we take care of about six hundred and fifty residents throughout the process, so we're excited about this; we think it's a step; we did buy some additional land there from Target out front; we're hoping to do some additional expansion in future years - it's not today, but this is what we're looking at on current property, but we are looking to expand that campus to make it more attractive to more residents; so that's kind of a summary. Does anybody have any questions or ....

Mr. Joseph: Questions of Finance Committee? Yes, Mrs. Kelly.

Mrs. Kelly: I actually have a question of Mr. Harris. Just very simply, for me, there is no possible way, even if, God forbid, Wesley Ridge would have to close its doors, that Reynoldsburg would be held responsible for any monetary amount?

Mr. Harris: That would be more for the City Attorney and the attorneys here; I'm not an attorney, and I'll let one of...Mr. Finley can answer that question for you.

Mr. Finley: So, if we had the complete meltdown event - in that case, bondholders are sitting with a security that's not paying back; a bond that doesn't have any value and so in that situation they're probably going to sue everyone. Everyone whose got any name associated with this, they're going to sue all of the related entities to Wesley Ridge; they're going to sue the bank that made the loan in the first place..

Mrs. Kelly: So is that a 'yes'?

Mr. Finley: ...they're going to sue the City of Reynoldsburg as well. Now, does the city have any liability with respect to those bonds? And the answer is no. There is no claim against the city's General Fund or any other funds for the repayment of these bonds, but I wanted to answer your question fully, which is to say, in that meltdown event, everyone gets pulled in so you would probably have some, you'd have to get an attorney to make an appearance and say this is clearly a conduit issue and we're not responsible; probably one appearance and one Motion to file in that regard, but there's no liability to the City of Reynoldsburg in this case. That's the only way that these issues get done because no one would be willing to issue for projects like this if they were putting their own fisc at risk.

Mrs. Kelly: Jed, would you agree?

City Attorney Hood: Yes, the answer is no; we have no liability in this. We've done this before; in fact, if you remember almost a year ago, we were approached about reissuing these bonds at a more advantageous interest rate in cooperation with Wesley Ridge; they chose to go with another conduit, I think Franklin County if memory serves correctly, but I feel wholeheartedly that this is not a risk that the city is taking, so this is a joint effort that gives us the ability to help a responsible community partner, so I would urge you to do so.

Mrs. Kelly: Okay, thank you.

Mr. Joseph: Any other questions from Finance Committee? Council? Okay. Anything further?

Mr. Harris: No, but we would like to have this sent forward for a first reading.

Mr. Joseph: Ultimately, when do you want to have this passed?

Mr. Harris: We'd like to have this passed the twelfth as an emergency so they can get this closed before the end of the year.

Mr. Joseph: Okay. Again I'll ask if there's any questions of Finance Committee or Council on this tonight? Seeing none, I'll make a motion we send this on to first reading. Is there a second? Second by Councilman Clemens. All in favor please say "Aye". (All voted Aye) Opposed. (No response) Motion carries. Thank you.

Next is Item 5a, 2012 Interim Budget discussion.

Mayor McCloud: Thank you, Chairman Joseph, members of Council. You should have received in your packets at the conclusion of last week, a working draft of what will be an Interim Budget, which I will be proposing to this Council to adopt, laying the groundwork for a permanent budget to be in place by the statutory date of April 1st. We have some tough decisions to make; I'm willing to make those, but I would prefer to make those deliberately and thoughtfully, rather than quickly. So this is an Interim Budget, and at this point I'll entertain questions about either the budget or the process itself.

Mr. Joseph: Okay. Any questions from Finance Committee? Council? Okay, very good. I encourage everyone on Council to study the document and when we come back here for additional discussion in two weeks, if you have questions, have them ready at that time.

Mrs. Kelly: I have.....are we going to get a list of projected revenues? I didn't see that in here.

Mayor McCloud: Yes, we will have that to you. I'm working with the City Auditor probably almost daily, so yes, I will make sure you have those figures.

Mrs. Kelly: Thank you.

Mr. Joseph: Okay. Yes, President Hills.

Mr. Hills: I believe we have that in there...(further explained, but inaudible)

Mrs. Kelly: Did I miss that; oh, I missed the revenue column. Thank you. And do we still, is this still our estimated revenue, or will that possibly change?

