



DeKalb County Government

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

Minutes - Draft

FAB-Finance, Audit & Budget Committee

Tuesday, October 25, 2022

3:30 PM

Meeting Started At: 3:35PM

Attendees: Commissioners Rader, Johnson, Cochran Johnson, Terry, Davis Johnson, Bradshaw

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

I. MINUTES

2022-2342 Commission District(s): ALL
Minutes for the October 10, 2022 Special Called Finance, Audit, and Budget Committee
MOTION was made by Lorraine Cochran-Johnson, seconded by Larry Johnson, that this agenda item be approved. The motion carried by the following vote:

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

2022-2351 Commission District(s): ALL
Minutes for the October 11, 2022 Finance, Audit, and Budget Committee
MOTION was made by Lorraine Cochran-Johnson, seconded by Larry 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. AGENDA ITEM

New Agenda Items:

2022-2286

Commission District(s): All

To Authorize the addition of Two Vehicles to the County Fleet for the Solicitor-General's Office

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 11/8/2022. The motion carried by the following vote:

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

-Information provided by COO Williams

-Question JR: *is there any information on the types of vehicles being procured*

COO Williams: *We can get that information*

-Question TT: *The Board of Commissioners has passed a resolution with the intent to transition to a clean energy and transportation county; I wonder if it would be appropriate to work with Director Gordon and Fleet to source the vehicles as electric or hybrid and maybe adjust the budget?*

LCJ: *I believe she was specific in the types of vehicles that were requested; she has indicated that she has chosen those vehicles for a specific use. I'm not taking issue with the green initiatives, but I'm not sure we should have that conversation independent of the solicitor.*

-Question JR: *in light of the policy that was adopted, how are we implemented it now? Is there a means the Administration uses for purchasing fuel alternative vehicles in that context?*

LCJ: *with the green initiatives, as we move forward and set a benchmark maybe we adhere everyone to that policy. I do look forward to those formal recommendations so that we have a benchmark*

JR: *if you would like we can bring that discussion to another committee regarding implementation of clean fleet*

COO Williams: *My preference would be to have Director Gordon present in a future OPS Committee*

-Question MDJ: *I don't remember voting on 100% electric fleet?*

TT: *To clarify we did vote on a resolution for a clean energy RFP for a vendor. I believe a vendor has been selected. So we have not implemented the transition plan but we have voted to say that we want to be clean energy and clean transportation by 2050; it's sort of an aspirational goal. When we talk about fleet vehicles, the key phrase is the total cost of ownership, because it is lower. From a budgetary and fiscal standpoint it is a better option*

[2022-2365](#)

Commission District(s): ALL

RFP - Request for Proposals No. 22-500623 Financial Advisory Services (3 Year Multiyear Contract with 2 Options to Renew): for use by the Finance Department. Consists of providing financial advisory services in connection with various financing transactions and programs. Services will also require acting as the County's "municipal advisor" as contemplated by the Dodd-Frank Wall Street Reform and Consumer Protection Act ("Dodd-Frank") and the Securities and Exchange Commission's Rule 15bA-1 (the "Municipal Advisor Rule"). Recommend award to: PFM Financial Advisors, LLC. Amount Not To Exceed: \$1,664,500.00.

MOTION was made by Lorraine Cochran-Johnson, seconded by Larry Johnson, that this agenda item be recommended for deferral to the Board of Commissioners, due back on 11/8/2022. The motion carried by the following vote:

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

-a substitute agenda item has been provided

-information provided by CFO McNabb and Michelle Butler

-information on development of RFP provided by Michelle Butler

-Question JR: How are we choosing the Bond Counsel, Disclosure Counsel, and underwriter associated with this bond issue?

McNabb: the bond counsel and disclosure counsel were selected by the law department

-Question JR: They did not go through a competitive process?

McNabb: Not that I am aware of

-Question JR: Can the Administration or Law Department speak to this? What was the policy decision that was made for to secure this particular function formally, and then not have the Bond Counsel, Disclosure Counsel, and underwriter chosen in that similar way?

-COO Williams: Regarding the selection process for the financial/municipal advisor - this is ultimately the determination of CEO, and given the magnitude of what we would be looking to do in terms of the need for financial advisor regarding bond placements, etc. in the future, it was the CEO's determination to do an open competitive process. The thinking is that is the most transparent process

-Question JR: But he did not think that appropriate for the other parts of the team?

COO William: I have not had specific conversations with him on other parts of the team, but I was not directed nor was the team to pursue that for the other parts at this time. With the open competitive process, the thinking that it would ensure the public sees we are transparent as possible when it comes to getting advisement to invest these types of monies

-Question JR: we have information for the municipal advisor; can you provide us information on the rates and amounts to be paid for the others?

