Purpose of Finance & Administrative Services Committee: To enable the City Council to discuss and evaluate in greater detail these specific issues that directly impact the financial and organizational strength of the City of Cedar Rapids.

City Council Committee Members:
Council member Kris Gulick, Chair-present
Council member Justin Shields-present
Council member Susie Weinacht-present
• Mayor Ron Corbett is an ex-officio member of all Council Committees per City Charter Section 2.06.

Agenda- Meeting called to order @ 2:33pm

1. Approve Minutes from last meeting—
The minutes from the April 5th meeting were approved as distributed.

2. Review financial information-April revenues and expenditures—
Operations continue to look good for 2017. Holding at budget for most expenditures with some amendments to be presented at the Council meeting for: (a) Overtime for Public Safety (PD and Fire) and (b) 2016 flood amendments (TrueNorth is still working with the insurance adjuster for the 2016 flood). Casey will be asking TrueNorth to attend the June 2017 meeting to provide an update on what they have been working on for the City over the past year.

3. Review Moody’s bond rating— (supplemental meeting documentation included a PPT on 2017 Bond Rating)
• City Revenue Bond Debt Service Coverage: this is figured as net revenue divided by the revenue debt (includes SRF loans). A 1.75 ratio is required to maintain Aa2 rating. The City will need to continue to manage debt service coverage to maintain Aa2 rating or would need to be comfortable with a lower rating.
• In 2007 the City started moving GO bonds (General Obligation Bonds) for enterprise departments to revenue bonds to reduce the impact on the City’s debt limit.
• In 2014, Moody’s changed how they calculate their rating, the Economy/Tax base used to account for 40% of your rating and now accounts for 30%. Debt/Pension liability used to account for 10% of your rating and now accounts for 20%.
City GO Bond Rating (Aa1) Summary from 2017 Rating:

Credit Strengths:
- Large and growing tax base that serves as a regional economic center for portions of Eastern Iowa
- Sound financial position

Credit Challenges:
- Modest resident income levels compared to similarity rated entities
- Enterprise risk posed by the ownership of a hotel and convention center
- Above average debt and pension liability

Factors that could lead to an upgrade:
- Improvement of resident income indices
- Moderation of the City’s long-term leverage and fixed costs

Factors that could lead to a downgrade:
- Deterioration in operating reserves of liquidity
- Growth in the City’s debt or pension burden
- Weakened operating performance of City-owned hotel or convention center that raises the need of governmental support.

City Revenue Bonds (Aa2) Summary from 2017 Rating:

Credit Strengths:
- Stable system liquidity
- Unlimited rate setting authority

Credit Challenges:
- Customer base exhibits elevated concentration
- Debt service coverage is projected to decline over the near-term due to increased debt service expenditures

Factors that could lead to an upgrade:
- Expansion and diversification of the customer base
- Material improvement of annual debt service coverage

Factors that could lead to a downgrade:
- Contraction of the system’s customer base or increased customer concentration
- Reductions in cash reserves or debt service coverage

The meeting was adjourned at 3:10pm.

Public Comment: (2 minutes per person, total maximum of 10 minutes per meeting)

Outstanding items update:
None

Future Topics:
1. Regional services
2. Development financial incentive process
3. Entrepreneurial development economic development incentives and land use issues
4. Efficiency efforts
Any discussion, feedback or recommendation by Committee member(s) should not be construed or understood to be an action or decision by or for the Cedar Rapids City Council. Further, any recommendation(s) the Committee may make to the City Council is based on information possessed by the Committee at that point in time.

Anyone who requires an auxiliary aid or service for effective communication, or a modification of policies or procedures to participate in a City program, service, or activity, should contact Casey Drew at 319-286-5097 or email c.drew@cedar-rapids.org as soon as possible but no later than 48 hours before the event.