Mr. Harris: The estimated revenue did go up from the previous projection, because some additional revenues did come in from a large corporate citizen here, for net profits; some of it was a timing issue; some of it should have come forward last year; some of it....it all came forward this year so we feel that the revenue projection going from eleven seven to twelve four is reasonable for what we can reasonably expect next year, unless there's some kind of economic meltdown like we had in 2008; I mean, obviously, we wouldn't be able to oversee that, but I think that's a legitimate number.

Mrs. Kelly: The ones that we currently have?

Mr. Harris: The one that's on that...the twelve four. Twelve million four is what I believe is on that.

Mr. Deskins: The extra revenue came in over and above what we got last year....

Mr. Harris: It's about seven fifty and part of that, like I say, was a timing issue. Not everybody uses a calendar year as their fiscal year, so we can get income tax payments based on a fiscal year that doesn't necessarily match up with our calendar year and that's what happened this year; there was some late, and that particular business has had a number of credits over the years which they had now used all up so that we feel that next year's revenue projection with that is certainly reasonable. Anything else?

Mr. Joseph: Other questions, Finance Committee? Council? Okay. I'll make a motion we send this to Council for first reading. Is there a second? Second by Councilman Deskins. All in favor, please say "Aye". (All voted Aye) Opposed. (No response) Motion carries. Thank you.

Item 6, Ordinance to amend the Code of Ordinances of the City of Reynoldsburg, Ohio: Amending Subsection (a) of Section 953.01 "Water Rate Schedule" of Chapter 953 Water Charges and Declaring an Emergency - read for first time 11-14-11. Does anyone on the Finance Committee have any questions or comments on this tonight? Council? Okay. I'll make a motion we send this to Council for second reading. Is there a second? Second by Councilman Clemens. All in favor, please say "Aye". (All voted Aye) Opposed. (No response) Motion carries; thank you.

Item 7, Ordinance to amend the Code of Ordinances of the City of Reynoldsburg, Ohio: Amending Subsection (c) of Section 945.02 "Rate Schedule" of Chapter 945 Sewer Charges and

Declaring an Emergency - read for first time 11-14-11. Any questions or comments from Finance Committee tonight on this item? Council? If not, I'll make a motion we send this to Council for second reading. Is there a second? Second by Councilman Deskins. All in favor, please say "Aye". (All voted Aye) Opposed. (No response) Motion carries; thank you.

Item 8, Ordinance authorizing Mayor to enter into contract with the District Advisory Council of the Franklin County General Health District for Health Services and Declaring an Emergency - read for first time 11-14-11. Any questions or comments from Finance Committee tonight on this? Council? What's the timing on this issue? Can we go three readings on this or does it have to be two, I can't recall.

Safety/Service Director Miller: We had requested three readings with an emergency on the third reading.

Mr. Joseph: Very good, thank you. I'll make a motion then we send this to Council for second reading. Is there a second? Second by Councilwoman Kelly. All in favor, please say "Aye". (All voted Aye) Opposed. (No response) Motion carries. Thank you.

And our last item tonight, Item 9, Ordinance Authorizing Mayor to enter into contract for City Insurance - first reading was on 11-14-11. Mr. Mayor.

Mayor McCloud: Thank you, Chairman Joseph. Mr. Hills brought something to my attention. As much time as I've spent with this document, I don't know how I missed it, but in any event, the Rutherford Building, the long-gone Rutherford Building is still listed on the statement of values. That is going to come off; I was in contact with their office today; if we've been overcharged, we'll get a credit. I don't know that it'll make a difference in the policy, but that is going to come off. That is the last entry on page 6.

Mr. Joseph: Any questions from Finance Committee? Council? Again, this can go three?

Mayor McCloud: Yes, it just needs to be in place by the end of the year, please.

Mr. Joseph: Seeing no questions, I'll make a motion we send this to Council for second reading. Is there a second? Second by Councilman Deskins. All in favor, please say "Aye". (All voted Aye) Opposed. (No response) Seeing none, motion carries. That was our last item and we will close Finance Committee at 7:47 p.m.

Finance Committee
- - -Nancy C. Frazier, Clerk of Council
November 21, 2011