McNabb: my understanding is that the bond counsel fee is \$50,000 and disclosure counsel fee has not yet been determined

-Question JR: can you speak to the underwriter?

McNabb: we're recommending that the issue be done as a competitive sale. Additional information provided by CFO McNabb

-Question JR: do you know if there are any LSBE's associated with the other professionals or a requirement within the context of those professionals? Do we have LSBE criteria for these professionals that are not competitively selected?

-response provided by COO Williams

-additional information provided by Michelle Butler, CFO McNabb

-Question LCJ: this designation for MSRB is basically required for participation; when we talk inclusion and opportunity in LSBE I wish we could do more, because it seems certain folks are locked out of the process. We should have a database of individuals to pass along to the primes that have already to be vetted. Was there any effort to obtain a local or minority participation?

-M Butler: There is a LSBE certified vendor list, that is usually the first source for determining partnerships. We do not have a minority or gender based system, so I cannot answer whether that was taken into consideration when the RFP was put out

-Question LJ: Regarding PFM, you're saying they have to be under the municipal securities rulemaking board (MSRB)?

-information provided by CFO McNabb on the qualifications of the MSRB

-Question LJ: why would we put someone in the system who doesn't have the certification?

-M Butler: the LSBE list is based off of County requirements. It is not required, and we also do not vet the LSBE's, that is the prime's job to ensure they are working with someone qualified to participate in what they are submitting for. That is one of the reasons why we wouldn't able to determine whether they are on the list. We also do not directly provide the list, it is available to the public and advertised at the Wednesday LSBE meetings.

-Question LJ: so the list that was provided they don't have the MSRB; part of your feedback you received that?

-D McNabb: that's part of our proponents; we haven't checked that

-Question LJ: Regarding PFM do they not have LSBE participation?

McNabb: No, PFM did not provide LSBE in the last proposal

-Question MDJ: DeKalb has been providing LSBE for years and I think it's incumbent on us that they know what the qualifications needed for contracts that we have, whether they are financial or other contracts. We received the information of the requirement of the MSRB from the contractor correct? Was that verified in any way?

-M Butler: correct; additional response provided by Ms. Butler

-MDJ: I have a problem with this; we are going by what the contractor says is a requirement without knowing if that is a requirement in and of itself. This is a huge financial deal, and everyone should be able to share whether 'I can't find anyone' with the qualification without us determining if this is a qualification for determination of LSBE. For the contractor to say that these are the requirements without us ascertaining whether that is true, I don't think we've done our due diligence

-additional response provided by Ms. Butler

-Question JR: is there any reason the proponents of the RFP can't look for someone to qualify, to engage them, and ensure

they are meeting LSBE? Is there a practice by which they can identify those who can qualify, and ensure they are on the DeKalb LSBE list and apply for a contract?

-response provided by Ms. Butler

-Question JR: have we competed for this contract before?

-D McNabb: the last time was in 2014 or 2015. Additional information provided by CFO McNabb

-JR: Commissioners between now and 2 weeks from now I might call a special meeting to get our heads around this particular issue; we also may need a special called meeting to discuss the bond issue as well

-Question TT: regarding the market survey, how does Procurement and how should we review these responses? Do these firms that didn't qualify know of LSBE or notified LSBE companies? I'm curious as to how these companies fit your view of financial advisory services.

-response provided by Ms. Butler

-TT: when bid meetings are held is the idea to have everything out there from the beginning, or are meetings more so disjointed and in that the LSBE preference broke down? I'm trying to put the pieces together

-response provided by Ms. Butler

-Question TT: are any of those in the market survey LSBE's?

M Butler: I will have to check that

-additional information provided by COO Williams

-JR: if you only know the opportunity is available via RFP, it is often too late. So you have to anticipate LSBE participation beforehand. I can see why you don't have a large list of LSBE financial services firms because there are infrequent procurements for that. In the future you could look at some means by which once a RFP is issued, a firm could qualify from the time a RFP is made. We get too many of these good faith efforts, and its impossible to maintain a full list of LSBE for county activity.

-Question LCJ: what does a 'good faith effort' general presents?

-response provided by Ms. Butler

-additional comments provided by Commissioner Cochran-Johnson

-JR: I think we'll need to think about this a little bit more. I would like to schedule a special called meeting perhaps early next week where we can review this again and come forward with a recommendation before the next BOC meeting

-LCJ: motion to defer this agenda item to a special called meeting

2022-2366

Commission District(s): All Commission Districts

Adoption of the Series 2022 Bond Resolution authorizing the issuance by the County of its Water and Sewerage Revenue Bonds, Series 2022 in an aggregate principal amount not to exceed \$540,000,000 for the purpose of (1) refinancing the County's tax anticipation note in the principal amount of \$70 million issued on February 17, 2022 and scheduled to mature on December 15, 2022, (2) refunding all of the County's outstanding Water and Sewerage Revenue Bonds, Series 2011 to achieve debt service savings, and (3) financing the cost of the acquisition, construction and equipping of certain improvements to the County's water and sewerage system.

