

St. Petersburg City Council
BUDGET, FINANCE & TAXATION COMMITTEE

Committee Report for the Meeting of June 11, 2009

Members: Chair James R. "Jim" Kennedy Jr., Vice-Chair James S. Bennett, Jeff Danner, Wengay M. "Newt" Newton Sr. (Absent) & Karl Nurse (Alternate).

Call to Order

Approval of Agenda

Approval of Minutes of May 28, 2009

1. New Business

**a. Capital Improvement Variable Rate Demand Bonds
Series 1997 A, B & C in the amount of \$3,490,000 Discussion**

Mr. Jeff Spies, Finance Director, discussed the proposed payoff of the City's Variable Rate Demand Capital Improvement Bonds, Series 1997 A, B and C. Mr. Spies explained that the original issue was \$13.895 million and that currently there is a remaining outstanding balance of \$2.3 million for Museum and \$1.19 million for Airport. Mr. Spies explained that the weekly variable rate remarketed by SunTrust Bank with SunTrust liquidity support. Mr. Spies explained that SunTrust was recently downgraded and has been unable to remarket the majority of the bonds outstanding (\$2.68 million). Mr. Spies explained that when remarketing fails, SunTrust must buy the bonds and is allowed to charge the City prime rate plus 1%, currently 4.25%. The City's current overnight earnings rates are approximately .30%. Mr. Spies explained that the City holds sufficient reserves in the Capital Improvement Debt Service reserve fund to payoff the majority of the \$2.3 million Museum related bonds. Mr. Spies also explained that in order to payoff all remaining principal and interest and to provide for the necessary notice to the current bond holders, the Administration is requesting a budget amendment to transfer from the Economic Stability fund to Airport Operating fund sufficient funds to repay principal and interest not to exceed \$1.05 million, which is net of currently held reserves. Mr. Kennedy inquired about the balance of the Economic Stability fund. Mr. Spies indicated that this transfer would not interfere with the plan to use a portion of the fund for the FY10 budget. Mr. Danner moved to recommend the recommendation and Mr. Bennett seconded, the motion passed unanimously.

b. Jordan School Renovation Project

Mr. Tim Finch, Budget Director, explained that previously the City Council approved a loan and transfer of \$2,753,925 from the unappropriated balance of the General Fund to the General Capital Improvement Fund for the Jordan

School renovation project which were to be repaid in five annual payments starting in FY10 through FY14 from the City's annual CDBG grant allocation. Mr. Finch indicated that City staff recommends using the Special Revenue Funds for the loan instead of the General Fund so that the General Fund will not be negatively impacted in the short term by this loan. Mr. Finch stated that due to the fact that the economy may not rebound in the near future, it is important to protect the General Fund as much as possible. Mr. Finch explained that making this change will help to do that. Mr. Finch explained that the funds advanced for the Jordan School renovation will still be repaid from the CDBG allocation over the next five years to the respective Special Revenue Funds. Mr. Joshua Johnson, Housing & Community Development Director, indicated that the project is fully funded. Mr. Nurse moved to recommend the recommendation and Mr. Bennett seconded, the motion passed unanimously.

c. FY 2009-2010 Annual Action Plan Publication Approval

Mr. Joshua Johnson, Housing & Community Development Director, explained that each year the City receives Federal grant funds and State revenue from a property tax for the purpose of assisting with housing and community development activities which primarily benefit low and moderate-income persons. Mr. Johnson explained that together with the City's Housing Capital fund, and the Local Housing Trust funds (LHTF), they comprise what is known as the Consolidated Plan. Mr. Johnson explained that the Consolidated Plan is prepared every five years and provides a blueprint for how the City will address housing and community development needs over a five-year period. Mr. Johnson explained that the City then prepares an Annual Action Plan and budget each year, which details how the annual allocation will be used to implement the five-year plan. Mr. Johnson explained that the FY 2009/10 Annual Action Plan is the fifth year of the five-year planning cycle that began October 1, 2005 and ends September 30, 2010. Mr. Johnson explained how the application workshop functions and the role of the Consolidated Plan Application Review Committee. Mr. Johnson explained that the draft Annual Plan must be published for thirty days for public comment, after which the full City Council will hold a public hearing. Mr. Johnson shared the Administration's recommendation that the Budget, Finance, and Taxation Committee recommend the resolution authorizing the Mayor or his designee to advertise the draft FY 2009/10 Annual Action Plan and to execute all other documents necessary to effectuate the resolution. Mr. Nurse inquired about the possibility of moving funds between projects. Mr. Johnson indicated that funding could be moved internally between projects. Mr. Danner moved to recommend the recommendation and Mr. Bennett seconded, the motion passed unanimously.

