

Lancaster City Council  
Finance Committee  
March 11, 2019

Agenda  
6:00 PM

The Finance committee meeting was called to order at 6:00 PM

**Resolution 39-19**

**H2O/WPC – Woodgeard (Baus/McDaniel)**

A resolution authorizing the SSD to advertise for bids and enter into a contract for the Fetter's Run Stream Restoration and Sanitary Sewer Improvement project.

*Storm H2O Mgr. Crews*

Superintendent Nixon indicated that the project was not to exceed \$300,000 specific to the sanitary sewer manhole located near Lancaster High School to prevent stream flows from filling the manhole and downstream sewers.

2 Readings

**Resolution 40-19**

**Service – Bobbitt (Tener/Woodgeard)**

A resolution to appropriate from the Sanitation Fund 605 to purchase composting equipment.

Superintendent Burrows indicated that they were purchasing composting equipment from the Coshocton-Fairfield-Licking-Perry (CFLP) Solid Waste District that will need to be repaired before it can be brought online. The costs are not to exceed \$60,000.

3 Readings

**Resolution 41-19**

**H2O/WPC – Woodgeard (Baus/McDaniel)**

A resolution authorizing the SSD to waive competitive bidding for the Pioneer Alley Storm Sewer Replacement project.

*Storm H2O Mgr. Crews -*

Superintendent Nixon indicated that after a point repair made on this storm sewer, it was discovered that the condition of the sewer was likely to cause further failure and that an ODOT paving project is scheduled to cover a portion of this storm sewer, so the city has determined that replacing the storm sewer is the proper course of action. Cost is not exceed \$300,000.

2 Readings

**Resolution 42-19**

**H2O/WPC – Woodgeard (Baus/McDaniel)**

A resolution authorizing the SSD to advertise for bids and enter into a contract for the Mondhawk Drive Culvert Replacement project.

*84" culvert 74*

Stormwater Manager Crews indicated that city has likely received grant funding for this project and to move quickly once approved that the process begin now to allow for timely issuance of contracts to start the project.

     Readings

**Resolution 43-19**

**Economic Development – McDaniel (Downour/Groff)**

A resolution authorizing the waiver of Section ~~8~~ <sup>(SEVEN)</sup> of the 11/1/02 agreement between the City and C.I.C. for infrastructure repayment pursuant to the sale of 20 acres of land in Rock Mill – Phase 2 for construction of project GWN.

Economic Development Director Mike Pettit shared with council specifics associated with project GWN aligned with this resolution and its impact on Economic Development in Lancaster.

1 Readings

*Company is moving quickly - GWN  
300 Jobs - Automotive in nature.*

<sup>4</sup>  
Resolution 43-19

McDaniel  
Finance – Stoughton (Downour)

A resolution creating revenue and expense budgets for the Lancaster Glass Cleanup CORF Grant.

Auditor Nettles indicated that the city needs to create revenue and expense budgets for reimbursements it may receive in 2019. Also, because some work may have already been completed specific to the grant, Council will need to authorize a "then & now" certificate.

3 Readings <sup>46</sup>

Resolution 44-19

McDaniel  
Finance – Stoughton (McDaniel)

A resolution to appropriate from the 320 Capital Improvement account.

OHIO  
629 Grant – 1.5M for road improvements  
to be operational by 12/1/19

Economic Development Director Pettit indicated that in alignment with Project GWN, the city has the need to appropriate monies now for engineering services, traffic studies, soil testing and other unknown expenses so that the project maintains its completion timeline. All reimbursements of these expenses will be deposited back into the 320 account.

1 Readings

Ordinance 5-19

Finance – Stoughton (Downour)

An ordinance to sell bonds specific to the purchase of natural gas and in alignment with the framework of the City's pre-pay gas agreement.

Economic Development Director Pettit indicated that council was previously briefed on the process to restructure the current pre-pay gas agreement to leverage opportunities for economic development and passage of this resolution is required.

1 Readings

Presentation by Law Director Ullom + E.D. Director Mike Pettit, regarding the history of the pre-pay gas program for the City. (Page 4-8)

Other Discussion Items:

1. Departmental Updates:

- > None
- >
- >

2. President Uhl – Tonight's meeting prep:

- > TR 45-19 – A resolution approving an application form placement of farmland in an agricultural district – Law – Groff (Baus/Schoonover)
- >
- >

3. Other items for Finance

- >
- >
- >

Motion to Adjourn – Downour

2<sup>nd</sup> – McDaniel

Meeting adjourned at \_\_: \_\_ PM

Respectfully submitted:

Tom Stoughton

(If needed)

At 6:47 PM a motion was made to convene to an executive session to discuss ATTACHED. (Page 9)

~~I make a motion for Finance Committee to convene to Executive Session to discuss pending litigation pursuant to Ohio Revised Code Section 121.22(G)(3).~~

The executive Session should include all elected officials, and ATTACHED.

