

CITY OF SPRINGBORO
320 W. CENTRAL AVENUE, SPRINGBORO, OH

CITY COUNCIL WORK SESSION

THURSDAY, APRIL 1, 2021

6:00 PM

CITY COUNCIL

John Agenbroad, Mayor
Janie Ridd, Deputy Mayor/Ward 1
Dale Brunner, Ward 2
Jack Hanson, Ward 3
Jim Chmiel, Ward 4
Stephen Harding, At Large
Becky Iverson, At Large

CITY STAFF

Chris Pozzuto, City Manager
Greg Shackelford, Assistant City Manager
Gerald McDonald, Law Director
Lori Martin, Clerk of Council

ITEM 1. CALL TO ORDER. Mayor Agenbroad called the Springboro, Ohio City Council Work Session to order on Thursday, April 1, 2021 at 6:00 PM in Council Chambers at the Springboro Municipal Building, 320 W. Central Avenue, Springboro, Ohio.

ITEM 2. ATTENDANCE. Council: Mr. Hanson and Ms. Iverson were absent. **Staff:** Mr. Pozzuto, Mr. Shackelford, Mr. McDonald and Ms. Martin were present. Finance Director Jonathan Hudson were also present.

Mayor Agenbroad noted that a motion would be in order at tonight's Regular Meeting to excuse Council Members Hanson and Iverson.

ITEM 3. LEGISLATIVE AGENDA. – Review legislative items slated for March 18.

No legislative items were submitted for action.

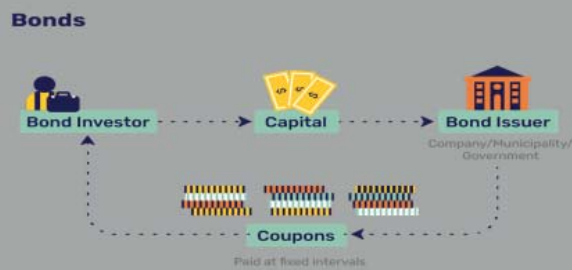
ITEM 4. CITY MANAGER. – Issues/Reports.

Mr. Pozzuto commented that he would like Council to review a concept initiated by Finance Director Jonathan Hudson to refinance Springboro's portion of the debt associated with the Austin TID (Transportation Improvement District) agreement.

Manuscript Debt Presentation – Jonathan Hudson, Finance Director. (See Mr. Hudson's comments following the slides)

