WORK SESSION OF THE GREENBELT CITY COUNCIL held Monday, June 15, 2020, to discuss Refinancing and Long-Range Financial Planning.

Mayor Byrd called the meeting to order at 8:00 pm.

Present were Mayor Colin Byrd and Councilmembers Judith Davis, Emmett Jordan, Leta Mach, Silke Pope, Rodney Roberts, and Edward Putens.

Staff members present were Nicole Ard, City Manager; David Moran, Assistant City Manager; Laura Allen, City Treasurer; Jim Sterling, Public Works Director; and Bonita Anderson, City Clerk.

Also present were Jennifer L. Diercksen and Joe Mason, Davenport and Company representatives, and Bill Orleans.

Refinancing and Long-Range Financial Planning

Ms. Jennifer Diercksen presented to Council an overview of financing options regarding the potential refunding of the City's outstanding Series 2011 (Tax-Exempt) and Series 2013 (Taxable) Bonds. The purpose of the refunding would be to capitalize on the currently lower interest rates, which could lead to significant debt service savings for the City. These savings would provide financial flexibility, especially in light of potential budgetary challenges from the COVID-19 pandemic. The presentation also outlined the City's financing options, key considerations, and a plan for moving forward.

Refunding, as explained, is similar to refinancing a home mortgage at a lower interest rate. The potential savings from refunding could either be level or upfront, depending on the City's budgetary needs. With historically low interest rates for both tax-exempt and taxable borrowings, this was an ideal time for the City to consider refunding its debt. However, it was uncertain how long such favorable rates would last.

Mr. Joe Mason contributed by discussing the finance process flow chart and reviewing the current market rates. Ms. Diercksen also highlighted the financing options for the Series 2013 General Obligation Direct Bank Loan and presented a comparison of these options. The RFP process was discussed, which was similar to the one the City used last year for Tax Increment Financing (TIF) funding.

Ms. Davis raised concerns about the cost of obtaining a credit rating for the refunding process. Mr. Mason clarified that the fee for a credit rating would be a one-time upfront cost of $10,000, depending on the amount of the loan. The rating would remain valid for as long as the bond was outstanding. Ms. Davis also asked about the advantages of refunding the Series 2011 and Series 2013 bonds.

There was a brief discussion about why the 2013 bond was taxable. Ms. Diercksen explained that taxable bonds were typically used for organizations that are tax-exempt. Mr. Jordan requested staff provide more information on why a taxable bond was issued for that particular year.

Mr. Mason addressed concerns about the market, noting that the municipal market had recovered and was back on track. He also mentioned that both refunding options being considered were strong, although there were concerns about the credit rating approach.

Ms. Ard emphasized the importance of developing long-range financial models to ensure Council made well-informed decisions. She requested that Mr. Mason provide an overview of the models his company could offer for this purpose.

There was a discussion about scheduling a future work session to analyze the City's debt capacity further and determine the next steps. Council expressed interest in seeing the RFP process on the agenda for the next meeting.

In other informational items, Ms. Davis raised several topics, including gratitude for the comments received during the special meeting, mail fraud concerns, an NLC FCC small cell decision, a 295 Coalition meeting, and an HOA seeking legal advice.

The meeting ended at 9:36 pm.

Respectfully submitted,

Bonita Anderson
City Clerk