Invitees to the Executive Session are: All Elected City officials, and the Service-Safety Director.

Mayor Scheffler	SSD Martin	Auditor Nettles	Treasurer Wolfinger	Law Director Ullom
Council – Uhl	Council – Bobbitt	Council – McDaniel	Council – Groff	Council – Stoughton
Council – Downour	Council – Tener	Council – Baus	Council – Schoonover	Council - Woodgeard

Motion – Downour – Y or N

2<sup>nd</sup> – McDaniel – Y or N

Other – Stoughton – Y or N

At 7:03 PM a motion was made to return to the regular order of business

Motion – Downour – Y or N

2<sup>nd</sup> – McDaniel – Y or N

Other – Stoughton – Y or N

**Finance – Stoughton (Downour/McDaniel)**

**Law – Groff (Baus/Schoonover)**

**H2O/WPC – Woodgeard (Baus/McDaniel)**

**Public Works – Schoonover (Bobbitt/Tener)**

**Safety – Baus (Stoughton/Woodgeard)**

**Code Enforcement & Zoning – Tener (Groff/Schoonover)**

**Economic Development – McDaniel (Downour/Groff)**

**IT/Telecom – Downour (Bobbitt/Stoughton)**

**Service – Bobbitt (Tener/Woodgeard)**

Temp Ord. 5-19  
Presentation



**LANCASTER HISTORY LEADING UP TO CURRENT TRANSACTION**

**2006: PORT AUTHORITY CREATED**

**2007: DISCUSSIONS BEGAN WITH TEXAS MUNI-GAS TRANSACTION**

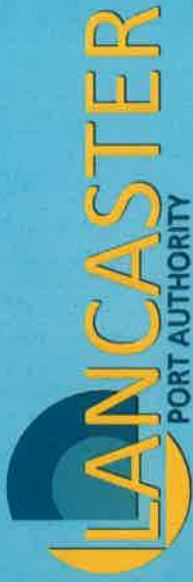
**2008: DECIDED ON SINGLE ISSUER DEAL UTILIZING LPA**

**2010: SWAP PROVIDER WAS CHANGED DUE TO BP CREDIT RATING AFTER SPILL**

**2013: NOTIFIED BY RBC CONCERNING MATERIAL ADVERSE CONDITION**

**2014: ISSUED FRN FIVE YEAR BOND, DISCOUNT REDUCED**

**2019: CURRENT REFUNDING FOR APPROXIMATELY FIVE YEARS**



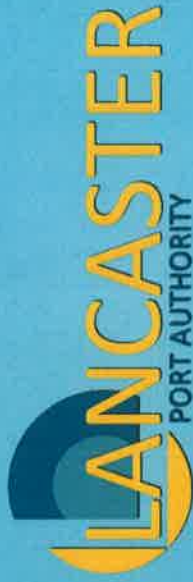
**REVENUES TO DATE: LANCASTER HAS REALIZED NEW REVENUE OF OVER \$8.4 MILLION**

**LPA BOND RATING: AA2 MOODYS**

**2008 ORIGINAL TRANSACTION: \$348,750,000 GAS SUPPLY VARIABLE RATE REVENUE BONDS**

**BOARD MEMBERS: CHAIRMAN ZACK DELEON, VICE CHAIR RICK WILKINS,  
SECRETARY RON BURRIS, DEAN DEROLPH, HOWARD ALSPACH, TREASURER BOB WOLFINGER,  
EXECUTIVE DIRECTOR MIKE PETTIT**



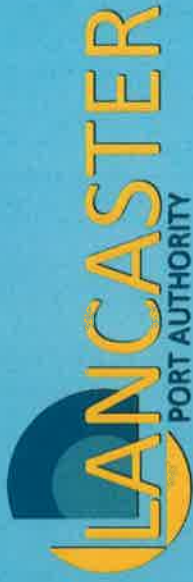


**DERIVATIVE INSTRUMENTS**

**INTEREST RATE SWAP: LPA BORROWS AT A VARIABLE RATE AND SWAPPED FOR A FIXED RATE. RBC IS THE INTEREST RATE SWAP PROVIDER. INTEREST RATES BASED ON A SIFMA INDEX**

**COMMODITY RATE SWAP: LPA PURCHASES AT A FLOATING PRICE AND SWAPPED FOR A FIXED PRICE. COUNTER PARTIES RBC, BP, JP CHASE MORGAN**