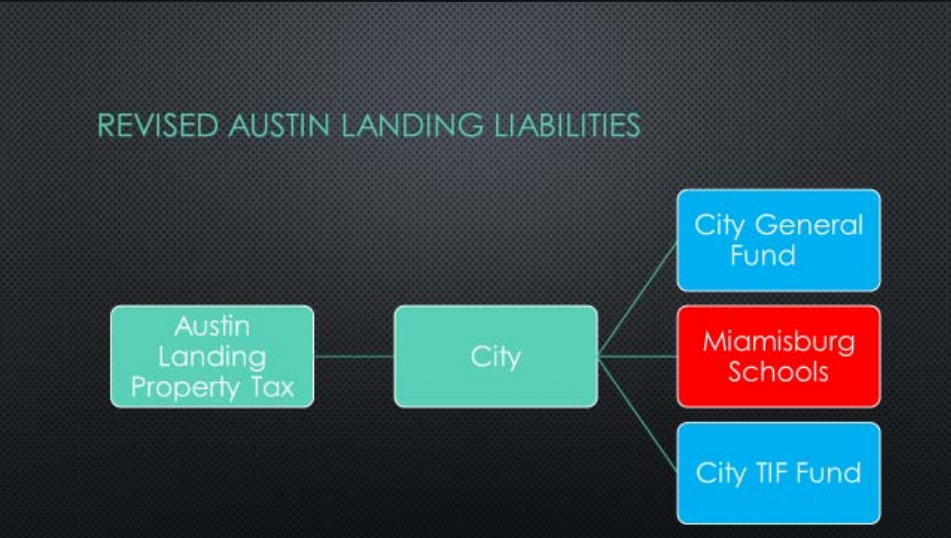
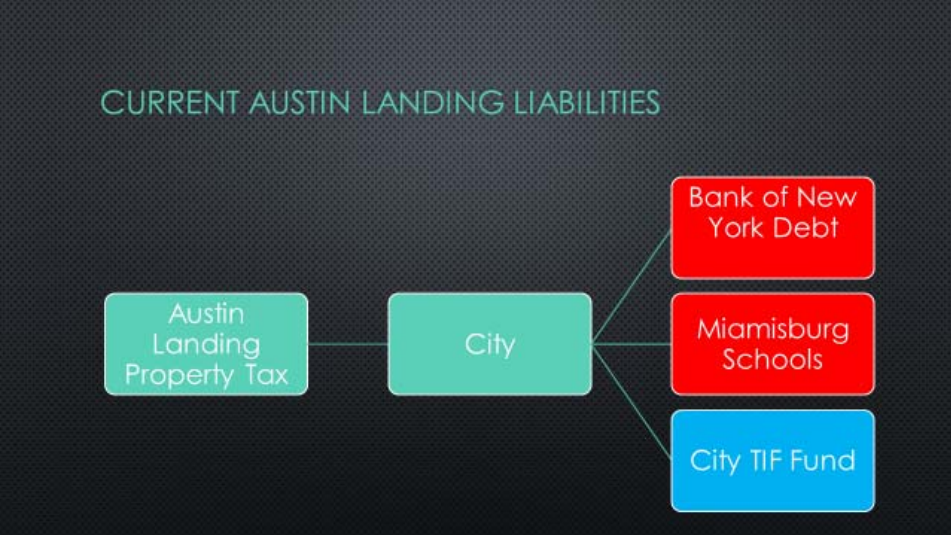
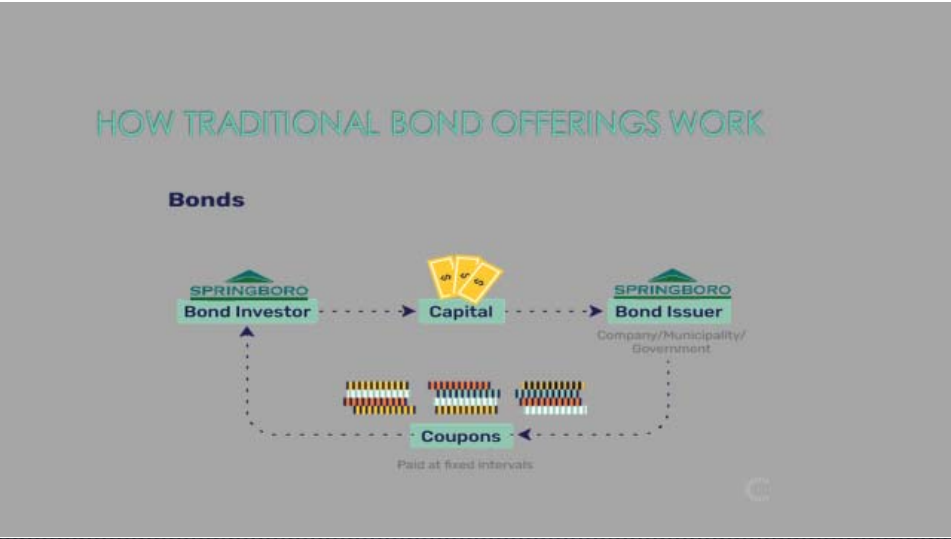
MANUSCRIPT DEBT

HOW TRADITIONAL BOND OFFERINGS WORK



WHAT IS MANUSCRIPT DEBT? HOW IS IT DIFFERENT?

- MANUSCRIPT DEBT REPLACES THE THIRD PARTY BOND INVESTOR OF A DEBT SECURITY WITH THE ISSUER BUYING ITS OWN DEBT OFFERING IN THEIR PLACE
- OHIO REVISED CODE SECTION 133.29 STATES BEFORE A TAXING AUTHORITY SELLS ANY SECURITIES OF THE SUBDIVISION TO OTHERS, THE TAXING AUTHORITY MAY OFF THE SECURITIES AT THEIR PURCHASE PRICE AND ACCRUED INTEREST TO THEIR OWN INVESTMENT BOARD
- THIS CAN BE BENEFICIAL TO A LOCAL GOVERNMENT WHEN THE FUNDS BEING USED TO REPAY THE BONDS COME FROM AN OUTSIDE SOURCE (TIF PROPERTY TAXES) RATHER THAN ORDINARY CITY INCOME (INCOME TAX RECEIPTS)



