



DeKalb County Government

Manuel J. Maloof Center
1300 Commerce Drive
Decatur, Georgia 30030

Minutes - Draft

FAB-Finance, Audit & Budget Committee

Monday, April 18, 2022

10:00 AM

Special Called Meeting

This meeting will be conducted via teleconference (Zoom). Simultaneous public access to the meeting will be available

(1) via live stream on DCTV's webpage,

(2) on DCTVChannel23.TV

Meeting Started At: 10:01AM

Attendees: Commissioners Rader, Johnson, Cochran-Johnson, Patrick, Terry, Davis Johnson

Present 3 - Commissioner Jeff Rader, Commissioner Lorraine Cochran-Johnson, and Commissioner Larry Johnson

I. MINUTES

2022-1404 Commission District(s): ALL
Minutes for the March 22, 2022 Finance, Audit, and Budget Committee

MOTION was made by Larry Johnson, seconded by Lorraine Cochran-Johnson, that this agenda item be approved. The motion carried by the following vote:

Yes: 3 - Commissioner Rader, Commissioner Cochran-Johnson, and Commissioner Johnson

II. APPOINTMENT

[2022-1449](#)

Commission District(s): All Commission Districts

To appoint Joseph N. Kusmik to the Board of Tax Assessors to Fill the Slot Vacated by John W. Lawson.

MOTION was made by Lorraine Cochran-Johnson, seconded by Larry Johnson, that this agenda item be recommended for approval. to the Board of Commissioners, due back on 4/26/2022. The motion carried by the following vote:

Yes: 3 - Commissioner Rader, Commissioner Cochran-Johnson, and Commissioner Johnson

-interview conducted by the FAB committee to Mr. Kusmik

III. STATUS UPDATE

Report on the Refunding of Watershed Bonds

-information provided by CFO McNabb

-Question JR: from what I've heard you say, as well as conversations, you're recommendations are consistent with our fiscal and debt policies?

D McNabb: that's correct

-Discussion of trends regarding interest rates and implications for the costs of credit with the policy options documentation

-Question LCJ: although private placement is still more desirable, it appears now, I'm not sure that rates will continue to change so aggressively or not. What we're seeing is an eroding of the present value savings. Private placement of the debt will be more desirable than the general market. Is it your recommendation to move forward with the private placement?

D McNabb: once action is taken, then we will prepare an official term sheet, and solicit bids from all of the financial institutions that have expressed interest in buying the bonds, and we will take interest rate proposals on a particular day. We accept those bids with the rights to reject the bids if it doesn't come in better than we expect the public market to. It's hard to say where interest rates may be at that point. Our recommendation is to move forward at the current time.

-Z Williams: one issue I wanted to bring clarity is the discussion of the recommendation in October. My records indicate the recommendation was formally issued on March 16th, after which there was discussion here that requested the Attorney to provide an advisement to ensure the steps we took are consistent with our debt policy. There were recommendations in that that we needed to update the recommendation, which the CFO did that. The formal up to date recommendation was received as of April 13th. Where we are today, it's time to review the updated memo consistent with the debt policy the board adopted previously to move forward with competitive private placement or some other course. We will ensure the steps we take are the right steps and protect our reputation for consistent and transparent actions.

-Question JR: we've known this debt would be callable from the time it was issued. Is it the responsibility of the administration to bring forward a recommendation to the Board of Commissioners when debt becomes callable? It seems to me that the BOC is responsible for issuing debt, but we have gone many months without a recommendation from the administration to the BOC that could have saved us \$34 million.

Z Williams: we have a Chief Financial Officer, and with her expertise she makes recommendations to us. She is responsible to respond through the CEO. March 16th was the first written recommendation; as of April 13th we have a recommendation consistent with our debt policy

-JR: perhaps it may be another job for this committee to look at that the debt policy and see if we need to mandate debt policy recommendations to the Board of Commissioners. We have not been acting because we did not have formal interaction with the Administration on these issues

Z Williams: what we have now is consistent with the policy; Madam Attorney sent a reaction to the policy as well

-Question JR: could we have had that earlier?

Z Williams: We have an official reaction to the policy; that action began on or around March 16th and was responded to April 12th. Each step is going as it should; once we have a recommendation consistent with the policy, the CEO will be able to deliberate and we will move quickly

-Question LJ: Ms. McNabb, can you put this out without having a firm to see if we can get some banks that may be interested?

D McNabb: we have recommended that we have our financial advisor solicit those banks. You all have hired Piper Sandler to provide those services to provide us with more conflict-free advice. I have recommended we flip the roles of Piper Sandler and the financial advisor

-Question LJ: is the process you recommend will reduce the cost of the process?

D McNabb: yes sir. it will reduce the costs

-Question LJ: you mentioned refinancing; the debt may be refinanced at a different time?

D McNabb: Yes, we won't be able to refund as much of it due to regulations but yes

Z Williams: at this point we need to review the recommendation; between myself, the CEO, the Attorney, and the CFO; and we will chart a course of action

-Question LJ: has the goal post moved regarding the April 26th date?

