

**ST. PETERSBURG CITY COUNCIL
BUDGET, FINANCE & TAXATION COMMITTEE REPORT**

Meeting of February 13, 2020

Present: Chari Ed Montanari, Gina Driscoll, Robert Blackmon, Brandi Gabbard (Alternate)

Absent: Vice Chair Amy Foster

Also: Assistant City Attorney, Macall Dyer; Deputy Mayor/City Administrator, Dr. Kanika Tomlin; Assistant City Administrator, Tom Greene; Chief Financial Officer, Anne Fritz; Controller Manager, Erika Langhans; Budget Director, Elizabeth Makofske; Senior Deputy City Clerk, Cathy E. Davis; Legislative Aide, Kewa Wright

D – (a) Debt Issuance

Controller Manager, Erika Langhans addressed the committee to recommend approval of a resolution to issue up to \$25 million non-ad-valorem revenue note (Series 2020) from JP Morgan Chase with a 10-year amortization, at a fixed rate of 1.70%. Mr. Tom Greene, Assistant City Administrator explained that the purpose for this borrowing was to advance some of the Penny for Pinellas projects. Mr. Greene also added that over the next 10 years, we are estimating around \$320 million of Penny resources to come in. The cash flow from the Penny will cover the principal of the loan and the General Fund will bear the interest component.

CM Gabbard made a motion to approve the resolution. All were in favor.

D –(b) 1st Quarterly Financial Reports

Investments:

Chief Financial Officer, Anne Fritz started the presentation by providing a brief overview of the two main investment policies, the General Policy and Alternate Investment Policy and explained the portfolios and investment funds for each policy.

As of December 31, 2019, the General Policy had a book value of \$802.5 million, a market value of \$807.4 million, with a market gain of \$4.9 million. The Alternate Investment Policy had a book value of \$31.9 million, market value of \$41.4 million, with a market gain of \$9.4 million. Ms. Fritz briefly discussed the General Policy Portfolio and informed the committee that details of the holdings in each portfolio is in their backup.

The Short-Term Portfolio and Core Portfolio had a book value of \$426.2 million, market value of \$429.9 million with a market gain of \$3.7 million. In addition, Ms. Fritz briefly explained the portfolios on Debt Service, Bond Proceeds and Water Cost Stabilization.

In terms of the total Investment Policy (General) Portfolio earnings for the past 12 months (excluding Blackrock), was \$18.5 million, with an annualized rate of return of 2.33%. When you compare the Portfolio's Book Value Earning Rates with Merrill Lynch Index, it has been stable and increasing steadily. Ms. Fritz informed the committee that the City is in compliance with its Liquidity Disclosure and Diversification Schedule.

On a side note, Ms. Fritz informed the committee of a recent meeting with the Investment Oversight Committee (IOC) regarding action taken for recommendation to the BF&T committee. The IOC is requesting a change to the Alternate Investment Policy to change the Kopsick Arboretum Investment Fund from internally managed to externally managed, and further recommend the utilization of Greystone Consulting to externally manage the Kopsick Arboretum Investment Fund. Ms. Fritz explained the rationale for IOC making this recommendation.

CM Driscoll made a motion to approved IOC's recommendation and bring the language back to the BF&T committee for review. All were in favor.

Debt:

As of December 31, 2019, the City had \$80.673 million in general governmental debt (principal only, with the Pier comprising most of it). Ms. Fritz displayed a chart to the committee on the various outstanding debt issuances and the general governmental debt principal and interest by fiscal year, in addition to the funding sources. In addition, Ms. Fritz also highlighted the City's high credit ratings under Moody's Investors Service, Inc. and Fitch Ratings, Inc.

Pensions:

Ms. Fritz provided a snapshot of the Quarterly Pension Investment Data as of December 31, 2019 for the ERS Pension Plan, Police Pension Plan and Fire Pension Plan. Data for the solvency tests for market value vs. actuarial is as follows: The percentage funded for the actuarial present value of benefits was 105.31% for ERS, 118.13% for Fire and 101.68% for Police. The percentage funded for the actuarial accrued liability was 92.18% for ERS, 111.05% for Fire and 93.67% for Police.

Weeki Wachee:

Ms. Fritz reported that at the end of the first quarter, the Weeki Wachee Fund had an undesignated amount of \$2.1 million.

Budget vs. Actuals

A snapshot of the sources of revenue and expenditures were provided in the General Funds Group for FY16 – FY20. Most expenditures are derived from salaries and the majority of revenue are from property taxes.

Following the presentation, the committee asked questions and provided comments.

FY20 1st Quarter Budgetary Performance Report:

Ms. Makofske presented the committee with an overview of first quarter budgetary performance report. The following was presented:

FY20 Stoplight Report:

- The General Fund beginning balance is \$30.529 million (includes \$835k in remaining BP resources)
- True Operating beginning fund balance (excluding BP) is \$29.694 million

- BP Settlement – all BP resources have been appropriated

FY20 General Fund Overview (as of December 31, 2019):

- Revenue projections are \$282.949 million (\$2.663 million over the amended budget amount – includes only Irma reimbursement that has been received by the end of the 1st quarter)
- 21 projects have been submitted to FEMA, with one more to be submitted in the near future (estimated projects total \$8.792 million with 7.903 million of that is reimbursable)
 - As to date, \$2.593 million has been received in FEMA reimbursements
- General Fund Expenditure projections are \$290.162 million (\$2.264 million over the amended budget)
- Estimating to use \$3.971 million of General Fund balance in FY20 compared to the amended budget expectation of a \$4.370 million use of fund balance
- The projected FY20 General Fund balance (\$26.558 million) is \$12.634 million above the Core General Fund 5% target fund balance of \$13.924 million
- The projected FY20 General Fund Group of Funds balance (\$61.870 million) is \$5.912 million above the General Fund Group of Funds 20% Target of \$55.958 million
- A total of 27 CIP projects were completed and closed in the first quarter of FY20

There were questions and discussion throughout the presentations.

E. Adjourned at 9:21 am