NET EFFECTS OF MANUSCRIPT DEBT

- CURRENTLY CITY WILL PAY **\$954,882** IN INTEREST ON AUSTIN LANDING DEBT
- REFUNDING WITH MANUSCRIPT DEBT CITY WILL RECEIVE **\$664,627** IN INTEREST PAYMENTS
- IN AND OUT DIFFERENCE OF \$1,619,509 OVER 12 YEARS
- MANUSCRIPT DEBT RATE 3.25% VS CURRENT INVESTMENTS 0.15%
- EXPEDITES REPAYMENT TO CITY AS HEDGE AGAINST AUSTIN LANDING PROPERTY TAX CHANGES
- INCREASES CITY INVESTMENT RETURNS AND LOWERS BORROWING COSTS

Mr. Hudson commented as follows: Council took action at a previous meeting, under Resolution R-21-4 approved on February 4, 2021, to allow the City to take the next step of refinancing Springboro's portion of the Austin TID debt, and Manuscript Debt would be a good fit for this refinancing.

Traditional bond offerings work as follows: Investors in the bond market will lend the City money for a capital project. The money is used for the project and the City pays the investors back in the form of payments over the course of 10, 20 or 30 years. In this situation, the City is the bond issuer and that is the only role the City plays in the process. Manuscript Debt replaces the third party investor of a debt security with the issuer buying its own debt offering in the place of the third party investor i.e. the City would be the investor and the issuer. Ohio Revised Code Section 133.29 specifically gives the City the authority to use Manuscript Debt. The statute states that before the City issues any debt, the City is allowed to offer the debt to itself first. This can be beneficial to a local government when the funds being used to repay the bonds come from an outside source. For example, in this situation, the funds would come from the TIF property taxes levied at Austin Landing rather than ordinary City income like income tax receipts. If this were a normal debt issuance, such as when the City issued bonds to build the Performing Arts Center, this would not make sense because the City would be using General Fund revenue or other capital revenue. In other words, the money to repay the bonds would move from one pocket to another. However, the Austin TID debt has an outside source of revenue that the City can assign to the debt. Using the Manuscript Debt scenario, the City would be the investor and the issuer and instead of paying money to a third party outside source, the City would be paying itself back over the course of the bond issuance.

Currently, the City receives Austin Landing property tax. First, the City is required to the pay the debt to the Bank of New York; second, the City is required to pay Miamisburg Schools their portion, and whatever tax revenue is left goes into the City TIF Fund. Under the Manuscript Debt scenario, the City would receive the Austin Landing property tax and first, pay itself back by paying what it owed on the investment into the City General Fund, second, pay the Miamisburg Schools their portion, and the remainder of the tax revenue would go into the City TIF Fund. In essence, the City replaces two buckets of money going out with two buckets of money coming in and moves from third in the pecking order to first and third in the pecking order.

There are some benefits to the Manuscript Debt scenario. Currently, if the City does nothing with its portion of the Austin TID debt, the City will pay \$954,882 in interest on the Austin Landing debt over the life of the bonds. If the City refunds with Manuscript Debt instead of paying out the \$954,882 to the Bank of New York, the City would pay itself back \$664,627 in interest. It is an in-and-out difference of a little more than \$1.6M over the 12-year life of the

bonds. Another benefit of the Manuscript Debt is that the City is allowed to charge what is known as a fair interest rate for a bond issuance of this type. The City has a professional opinion from its bond counsel that a fair rate on the bond market right now for a local government like Springboro is 3.25%, and that is the interest rate the City would charge itself. The money the City is currently investing in government securities, treasury notes, CDs, etc. is earning approximately 0.15%; therefore, not only would the City be saving the interest it would be paying, but would be receiving a greater return on the investment during the life of the bonds. This would expedite repayment to the City as a hedge against Austin Landing property tax changes. The new bond issuance would change the amortization schedule of the previous 12 years enabling the City to pay itself back on a more front loaded schedule rather than evenly over the 12 years. This works as a hedge not only for the City to recoup its money sooner, but also in case anything were to happen with respect to the property taxes at Austin Landing, the City would receive money at a faster pace. Overall, the Manuscript Debt scenario increases the City's investment returns and lowers the City's borrowing costs.