**TRUSTEE: WELLS FARGO**



### TIMING

THE FINAL DISCOUNT CAN FLUCTUATE SIGNIFICANTLY OVER THE COMING MONTHS AS A RESULT OF MARKET CONDITIONS, DECISION TO EXTEND, AND ADD VOLUMES IN YEARS 2038-2049. CURRENT MARKET CONDITIONS ARE FAVORABLE TO MAXIMIZE DISCOUNT

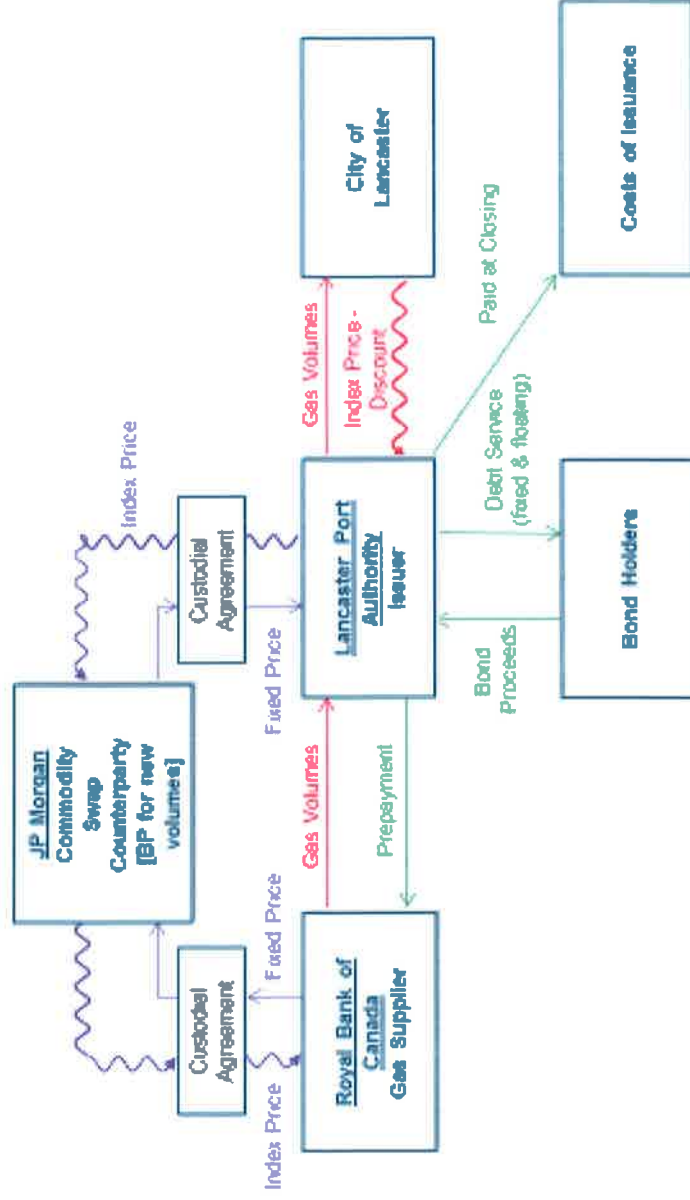
### PRIMARY DISCOUNT DETERMINATES

INTEREST RATE RBC IS WILLING TO PAY: COMPONENTS ARE GENERAL INTEREST RATES REFLECTED BY LIBOR SWAP RATES, RBC'S ALTERNATIVE COST OF FUNDING EXPRESSED AS A SPREAD TO LIBOR SWAP RATES, AND ANY ADJUSTMENTS ABOVE NEGOTIATED WITH RBC IN ADVANCE OF BONDS PRICING.

SIZE OF BOND TRANSACTION

## Transaction Diagram

- A prepaid gas transaction combines tax-exempt financing with a series of physical and financial contracts, along with interest rate hedging transactions in some circumstances
  - Tax-exempt bond flows are shown in **Green**
  - Physical commodity flows are shown in **Red**
  - Financial commodity swap flows are shown in **Purple**





## Executive Session Motion

Mr. President, I make a motion to convene into Executive Session to consider confidential information related to the marketing plans, specific business strategy, production techniques, trade secrets, or personal financial statements of an applicant for economic development assistance involving public infrastructure improvements and that this executive session is necessary to protect the interests of the applicant or the possible investment or expenditure of public funds to be made in connection with the economic development project pursuant to Ohio Revised Code Section 121.22(G)(8).

The executive Session should include the following: Council President, Council Members, Law Director, Mayor, Auditor, Service-Safety Director, Treasurer, and Economic Development Director Mike Pettit.

Seconded by \_\_\_\_\_ . Roll Call.

Motion - Holly Downour

2nd - Don McDaniel

Roll Call: Downour - Yes  
McDaniel - Yes  
Stoughton - Yes