MOTION was made by Larry Johnson, seconded by Lorraine Cochran-Johnson, that this agenda item be recommended for deferral to the Board of Commissioners, due back on 11/8/2022. The motion carried by the following vote:

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

-information provided by CFO McNabb

-D McNabb: the request is \$600M total; \$230M in new money, about \$300M to refund the 2011 bonds, and \$70M to repay the TAN's

-Question JR: initially there was a primary and supplementary resolution

-response from CFO McNabb on a parameters resolution, and a supplementary resolution

-Question JR: you're not asking approval of the supplemental resolution?

-D McNabb: no; additional information provided by CFO McNabb

-Question JR: a competitive sale - is that something a financial advisor would normally participate in that analysis?

-response provided by CFO McNabb

-Question JR: how did we determine that now was the best time? Interest rates have risen; we currently have our 2011 bonds financed; it's not that we have to refund them now correct?

-D McNabb: that's correct we don't have to refund those now; we do need the new money

-additional information provided by Bond Counsel Thomas Lauth

-Question JR: are the funds available in our reserves?

-D McNabb: December is our flush month; that's when we have the most cash

-JR: well we'd have to use tax funds to pay off the tax anticipation notes, and we've pledged our tax funds against that.

Additional comments provided by Commissioner Rader

-Question JR: we also have 2013 debt that is becoming eligible for refunding the middle of next year correct

-D McNabb: correct it will be eligible to be called in July of next year

-Question JR: we could delay this process to the middle of the year with more TAN's?

-D McNabb: we need \$230M in a little over a year; we're expecting to issue bonds again in 2024

-Question JR: have we done an analysis if interest rates change what would happen?

-response provided by CFO McNabb on sensitivity analyses conducted

-Question JR: could you provide us with sensitivity analysis on refunding the 2011 at this point in time, and secondly if we were to roll it with 2013 issue that would be available for re-issuing at the middle of next year

D McNabb: absolutely

-Question LJ: we received water and sewer loans from the federal government. What makes you want to go now?

D McNabb: because need the cash; additional information provided by CFO McNabb

-Question LJ: the increase that was voted on, would that cover that? Do you have enough to hold you over? I know you're trying to do another in 2024

-response provided by CFO McNabb

-Question LJ: Mr. Lauth, when do you anticipate decrease in the interest rates next year?

T Lauth: I don't know the answer to that; I haven't seen any indication in publication that rates are expected to lower for the next 12 months

-Question LCJ: this is a year old conversation; we could've saved the folks of DeKalb somewhere between \$30M-\$40M by taking advantage of lower interest rates. We have allowed the best opportunity to pass us by. I don't understand why we didn't take action, why it was over a year. Additional comments provided by Commissioner Cochran-Johnson

-JR: it appears this isn't the last bond issue we're going to see. This debt and the anticipated debt, that will require rate increases. What will you be proposing?

D McNabb: we have financial projections that we will be presenting to you at the PWI meeting. Additional information provided by CFO McNabb

-JR: my committee would be interested in a preliminary statement on what you'll be telling the financial markets of our situation. When would we see a POS and engineers report?

D McNabb: you have the POS now and you should have an engineer's report in a couple of weeks. Additional information on rate study and rate structure provided by CFO McNabb

-additional information provided by COO Williams

-comments provided by Commissioner Cochran-Johnson

-additional comments provided by Commissioner Davis Johnson

-Question JR: what is the status of the parity bond certificate?

D McNabb:

-Question JR: we still haven't had a report from Mauldin & Jenkins on the annual report for 2021. could you work with them on that in this context? Can you give us a briefing on what our current ratings are?

D McNabb: current ratings are AA and we expect them to remain at AA. Additional information provided by CFO McNabb

-comments provided by Commissioner Rader

-JR: we're going to have to continue this discussion later; we're looking at a special called meeting next week.

2022-2389

Commission District(s): All
Appropriation of American Rescue Plan Act Funding to Eligible Programs and Operating Expenses

MOTION was made by Larry Johnson, seconded by Lorraine Cochran-Johnson, that this agenda item be recommended for deferral to the Board of Commissioners, due back on 11/8/2022. The motion carried by the following vote:

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

*-JR: we need to hear from the Constitutionals on that one
-Z Williams: we'll have State Court and Magistrate Court*

III. STATUS UPDATE

American Rescue Plan Report - Tranche 1

-discussion not heard in committee

IV. DISCUSSION

Financial Statements

-discussion not heard in committee

Meeting Ended At: 5:21PM

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