Mr. Hudson concluded his comments and offered to answer any questions of Council.

Ms. Ridd asked if the Manuscript Debt rate of 3.25% is fixed.

Mr. Hudson replied yes.

Ms. Ridd asked if there were cons to using Manuscript Debt.

Mr. Hudson replied that the only con is the City has to front the money i.e. the City has to buy out the \$2.9M debt. Mr. Hudson explained that the City is in the position to do that with funds sitting in investments earning 0.15%. Mr. Hudson reiterated that the City has the capacity to buy out the debt. However, if the City was barely getting by or had only a few months reserves, it would not make sense, but the City has the capital to put toward this Manuscript Debt and pay itself back over time with no effect; it would be totally negligible. Mr. Hudson pointed out that the City could not do 15 of these refunds, but in this circumstance, because of the unique nature of the City being paid back by outside sources, it seems to make sense for this offering.

Mayor Agenbroad commented that many municipalities do not have the resources to use this option to refinance debt; however, Springboro is in a position to do this because of all of the efforts the City has made over the years to ensure its strong financial health. Mayor Agenbroad added that this is a really innovative way to refinance the debt.

Mr. Hudson commented that using Manuscript Debt is not super common, but after staff discussed this option, they thought it would be a great opportunity. Since it is a bond issuance and the City is the bondholder, if the City were to decide it needed that \$2.5M back in a couple years the City would be allowed to reissue it and refinance it anytime. Again, if the City would need those funds in the future, we could sell it on the bond market because the City owns both sides of the debt.

Mr. Pozzuto commented that if Council were amenable to this proposal to refinance the Austin TID debt, then staff would present legislation at the next Council Meeting for approval. The City's refinancing must coincide with that of Miamisburg and Miami Township's debt renewal. Again, due to timing, Council must act on legislation concerning the Manuscript Debt on April 15.

Mayor Agenbroad asked how the Manuscript Debt would be reported on the City's CAFR (Comprehensive Annual Financial Report).

Mr. Hudson explained that Manuscript Debt is Chapter 3 of the Ohio Compliance Supplement and there are special regulations. The Manuscript Debt would be both a liability and an asset.

This type of debt will be addressed separately in the CAFR because it is so different, but the City will be able to list it as a receivable and a payable.

Mayor Agenbroad commented that Council appreciates all of Mr. Hudson and Mr. Pozzuto's work on this proposal.

There was no further discussion regarding this item.

At this time, Mr. Pozzuto commented on the following projects:

Citywide Fiber Project Update: *Two miles of conduit/fiber have been installed and the project is still on target to finish in September. Point Broadband has been working with the City's IT Director Matt Lang concerning the co-location of their equipment at the City's hub. Point Broadband plans to begin running fiber in the Royal Oaks or Springbrook (Spice Rack) Subdivision soon.*

City Newsletter Update: *The City is increasing the frequency of the newsletter from quarterly to bi-monthly. The next newsletter should be in homes next week. In the City's last community survey, 78% indicated that they still get their information about the City from the newsletter and staff thought it would be a good idea to publish a newsletter once every two months rather than on a quarterly basis.*

Downtown Light Pole Replacement Project: *This project should be finished in May, but staff is waiting on confirmation from Duke Energy, the contractor for the project. Once the project is complete, free Wi-Fi will be available to the public in the downtown area.*

Mr. Harding inquired regarding the number of conduits that were being installed for the fiber project.

Mr. Pozzuto explained that six conduits, in multiple colors for identification purposes, are being installed. Two of the conduits will be filled with the City-owned fiber; one conduit will have 144 strands and the other conduit will have 72 strands. An additional conduit is being used by Point Broadband for their fiber, which leaves three conduits for other internet service providers (ISPs) who would like to bring internet service to the community.

Ms. Ridd confirmed that the City has the possibility of four new ISPs.

Mr. Pozzuto replied yes.

There was no further discussion regarding items under Agenda Item 4.

ITEM 5. CLERK OF COUNCIL. – Issues/Reports.