Z Williams: I believe that date represents a date that has been secured but is not the result of an official competitive process; the process is that we determine if we're doing private placement there will be a formal bid. We have not done that yet. We're ensure we do everything according to the process and by the numbers

-LJ: we're trying to move forward to save the taxpayers money; when will you make a recommendation?

Z Williams: that is any day now. We got the updated recommendation consistent with the CFO and we will react to it. I believe that if we follow the process consistently it will be something that we can stand next to

D McNabb: the action on the 26th relates to the WIFIA not the refunding; they are separate.

Z Williams: so what I'm talking about is the refunding of the 2011 bonds; if we can all agree that we have the updated

recommendation from the CFO as of April 13th, that gives us the information needed for the CEO to develop a strategy that accepts or rejects where we are

-LJ: I just want to see the decision making matrix that you describe Mr. COO and Ms. McNabb

JR: if we were to have an expectation in our policy that the options be presented to us; we may want to look at periodic reporting to the FAB committee on our debt expectations for the Board to review and make decisions on. The lack of action has resulted in considerable erosion of what we would have saved in this 6 month issue. This policy issue we may want to revisit.

-Question TT: I fully support moving quickly in the refinancing. I don't like the organizational act getting in the way of us making a decision. The frustration is - if there are different perspectives coming from the BOC, we have to wait for the CEO to come to us with a recommendation. At some point there needs to be a convergence of strategies so we fully understanding the thinking behind the CEO's process. I would like more communication from our CEO, what the strategy is; we're all on the same team together, and if we could reflect these issues in real-time, it could help provide recommendations in a timely manner

-MDJ: we're going to be on 2 different tracks because we are 2 different bodies with different responsibilities. My biggest concerns are fairness and rates. In my opinion it should be a competitive process inclusive of LSBE as well. We have a competitive process in place, I like what the COO stated that we need to step back for a second, and we need to be fair and open about this process all the way around so that people can understand and get opportunities. I'm for beating the rates, but we have to be fair and must be competitive bidding so no one gets an unfair advantage in this particular setting. We're not on the same track with the CEO because we're not the CEO; this has to be a competitive process so no one is excluded

-Question LCJ: is this supported by the Administration?

Z Williams: as of April 13th we received the recommendation from the CFO; we are now going to review the recommendation and determine the best course of action. There are a lot of perspectives that need to be discussed and debated before coming to a final determination. We are not at a point today to make a final determination. Hopefully the course of action will be determined in the conversations with the CEO

-LCJ: you will follow up with us with the recommendations of the Administration?

Z Williams: absolutely

-LCJ: so today we just had a presentation and update. I believe that all parties understand the urgency of the matter

-background and context provided by Attorney Ernestes

-MDJ: My concern is that each one of the deals should include LSBE; if not I would like to know a logical reason why it does not

V Ernestes: as Ms. McNabb stated regarding using Piper Sandler as less conflict-free, it's also important to mention other individuals such as Ed Wall at Piper Sander who will be the lead

-Question MDJ: why is any individual or company recommended at this point to be the lead?

D McNabb: primarily because we have to select someone in advance to prepare the terms sheet and other processes

-Question MDJ: can we as a body choose from those recommendations?

D McNabb: We can certainly do it that way. In my memo I provided the institutions with the fiduciary responsibilities that could be considered. Two of them are local and can understand our needs better.

-Z Williams: Director McNabb in her memo laid out all of this; we would like to discuss this in more detail after we meet with the Administration

IV. AGENDA ITEM

2022-1355

Commission District(s): All Commission Districts
Authorizing the Execution and Delivery of a second Water Infrastructure Finance and Innovation Act (WIFIA 2) Loan Agreement and Note

MOTION was made by Lorraine Cochran-Johnson, seconded by Larry Johnson, that this agenda item be recommended for approval upon receipt of additional information to the Board of Commissioners, due back on 4/26/2022. The motion carried by the following vote:

Yes: 3 - Commissioner Rader, Commissioner Cochran-Johnson, and Commissioner Johnson

-information for substitute agenda item provided by CFO McNabb

-Question JR: did you say that this substitute also authorizes a one-time resetting of the interest rates?

D McNabb: no it does not, but they made that offer to us

-Question LCJ: this is the process I understand we went through last time. With this, these loans have saved the County enormous amounts of money; I would expect the Administration to have made the recommendation to move forward, and I fully support it. I would be happy to move the motion to approve the item

-LCJ: motion to approve the substitute, with the final rates being provided next Tuesday at the 4/26/22 BOC meeting

Meeting Ended At: 11:45AM

MOTION was made by Lorraine Cochran-Johnson, seconded by Larry Johnson, that this agenda item be adjourned meeting. The motion carried by the following vote:

Yes: 3 - Commissioner Rader, Commissioner Cochran-Johnson, and Commissioner Johnson

Barbara H. Sanders-Norwood CCC, CMC