

CITY OF FRONTENAC



MINUTES OF THE WAYS AND MEANS COMMITTEE SPECIAL MEETING VIA TELECONFERENCE SEPTEMBER 28, 2020

A. CALL TO ORDER

The September 28, 2020 special meeting of the Ways and Means Committee of the City of Frontenac was called to order at 3:00 p.m. The meeting took place via teleconference.

B. ROLL CALL

Chairperson Margaret Sherwood	Warren Winer
Tim Sant	Tom Mug
Ken Marx	Aldersperson Dan Millman
Ex-Officio Emily Arneson, Assistant. Treasurer	

Mr. Lenzen was not present

Mr. Christensen stated a quorum was present.

Also in attendance were Mayor, Kate Hatfield; City Administrator, Jaysen Christensen; Finance Officer, Lea Ann Bennett; and Martin Ghafoori of Stifel, Nicolaus & Company, Inc.

C. VOTE TO APPROVE AGENDA

Chairperson Sherwood asked for a motion to approve the September 28, 2020 agenda.

MOTION: Mr. Winer motioned and Tom Mug seconded approval of the agenda. All voting members present voted in the affirmative. **MOTION PASSED.**

D. PUBLIC FORUM

There were no comments from the public.

E. OLD BUSINESS

Bond Refinance Discussion

Mr. Martin Ghafoori of Stifel Nicolaus stated they had received responses from six potential investors for private placement, including four bids and two responses that declined to bid. Of the four bids, JP Morgan proposed the most aggressive rate at 1.31% on a five-year call.

Mr. Ghafoori briefly reviewed the bid summary on the private placement and compared it to the public offering option. Mr. Ghafoori stated that given the fairly close interest rates between the two, the key difference between the private placement and public offering is the cost of issuance and the rating fee related to the public offering.

Chairperson Sherwood asked if the bank would be using any collateral. Mr. Ghafoori stated that City Hall would be used as collateral just as in 2009. Collateral would be the same regardless of a public or private placement.

Mr. Ghafoori indicated that if the City were to move forward with a bank placement through JP Morgan that the following items would need to be addressed:

- Ensure default cap rate is in agreement with Missouri statutes
- Clarify the security as being leasehold interest in the City Hall building (not stated in the bid)
- Confirm with the City Attorney if there are issues with JP Morgan's proposed term sheet with regard to a "waiver of a jury trial" for any disputes

Mr. Ghafoori stated that if having a current rating was important to the City, a private placement would not involve that. Additionally, only a public placement would allow local residents to purchase certificates if that were important to the City.

Chairperson Sherwood asked if the summary numbers for JP Morgan were accurate. Mr. Ghafoori stated that Stifel used the rates provided in JP Morgan's bid and estimated the sizing. Mr. Ghafoori further stated that he did not see any issues with the sizing changing.

Ms. Bennet asked if annual submissions would still be required with a private placement. Mr. Ghafoori stated that JP Morgan would require some annual documentation to be submitted.

Mr. Marx asked if it was required to post quarterly with EMMA. Mr. Ghafoori stated that it would be required once per year.

Chairperson Sherwood asked if anyone would like to make a motion regarding a recommendation to the Board of Aldermen.

Mr. Marx motioned to present information and get input from the Board of Aldermen on the direction to go regarding a public offering or private placement.

Chairperson Sherwood suggested that the motion be clarified as follows:

MOTION: The Ways and Means Committee recommends the Board of Aldermen approve the City moving forward with a private placement at J. P. Morgan Chase Bank, NA of the bond

refinance including an additional \$350,000 for the new ambulance, pending acceptable negotiations with J. P. Morgan Chase Bank, NA and review by bond counsel.

Chairperson Sherwood asked Mr. Marx if that language reflected his intended motion. Mr. Marx confirmed that it did. Mr. Mug seconded the motion. All voting members present voted in the affirmative. **MOTION PASSED.**

F. SCHEDULE DATES FOR NEXT MEETINGS:

Next Regular Scheduled Ways & Means Committee Meeting, Tuesday, October 20, 2020, 3:00 p.m.

G. ADJOURNMENT

MOTION: Tim Sant made a motion, and Ken Marx seconded to adjourn the meeting. All Committee members voted "Aye".

The meeting adjourned at 3:34 p.m.