Mr. Danner requested an overview of the bond issuance process. The meeting scheduled for June 18, 2009 was suggested as an appropriate date. Staff will contact Jeff Spies, Finance Director, to schedule the overview.

Mr. Nurse shared information regarding a project in Denver that deals with panhandlers in their City. Mr. Nurse stated that Denver has a program that encourages their citizens when approached by a panhandler to deposit monies into collection boxes that are similar to parking meters instead of giving the money directly to the panhandler and funds are then distributed among the various social services in the City. Mr. Kennedy then asked that the item be scheduled for an upcoming agenda for further discussion.

2. Continued / Deferred Business
 - a. None
3. Next Meeting Agenda Tentative Issues
 - June 18, 2009 - Overview of Bond Issuance Process
 - July 16, 2009 - None
4. Adjournment – meeting adjourned at 8:24 a.m.

**BUDGET, FINANCE & TAXATION COMMITTEE
PENDING / CONTINUING REFERRALS**

June 11, 2009
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TOPIC	DATE REFERRED	REFERRED BY	SCHEDULED / HEARD ON	RETURN DATE	STAFF RESPONSIBLE	SPECIAL NOTES
Home Energy Loan Program (HELP)	04.23.09	Kennedy		08.2009	DeYampert	Kennedy requested update on status of HELP.
Social Services Funding	01.15.09	Metz		07.16.2009	Metz	If FY10 funding, would like to discuss Council Member priorities.
Deferred Compensation Plans and Pension Plans	05.28.09	Bennett		08.2009	Cornwell	Requested that staff begin looking at the possibility of offering a voluntary 401 pension plan option to non- union employees.

RESOLUTION NO. 2009-

A RESOLUTION RESCINDING AN UNENCUMBERED APPROPRIATION IN THE GENERAL CAPITAL IMPROVEMENT FUND (3001) IN THE AMOUNT OF \$2,753,925 FROM THE JORDAN SCHOOL RENOVATIONS PROJECT (10960); APPROVING THE TRANSFER OF \$2,753,925 FROM THE UNAPPROPRIATED BALANCE OF THE GENERAL CAPITAL IMPROVEMENT FUND TO THE GENERAL FUND (0001); APPROVING THE LOAN AND TRANSFER OF \$1,923,140 FROM THE UNAPPROPRIATED BALANCE OF THE EXCISE TAX SPECIAL REVENUE FUND (1007) AND \$830,785 FROM THE UNAPPROPRIATED BALANCE OF THE FRANCHISE TAX SPECIAL REVENUE FUND (1005) TO THE GENERAL CAPITAL IMPROVEMENT FUND WHICH WILL BE REPAID IN FIVE ANNUAL PAYMENTS STARTING IN FY10 THROUGH FY14 FROM THE CITY'S ANNUAL CDBG GRANT ALLOCATION; AUTHORIZING A SUPPLEMENTAL APPROPRIATION OF \$2,753,925 FROM THE INCREASE IN THE UNAPPROPRIATED BALANCE OF THE GENERAL CAPITAL IMPROVEMENT FUND RESULTING FROM THESE TRANSFERS; AND PROVIDING AN EFFECTIVE DATE.

