

City Council Governance Committee Meeting Minutes

A meeting of the City Council Governance Committee was held on Wednesday, December 15, 2004 at 3:30 pm in the City Hall Media Briefing Room.

Councilmember's Mayor Edward D. Garza, Chairman
Present: Richard Perez, District 4
Art Hall, District 8

Absent: Julian Castro, District 7
Carroll Schubert, District 9

Staff Present: Rolando Bono, Interim City Manager
Melissa Byrne Vossmer, Assistant City Manager
Leticia Vacek, City Clerk
Jelynn Burley, Assistant City Manager
Andrew Martin, City Attorney
Bernadette McKay, Deputy City Attorney
Martha Sepeda, First Assistant City Attorney
Patricia Major, City Auditor
Milo Nitschke, Director of Finance
Peter Zanoni, Director of Management and Budget
Erik Walsh, Assistant to the City Manager

Call to Order – Mayor Edward Garza, Chairperson

I. Discussion regarding the selection of attorneys and law firms to serve as the City of San Antonio's bond counsel in connection with various financings.

Mr. Andrew Martin, City Attorney reported on RFQ and the responses. He spoke to the Evaluation Committee and went through an analysis. He delineated on each of the bond counsel for each of the five issuances for recommendations noting that any of the firms are capable. (A copy of the handout is on file with the Office of the City Clerk).

In response to Mayor Garza and Councilman Hall on the experience and ongoing financing, Mr. Milo Nitschke stated resources are from lead firm, the practice has been that we do not follow the individual; however, they could go with the individual.

Councilmember Perez made a motion to place the item on the January 2005 agenda on the first or second week. Councilmember Hall seconded the motion. Committee members approved the motion. .

II. Discussion regarding various potential bond issuances.

Mr. Nitschke spoke to the potential Bond issuances in the pipeline which included the following;

1. Friedrich building – total project \$30 million but they are breaking it up into phases.
2. HUD loan of \$57 million, May 2005. Payable in semi-annual payments.
3. Five year Master Lease Purchase Program using operating tax for equipment purchases. Timeline to get response by the end of January 2005. Needs are for ITSD and Fire Department.
4. See below.
5. GO bonds certificates of obligation; Spring 2005, issuance May 2005.
6. Pass facility charges bonds; Spring 2005 will watch this for arbitrage.
7. Headquarter Hotel Revenue Bond.
8. Strom water Revenue Bonds timing of when money is needed.
9. Library district – number of facilities; create a corporation to acquire all those facilities.
10. Espada - passes on same.
11. Tx Dot Pass through Toll

4) Pension obligation bonds of total 83% funded; should not need to do anything assuming 8% interest.

Mr. Nitschke stated there is \$289 million unfunded liabilities for the City of San Antonio. With respect to the Pension bonds the issue is to assess question on the principal amount of bonds and the debt service payments.

He stated that on Retiree Health Care Fund Legislation is silent on whether a Retiree Health Care Fund is considered a pension fund. He added they have submitted an opinion be issued by Attorney General's Office. He stated no one in the state has done Pension Obligation Funds yet at least Houston and Dallas are looking at it, as well as Fort Worth and El Paso which are also looking at it.

In response to Councilman Hall on use of funds, Mr. Nitschke stated it would take 30 days to complete and we could have funds by mid-May. He further stated with 83% funded, the cost annually in \$24 million per year into the pension fund.

Councilmember Hall stated savings could be generated if pension obligation bonds are issued.

Mr. Bono stated that changes proposed can affect the rating.

In response to Councilmember Hall on the risks, Mr. Nitschke stated there could be 8% return, but if not received, then unfunded liability increases.

Councilmember Perez directed that numbers be obtained from UBS and review it again at this time.

Councilmember Hall noted he would like to review it further, and asked staff to keep them current on the numbers.

In response to Councilmember Perez regarding item number one (1) and status of projects, Mrs. Vossmer stated she would check with Public Works and report back to the Council.

Councilmember Perez expressed concern with number eleven (11) and stated we needed to learn a lot more.

Mr. Nitschke noted that Tx DOT would issue the debt and the guarantee would be the City. He added this was untested like pension obligation bonds.

IV. Agenda Planning Related Items

Discussion regarding a resolution designating the SALT (San Antonio Living Trust) March as an official City of San Antonio event, on a one-time basis, and waiving permit and reservation fees; as requested by Councilwoman Patti Radle.

Mr. Rolando Bono, Interim City Manager presented item number five (5) noting the March to be held on Sunday February 5, 2005 starts at the Sam Shelter and ends at the Arneson River Theater. He stated the fee is \$520 which is requested to be waived.

In response to Councilmember Hall regarding the fee waiver for MLK, Mr. Bono stated that it was waived. He stated these monies were for marketing, etc.

Councilmember Hall stated that he would not mind waiving the \$520 fee in order to raise \$6000.

Councilmember Perez expressed concern with waiving the fee. He agreed to place the item on the Council Agenda.

Mayor Garza stated that to be a co-sponsor it's not a problem, it's the ad fee, however, it will be placed on A session. Councilmember Perez moved to place it on A session. Councilmember Hall seconded the motion to place item on the regular meeting. Committee members approved the motion.

III. Briefing on the status of audit projects and reviews, including accounts receivable, payroll and related deductions, revenue contracts.

Mrs. Pat Major reported on the accounts receivable issues and the claim related items. She also addressed the TMRS calculation methodology.

V. Executive Session

Mayor Garza 4:48 pm recessed into executive session. The City Attorney consulted with the item in executive session with Councilmembers.

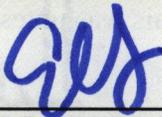
Mayor Garza reconvened the meeting at 5:16 pm and stated that no formal action was taken.

VI. Consideration of scheduling of items for future meetings.

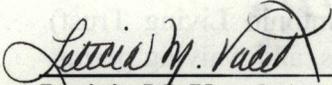
There being no further discussion, the meeting was adjourned at 5:15 pm.

Copies of these presentations are made part of the file and are available upon request.

ATTEST:



Edward D. Garza, Mayor



Leticia M. Vacek
City Clerk