Calendar Events: *Good Friday will be observed tomorrow, April 2; whereby the City Offices will be closed. The next City Council Work Session will be held on Thursday, April 15, 2021 at 6:00 PM followed by the Regular Meeting at 7:00 PM in Council Chambers. The Finance Committee is scheduled to meet at 5:30 PM in Council Chambers.*

Council and Committee meeting schedules and changes/cancellations are being posted. Details regarding meetings held via video conference will continue to be posted on the City's website under Springboro News.

ITEM 6. CITY COUNCIL. – Issues/Reports.

Mr. Chmiel – No reports.

Mr. Brunner – No reports.

Mr. Harding – No reports.

Deputy Mayor Ridd – No reports.

Mayor Agenbroad – Mayor Agenbroad commented that he was contacted by School Superintendent Larry Hook and District Communications Coordinator Scott Marshall to ask Council to consider endorsing the school levy since the levy is revenue neutral.

After briefly commenting in favor of supporting the levy, it was the general consensus of Council to endorse the proposed school levy.

Mayor Agenbroad stated that a motion would be in order at tonight's Regular Meeting under Other Business to formally endorse the levy.

In addition, Mayor Agenbroad noted that a motion would be in order at tonight's Regular Meeting under Other Business concerning a notice for a new Liquor Permit for Mudlick Tap House to be located at 10 W. Central Avenue at Wright Station.

ITEM 7. ADJOURNMENT. With no further discussion, Mayor Agenbroad adjourned the Thursday, April 1, 2021 City Council Work Session at approximately 6:20 PM.

CITY OF SPRINGBORO
320 W. CENTRAL AVENUE, SPRINGBORO, OH

CITY COUNCIL REGULAR MEETING

THURSDAY, APRIL 1, 2021

7:00 PM

CITY COUNCIL

John Agenbroad, Mayor
Janie Ridd, Deputy Mayor/Ward 1
Dale Brunner, Ward 2
Jack Hanson, Ward 3
Jim Chmiel, Ward 4
Stephen Harding, At Large
Becky Iverson, At Large

CITY STAFF

Chris Pozzuto, City Manager
Greg Shackelford, Assistant City Manager
Gerald McDonald, Law Director
Lori Martin, Clerk of Council

ITEM 1. CALL TO ORDER. Mayor Agenbroad called the Springboro, Ohio City Council Regular Meeting of Thursday, April 1, 2021 to order at 7:00 PM in Council Chambers at the Springboro Municipal Building, 320 W. Central Avenue, Springboro, Ohio.

ITEM 2. PLEDGE OF ALLEGIANCE. Mayor Agenbroad led the Pledge of Allegiance.

Invocation by Council Member Dale Brunner.

As a reminder to the public, Mayor Agenbroad stated that City Council is following the recommended social distancing guidelines and is requiring masks during meetings in an effort to keep everyone safe and healthy and help curb the spread of COVID-19.

ITEM 3. ROLL CALL. Agenbroad, Present; Brunner, Present; Chmiel, Present; Hanson, Absent; Harding, Present; Iverson, Absent; Ridd, Present. Staff: Mr. Pozzuto, Mr. Shackelford, Mr. McDonald and Ms. Martin were present.

Mayor Agenbroad called for a motion to excuse Council Members Hanson and Iverson.

Ms. Ridd motioned. Mr. Harding seconded the motion.

No discussion.

VOTE: Brunner, Yes; Ridd, Yes; Agenbroad, Yes; Chmiel, Yes; Harding, Yes. [5-0]

ITEM 4. APPROVAL OF MINUTES: THE MINUTES OF THE CITY COUNCIL WORK SESSION AND REGULAR MEETING OF MARCH 18, 2021.

Mayor Agenbroad presented the minutes for additions/corrections. No additions/corrections.

Mayor Agenbroad called for a motion to approve the Minutes.

Mr. Chmiel motioned. Mr. Harding seconded the motion.

No discussion.

VOTE: Brunner, Yes; Ridd, Yes; Agenbroad, Yes; Chmiel, Yes; Harding, Yes. [Approved]

ITEM 5. PRESENTATIONS: No Presentations.

ITEM 6. LEGISLATION: No Legislation.