WHEREAS, on October 2, 2008, the City Council approved a loan and transfer of \$2,753,925 from the unappropriated balance of the General Fund to the General Capital Improvement Fund for the Jordan School Renovation Project which was to be repaid in five annual payments starting in FY10 through FY14 from the City's annual CDBG grant allocation; and

WHEREAS, the City desires to use the Special Revenue Funds for the loan instead of the General Fund so that the General Fund would not be negatively impacted in the short term by this loan; and

WHEREAS, the funds advanced for the Jordan School Renovation Project will still be repaid from the CDBG allocation over the next five years to the respective special revenue funds;

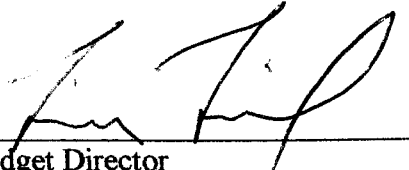
NOW, THEREFORE, BE IT RESOLVED by the City Council of St. Petersburg, Florida that the appropriation in the General Fund to the General Capital Improvement Fund of \$2,753,925 is hereby rescinded; and

NOW, BE IT FURTHER RESOLVED that there is hereby approved the following supplemental appropriations from the unappropriated balance of the following funds for Fiscal Year 2009:

<u>General Capital Improvement Fund (3001)</u> Transfer to General Fund (0001)	\$2,753,925
<u>Excise Tax Special Revenue Fund (1007)</u> Transfer to General Capital Improvement Fund (3001)	\$1,923,140
<u>Franchise Tax Special Revenue Fund (1005)</u> Transfer to General Capital Improvement Fund (3001)	\$830,785
<u>General Capital Improvement Fund (3001)</u> Transfer to Jordan School Renovations (10960)	\$2,753,925

This resolution shall become effective immediately upon its adoption.

APPROVED BY DEPARTMENT:



Budget Director

APPROVED AS TO FORM & SUBSTANCE:



City Attorney or Designee

A RESOLUTION OF THE CITY COUNCIL OF ST. PETERSBURG, FLORIDA APPROVING THE PAYOFF OF \$3,490,000 OF THE CITY OF ST. PETERSBURG'S CAPITAL IMPROVEMENT VARIABLE RATE DEMAND BONDS, SERIES 1997 A, B, AND C; APPROVING A SUPPLEMENTAL APPROPRIATION OF \$1,050,000 FROM THE ECONOMIC STABILITY FUND FOR TRANSFER TO THE AIRPORT OPERATING FUND; APPROVING A SUPPLEMENTAL APPROPRIATION OF \$1,050,000 IN THE AIRPORT OPERATING FUND; APPROVING A SUPPLEMENTAL APPROPRIATION OF \$2,440,000 IN THE CAPITAL IMPROVEMENT VARIABLE RATE DEBT FUND; APPROVING THE EXECUTION OF THE DOCUMENTS; AND PROVIDING AN EFFECTIVE DATE.

WHEREAS, in 1997 the City issued its Capital Improvement Variable Rate Demand Bonds, Series 1997A, B, and C; and

WHEREAS, these Bonds have an outstanding principal balance of \$3,490,000, are supported by a Letter of Credit from SunTrust Bank and are remarketed by SunTrust Bank on a weekly basis; and

WHEREAS, based on our contract with the SunTrust Bank, SunTrust Bank must purchase the bonds at prime rate plus 1%; and

WHEREAS, the prime rate is currently 3.25% which makes the City's payments on the Bonds substantially higher than the City can earn.

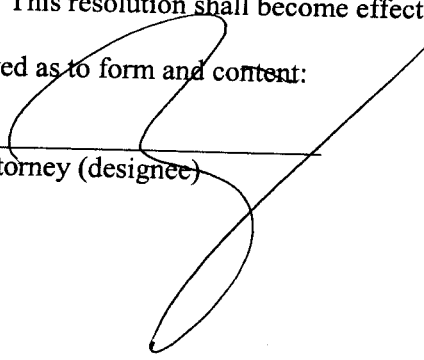
NOW THEREFORE, BE IT RESOLVED by the City Council of the City of St Petersburg that the City Council hereby approves the pay off the Capital Improvement Variable Rate Demand Bonds, Series 1997A, B and C in the amount of \$3,490,000 and authorizes the Mayor or his designee to execute all documents necessary to complete this transaction.

From: Economic Stability Fund	\$1,050,000
To: Airport Operating Fund	1,050,000

From the unappropriated balance of the respective funds:	
Airport Operating Fund	1,050,000
Capital Improvement Variable Rate Debt	2,440,000

This resolution shall become effective immediately upon its adoption.

Approved as to form and content:



City Attorney (designee)