

Allegheny County Council

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Meeting Minutes

Tuesday, May 12, 2020

4:00 PM

Conference Room 1

Committee on Budget and Finance

Robert Palmosina, Chair; Liv Bennett, Sam DeMarco, Tom Duerr, Nick Futules, Cindy Kirk and Bob Macey, Members

I. Call to Order

The meeting was called to order at 4:05.

Invited Guests:

William D. McKain, CPA, County Manager or Designee(s)

Mary C. Soroka, Director, Budget and Finance or Designee(s)

Mr. McKain was present from the Office of the County Manager.

Ms. Soroka was present from the Department of Budget & Finance.

Ms. Roka and Mr. Varhola were present from the Office of County Council.

II. Roll Call

Members Present: 0

Members Absent: 2 - Sam DeMarco and Nick Futules

Members Phone: 6 - Olivia Bennett, Tom Duerr, Cindy Kirk, Bob Macey, Robert Palmosina and Patrick Catena

Members 4 - Tom Baker, Paul Klein, Anita Prizio and Paul Zavarella

Non-Members:

III. Approval of Minutes

[11492-20](#)

Motion to approve the minutes of the April 28, 2020 meeting of the Committee on Budget & Finance.

A motion was made by Macey, seconded by Duerr, that this matter be Passed.

The motion carried by a unanimous vote.

IV. Agenda Items

Ordinances

[11488-20](#)

An Ordinance of the County of Allegheny, Pennsylvania, authorizing the incurrence of nonelectoral debt by and through the issuance of one or more series or subseries of federally taxable or tax-exempt General Obligation Bonds or Notes known as Series C-78 or known by such other name(s) as designated by the County, in an aggregate principal amount not to exceed \$172,180,000 (the "C-78 Bonds") and the issuance of one or more series or subseries of federally taxable or tax-exempt General Obligation Refunding Bonds or Notes known as Series C-79, or known by such other name(s) as designated by the County, in an aggregate principal amount not to exceed \$390,015,000 (the "C-79 Bonds" and together with the C-78 Bonds, the "Bonds").

Sponsors: Chief Executive

At the request of the Chair, the clerk read the title of the bill and Mr. McKain summarized its provisions, noting that this practice happens every two years for the issuance of

bonds in order to fund infrastructure. He noted that roads, bridges, and other capital projects are funded through these bonds. He discussed the savings that are associated with the issuance of bonds every two years and that this has been a good practice. Mr. McKain further discussed the financial improvement of the County from 2011 by noting that the unassigned fund balance has grown to over 50 million dollars. He noted that this has been a tremendous improvement and the rainy day fund has been positively impacted. He stated the County has started a hiring freeze due to the pandemic and they are only hiring for positions that are impacted by continuous operations. Mr. McKain noted that multiple revenue streams have been impacted, which include sales and alcohol taxes. He noted that there is a healthy fund balance and the County's financial position provides various opportunities.

Ms. Soroka discussed funding that would be provided from these bonds because they will help to secure the funding for the 2021 and 2022 capital budgets. She stated that this approach has occurred for the last four bonds series. She noted that this secures funding for roads, bridges, and infrastructure support. Ms. Soroka noted that the capital budget projects for 2021 will be brought to council in October. She noted that funding will almost be split between the two years. Ms. Soroka discussed the savings in financing costs and elimination of anticipation regarding what might happen. She noted that the capital projects will be presented in the comprehensive fiscal plan when it is presented to Council.

Charles Goodwin from BNY Mellon discussed the refinancing opportunities that the County is working towards. He noted that C-79 Series will be used to refinance the existing debt of the County. Mr. Goodwin noted that the current market is quite volatile due to COVID-19 and interest rates have gone down. He stated that the current market provides capable opportunities in order to refinance the current bonds. He discussed the 2017 changes in the federal tax codes and that these bonds can no longer be issued on a tax exempt basis. Mr. Goodwin noted the County should save between 15 to 20 million dollars on the current bonds due to refinancing.

Mr. McKain discussed the steps that need to take place after the second reading of this ordinance and that timing is essential. He also noted the opportunities refinancing will provide to the County due to the pandemic and the effects that will occur for the County's financial position.

Mr. Goodwin discussed the improvement in the County's financial condition and the AA rating level that S&P and Moody's has given the County. He noted that the County has a diversified economic base, which can help receive favorable rates.

In response to questions from Ms. Bennett, Mr. McKain noted that the results of the bond issuance will be presented to Council. He noted that the results would include the rates that are received and whether or not premiums were received on the bonds and what was able to be sold. Mr. McKain also clarified about the second reading on May 19th.

In response to a question and comment from Mr. Macey, Ms. Soroka noted that the bond issuance helps to reduce costs and savings on the expenditure side. Mr. Macey thanked the budget department for their diligence and thoroughness. Ms. Soroka further discussed the initiatives that the County has taken during this pandemic. Mr. McKain noted the efforts that are being conducted in order to analyze all expenditures and revenues. He noted the potential savings of 20 million dollars in 2021 and 2022. He stated that these efforts will continue to drive our practices and will allow us to keep up with our infrastructure.

In response to questions from Mr. Catena, Mr. Goodwin discussed the terms and maturity of the bonds including those that will be refinanced. Ms. Soroka discussed the evaluations that Moody's is conducting during the current pandemic. She stated that these efforts include the ability to ride the wave and the management that is in place. Mr. McKain stated that this region is better equipped to rebound. Mr. Goodwin discussed the depression era scenarios that were conducted in 2018 and that the County would be able to withstand a shock. He also stated that tracking is being conducted and they are closely monitoring the County's bonds on the secondary market. He noted that the County should be able to maintain the AA rating level from S&P and Moody's. Mr. McKain discussed the savings range of 15 to 20 million dollars again.

A motion was made by Bennett, seconded by Palmosina, that this matter be Affirmatively Recommended. The motion carried by a unanimous vote.

V. Adjournment

The meeting was adjourned at 4:33.