City Council held a Work Session at 6:00 PM tonight for approximately 20 minutes to discuss City business, which included a presentation by Finance Director Jonathan Hudson concerning Manuscript Debt as a refinancing tool for Springboro's portion of the Austin Landing debt.

ITEM 7. REPORTS: Mayor's Report – Good Friday will be observed tomorrow, April 2; whereby, the City Offices will be closed. Mayor Agenbroad encouraged the public to continue to look for updates regarding meetings and events on the City's website, social media and newsletters.

In addition, the next City Council Work Session will be held on Thursday, April 15, 2021 at 6:00 PM followed by the Regular Meeting at 7:00 PM in Council Chambers. The Finance Committee will meet on April 15 at 5:30 PM in Council Chambers.

City Manager's Report – Mr. Pozzuto reported on the following projects:

The City's fiber project continues with approximately 2 miles of conduit/fiber installation complete. The contractor is currently working on SR73 and will move to Lytle-Five Points Road and Clearcreek Franklin Road next.

The City newsletter should be in residents' homes next week. The City has changed the frequency of newsletters from bi-monthly to quarterly. In the last community survey, approximately 78% of the respondents said they still receive a lot of their news about the City from the City's newsletter. The bi-monthly newsletter will increase the volume of information communicated to residents about the City.

The City will be starting the light pole replacement project in the downtown area in May, once Duke Energy confirms the schedule. When the project is complete, there will be free WiFi in the downtown area for the public to use. The City hopes the free WiFi will be a nice amenity for people to use as they enjoy walking and shopping downtown.

Committee Reports –

Mr. Brunner – No reports.

Mr. Chmiel – No reports.

Mr. Harding – No reports.

Deputy Mayor Ridd – No reports.

ITEM 8. OTHER BUSINESS. Mayor Agenbroad presented a notice of an application for a Liquor Permit as follows:

The City of Springboro is in receipt of a notification for a request for a new liquor permit bearing the number 6215330 from Mudlick Tap House Inc, 10 W. Central Avenue, Springboro, OH 45066. The request is for Permit D-5 – Nightclub Permit. Spirituous liquor for on-premises consumption, beer, wine and mixed beverages for on-premises consumption or carry out until 2:30 PM.

The Springboro Police Division has completed a records check on the applicant/application and based on its investigation makes the following recommendation:

The Springboro Police Department can find no cause for objection to this application and recommends Council and the City of Springboro not express any objections and not request a hearing from the Ohio Division of Liquor Control concerning this application.

Mayor Agenbroad presented the item for questions/comments. No questions/comments.

Mayor Agenbroad called for a motion that the City Council and the City of Springboro not express any objections and not request a hearing from the Ohio Division of Liquor Control regarding this Liquor Permit application.

Ms. Ridd motioned. Mr. Harding seconded the motion.

No discussion.

VOTE: Brunner, Yes; Ridd, Yes; Agenbroad, Yes; Chmiel, Yes; Harding, Yes. [5-0]

As discussed at the Work Session, Mayor Agenbroad called for a motion to officially endorse the proposed school levy placed on the May 4, 2021 Special Election ballot to support general permanent improvements to our community's school district.

Ms. Ridd motioned. Mr. Harding seconded the motion.

No discussion.

VOTE: Brunner, Yes; Ridd, Yes; Agenbroad, Yes; Chmiel, Yes; Harding, Yes. [5-0]

ITEM 9. FINAL COUNCIL AND MANAGER COMMENTS. No Final Council or Manager Comments.

ITEM 10. GUEST COMMENTS. No Guest Comments.

ITEM 11. EXECUTIVE SESSION. No Executive Session.

ITEM 12. ADJOURNMENT. Mayor Agenbroad thanked the MVCC for tonight's telecast and scheduled rebroadcasts of this Springboro City Council Meeting.

Mayor Agenbroad called for a motion to adjourn the Thursday, April 1, 2021 Springboro City Council Regular Meeting at approximately 7:07 PM.

Mr. Harding motioned. Mr. Brunner seconded the motion.

VOTE: Ridd, Yes; Agenbroad, Yes; Chmiel, Yes; Harding, Yes; Brunner, Yes. [5-0]

—MEETING ADJOURNED—



John H. Agenbroad, Mayor

John H. Agenbroad

Presiding Officer



Lori A. Martin, Clerk of Council