

City of Annapolis
Boards and Commissions
Financial Advisory Commission (FAC)
Meeting Minutes
Thursday, July 9, 2020

The “virtual” videoconference meeting of the Financial Advisory Commission was called to order over Zoom at 8:04 a.m.

Members Present: Chair Frederick C. Sussman, Vice Chair Bob Burdon, James A. Cardillo, and Edward Meehan

Member Absent: Frank Brown and Faye Currie

City Leadership/Staff Present: Ward Eight Alderman Ross H. Arnett III, City Manager David Jarrell, Finance Director Jodee Dickinson, Constituent Services Officer & Ombudsman Hilary Raftovich, Senior Accountant Katie Connolly and Accountant Kim Ellen Maronski

Greetings

Chair Sussman welcomed the attendees.

Advance Handouts

- 2020 Maryland House Bill 539 (Local Governments – Resilience Authorities – Authorization)
- FY 2021 Annapolis Bond Ordinance – draft
 - Exhibit I – \$24.2 million Net General Obligation Bond Authority Requested – by Project Number
 - Exhibit II – Schedule of General Obligation and Revenue Bonds Outstanding at June 30, 2020

Agenda

The meeting agenda for July 9, 2020 was unanimously approved following the motion by Vice Chair Burdon, seconded by Mr. Cardillo.

Minutes

Mr. Cardillo motioned for approval of the minutes from the previous FAC meeting held June 11, 2020. Mr. Meehan seconded the motion. The minutes were approved unanimously.

Reports

Finance Department Update

Finance Director Dickinson reported that:

- Staff has been getting the financial systems ready for FY 2021;
- Recruiting is underway to replace an Accounts Payable clerk who retired;
- Grant accounting is tracking COVID-19 costs; and
- Bond ordinance efforts are progressing.

Chair Sussman thanked Ms. Dickinson for her report.

Audit Committee (AC) Update

The AC had met on June 29, 2020. Mr. Cardillo indicated that the external audit firm of CliftonLarsonAllen LLP made a lengthy presentation on their audits for the year ended June 30, 2019. The firm commented that staff was well prepared for the audits.

Chair Sussman thanked Mr. Cardillo for his report.

Unfinished Business

Proposed FY 2021 Bond Ordinance Update

Chair Sussman indicated that the proposed FY 2021 bond ordinance is the main discussion topic for today's meeting of the Financial Advisory Commission (FAC).

Ms. Dickinson stated that the ordinance will be introduced at the next City Council meeting on Monday, July 13, 2020. A public hearing would occur at the following City Council meeting. The matter may be referred to the City's Finance Committee. Final City Council voting is anticipated in September 2020.

Ms. Dickinson explained that the proposed bond ordinance contains the necessary legal terminology to provide broad authority to the Finance Director to issue debt on behalf of the City, under multiple scenarios, up through June 30, 2021.

Ms. Dickinson reviewed the handouts with the FAC. In response to a question by Vice Chair Burdon, she replied that the City would be utilizing short-term debt as long as that remains a financially viable option that is less expensive than issuing long-term bond debt.

After the Department of Public Works provides Finance with their updated capital spending projections, she will have a better idea on timing and amount to borrow.

In response to questions/comments by Alderman Arnett and Vice Chair Burdon, City Finance Director Dickinson explained:

- All debt service on new bond issues are delayed one year; and
- The debt ratio (debt service expenditures as a percent of General Fund total) is currently around 10%.
- Debt service (i.e., payments) are of the highest priority.

City Manager Jarrell indicated that capital projects do not always progress as fast as desired because of the time it takes for:

- Contracting;
- Permitting; and
- Design.

He said that the most time sensitive project is the Stanton Center facility study and renovations. Ms. Dickinson said there is over \$100,000 currently available from the City's facilities improvement funds.

Chair Sussman asked the FAC members whether they were comfortable taking a position now on the proposed FY 2021 bond ordinance.

Mr. Meehan complimented Ms. Dickinson on her helpful presentation. He added that if the topic was deferred to the August meeting of the FAC, the commissioners would have more time to review the details. The commissioners agreed.

→ Mr. Sussman asked Ms. Dickinson to inform the FAC a week before its scheduled August meeting whether the Commission's recommendation was necessary then or could be deferred another month, i.e., to the Commission's September 2020 meeting.

Mr. Sussman thanked Ms. Dickinson.

State Resiliency Authority Legislation Update

Mr. Jarrell indicated that the legislation has not moved forward very much. There is going to be a joint Anne Arundel County (AACO) and City of Annapolis committee to work together on this. Chris Trumbauer, former AACO councilmember representing District 6 (greater Annapolis), is the chair.

The Committee will work out the detailed wording and present it to the legislative bodies for approval. AACO representatives on the Committee include budget, public works and storm water personnel. City representatives currently include Ms. Dickinson and Mr. Jarrell. The first meeting has not yet been scheduled.

Mr. Mike Johnson, the new public works director, starts on July 13, 2020,

City Manager Jarrell informed the FAC that the City received a \$3 million grant from FEMA for a flood mitigation project on Compromise Street.

→ Chair Sussman asked Mr. Jarrell to keep the FAC informed, due to the commissioners' great interest in this topic. He thanked Mr. Jarrell and Finance Director Dickinson.

Atty. Sussman noted that the Financial Advisory Commission had reached the end of their scheduled agenda for today.

Concluding Remarks & Adjournment

→ Vice Chair Burdon asked that future FAC meetings revisit the topic of spending affordability.

Mr. Jarrell explained that the:

- State of Maryland reduced the pilot program payment to the City from \$750,000 to \$367,000; and the
- Council work session next week would include budget process improvement discussions.

In response to questions/comments from Mr. Burdon, Mr. Jarrell agreed that the City needs to find how to make up for the revenue shortfall. For example, the City needs to come up with the money for a study of the Housing Authority of the City of Annapolis (HACA), he said.

Ms. Dickinson informed the FAC that she is committed to providing bimonthly revenue projections to the City Council.

The next regular meetings of the Financial Advisory Commission will be held via Zoom videoconference at 8 a.m. on Thursday:

- August 13, 2020; and
- September 10, 2020

There being no further business, the "virtual" July 9, 2020 videoconference meeting of the FAC adjourned at 8:56 a.m. following the motion by Mr. Burdon, which was seconded by Mr. Cardillo.

Respectfully Submitted,

Kim Ellen Maronski,
Finance Department