

SPECIAL MEETING OF THE GREENBELT CITY COUNCIL held Monday, August 24, 2009.

Mayor Davis called the meeting to order at 8:14 p.m.

ROLL CALL was answered by Councilmembers Konrad E. Herling, Leta M. Mach, Edward V. J. Putens, Rodney M. Roberts and Mayor Judith F. Davis.

ALSO PRESENT were Michael McLaughlin, City Manager; David E. Moran, Assistant City Manager; Jeffrey Williams, City Treasurer; and Cindy Murray, City Clerk.

APPROVAL OF AGENDA: It was moved by Mr. Herling and seconded by Ms. Mach that the agenda be approved as presented. The motion passed 5-0.

LEGISLATION

An Ordinance to Authorize and Empower the City of Greenbelt to Issue One or More Tax Anticipation Notes in Amounts Not to Exceed Two Million Dollars (\$2,000,000) in the Aggregate in Anticipation of the Receipt of Current Taxes and Other Revenues, Directing that the Proceeds of Said Notes Shall be Used for General Fund Operating Expenses Heretofore Authorized; and Providing for the Sale of Said Notes by Private Negotiation to Old Line Bank of Maryland

Mr. McLaughlin explained the need to establish a short-term line of credit for up to \$2,000,000 which will be repaid when the real estate tax payment is received in mid-October. He said the reason the City is experiencing the cash flow problem was primarily due to the additional costs associated with the Public Works Facility project. He explained the bid cost of the new Public Works Facility was approximately \$1 million over the available funds for the project and Council had approved a proposal to borrow the additional money. He said it was intended to secure this financing about six months ago, but because of the turmoil in the financial markets, it was decided to fund the additional cost out of the General Fund. Mr. McLaughlin noted this fund balance has normally carried the City during the first months of the fiscal year until property taxes are received.

Mr. McLaughlin reviewed the terms and conditions of tax anticipation note (TAN) financing which were provided by Bank of America, Sun Trust Bank and Old Line Bank. He said staff believes the terms and conditions of the line of credit proposed by Old Line Bank represents the best fit for the City's needs.

Mr. McLaughlin commented that the City has not needed tax anticipation financing since the early 1980's but it happens with some regularity with municipal governments when the fiscal year begins notably ahead of when property tax revenues are received. He said he expects the property taxes to come in as projected by mid-October and, even with the expected cuts in state aid to municipalities, the City is in good financial condition to get through the current fiscal year.

Mayor Davis emphasized the City is not experiencing a financial problem, only a cash flow problem until the tax revenues are received.

Mr. McLaughlin also reported there had been a significant drop in the number of early payments of property taxes this year. He said at this time last year, the City had already received payments of approximately \$1.7 million dollars in property taxes at this time last year, and had this occurred this year, the City would not need to secure the tax anticipation financing.

Mr. Herling asked what would happen if tax payments are not received as expected by mid-October. Mr. McLaughlin said the line of credit was actually for 90 days, which would carry the City through November if necessary. Mr. Herling also asked whether a different approach should be taken to building the budget for the next fiscal year. Mr. McLaughlin said no, this is a regular course of business in many municipal governments where the revenue streams lag from expenditures. He said the City would be working on securing financing for the new Public Works Facility in the next six to nine months, now that the financial markets have calmed down. Once this financing is in place, there will again be the cushion of the General Fund to carry the City through the July, August and September period until tax revenues are received by mid-October.

Mr. Putens asked when the tax anticipation financing would be used. Mr. McLaughlin explained the plan is to draw \$500,000 to \$600,000 initially, enough to cover the average \$370,000 bi-weekly payroll and cover bills for the period, then determine what would be needed in the next two weeks and make future draw downs as needed. Mr. Putens expressed his displeasure that the City bank, M & T, had not even responded to the loan request.

Mr. Roberts asked what the total cost of the line of credit would be. Mr. Williams said it is expected to draw down only \$1.4 million of the \$2 million available, and the cost would be just under \$4,500.00. Mr. Roberts also asked what impact the recent decline in property values will have in the next fiscal years. Mr. McLaughlin said efforts were made to identify areas to save money when the fiscal year 2010 budget was built to provide a cushion for fiscal years 2011, 2012 and 2013 because these budgets will be built on assessments being done now. He said it was difficult to forecast how the new assessments will come in but noted staff maintains regular contact with the Department of Assessments and Taxation for any updated information available. Mayor Davis added that there is a new State law effective on October 1, 2009, requiring notices of foreclosures be sent to the municipalities where the property is located.

Ms. Mach questioned whether the County would be prompt with the property tax payments to the city, in light of their financial situation. Mr. McLaughlin said they are required by law to transmit the payments to the City within 10 days of the end of the period so any taxes received by the County by the end of September are due to be received by the City by the middle of October.

Mr. Roberts introduced the ordinance for first reading and moved suspension of the rules in order to allow second reading and passage of the ordinance tonight. Mr. Herling seconded the motion.

ROLL CALL:	Mr. Herling	- yes
	Ms. Mach	- yes
	Mr. Putens	- yes
	Mr. Roberts	- yes
	Mayor Davis	- yes

Mr. Roberts introduced the ordinance for second reading and moved that it be adopted. Mr. Putens seconded the motion.

Bill Orleans, asked and was provided answers to several questions regarding the banks, terms and conditions, etc. Mayor Davis recommended Mr. Orleans speak with Mr. Williams after the meeting to obtain this information. Mr. Orleans continued to ask additional questions regarding the banks and Mayor Davis recommended he speak with Mr. Williams or Mr. McLaughlin after the meeting. Mr. Orleans again continued with the same line of questioning. Mr. Herling called for the question. Ms. Mach seconded. The motion passed 5-0.

ROLL CALL: Mr. Herling - yes
 Ms. Mach - yes
 Mr. Putens - yes
 Mr. Roberts - yes
 Mayor Davis - yes

The ordinance was declared adopted (Ordinance No. 1304, Book 12).

ADJOURNMENT: A motion to adjourn the regular meeting was made by Ms. Mach and seconded by Mr. Putens. The motion passed 5-0.

Mayor Davis adjourned the special meeting of Monday, August 24, 2009, at 8:45 p.m.

Respectfully submitted,

Cindy Murray
City Clerk

"I hereby certify that the above and foregoing is a true and correct report of the regular meeting of the City Council of Greenbelt, Maryland, held August 24, 2009."

Judith F. Davis
Mayor