MEETING NO. 2012-14: The Special Meeting of the City and Borough of Juneau Assembly, held in the Assembly Chambers of the Municipal Building, was called to order at 6:55 p.m. by Mayor Bruce Botelho.

I. ROLL CALL

Assembly Present: Mary Becker, Bruce Botelho, Karen Crane, Ruth Danner, Johan Dybdahl, Jesse Kiehl, Carlton Smith, and Randy Wanamaker.

Assembly Absent: David Stone.

Staff Present: Kim Kiefer, City Manager; John Hartle, City Attorney; Rob Steedle, Deputy City Manager; Laurie Sica, Municipal Clerk; Mila Cosgrove, HRRM Director; Kirk Duncan, Public Works Director; Jim Penor, Solid Waste Coordinator; Craig Duncan, Finance Director; Bob Bartholomew, Finance Department.

II. PUBLIC PARTICIPATION ON NON-AGENDA ITEMS – None.

III. NEW BUSINESS

A. Moody’s Investor Service – Bond Ratings

   Administrative Report: Attached. City Manager Kiefer, Craig Duncan and Bob Bartholomew presented information to the Assembly.

   Ms. Kiefer said that in the past few years, reserve funds have been used to make up for budget deficits. Moody’s report specified that significant improvement in General Fund reserves and large increases in Assessed Values could cause the bond ratings to go up. Ms. Kiefer said the recommendation was consistent with the Mayor’s Fiscal Task Force, which recommended increasing reserves. CBJ has not gone out for bonding on its own since 2008, and has relied on the Alaska Municipal Bond Bank. When using the Alaska Municipal Bond bank, CBJ uses the Bond Bank’s rating for bonding.

   Mr. Dybdahl asked why CBJ had bonded on its own in the past. Mr. Duncan said CBJ changed its financial advisor in 2008 and it was deemed more financially prudent to use the Alaska Municipal Bond Bank to lower costs and to get better rates.

   Mr. Dybdahl asked the likelihood of CBJ not using the Alaska Municipal Bond Bank. Mr. Duncan said there were a few cons to using the bond bank. One was timing, in that CBJ had to move along with the bond bank’s schedule. Other than that there was no particular reason for CBJ to go it alone, unless the bond bank rejected CBJ as a user, or they chose not to issue bonds. It would be a slim chance not to use the bond bank in the future.
Mr. Duncan said he was contacted by an analyst chasing down numbers for Moody’s. They have a bond-rating group and a credit team that assigns ratings. This is part of a new standard process in place for three years, related to the recession, and Moody’s was not concerned with CBJ in particular, but this process was being done across the country.

Mayor Botelho said that over that time, thousands of municipalities had defaulted. Mr. Duncan said that was correct and Moody’s was taking a more conservative position in evaluations.

Mr. Duncan said CBJ had historically used Moody’s for its ratings. The analyst that contacted Mr. Duncan told him he issued the rating and CBJ had two hours to respond. The ratings are fair and not unreasonable. CBJ’s financial advisor said Moody’s is now narrowly focused on fund balances and CBJ’s has come down. The results lowered us from Aa2 to Aa3 (“3” is equal to a minus), or moving down one notch. CBJ has a “neutral” outlook.

Mr. Duncan distributed information to the Assembly with bar graphs and explained the General Governmental Funds fund balances before and after legislative changes from the recent session, and the Sales Tax Fund fund balances. Regarding Moody’s suggestions, CBJ could not control the assessed values of property, but it could control the amount in reserves.

Mr. Duncan introduced Bob Bartholomew as the new Finance Director. Mr. Bartholomew was a member of the Mayors Fiscal Task Force that recently met.

Mr. Bartholomew explained the budgetary impacts of the legislative changes. Combining the funding from SB160, community revenue sharing, and SB 182 change in education funding formula, and less the additional items that were approved and added to the budget at the May 16 meeting, there was an available fund balance of $2,419,700 in FY13 and $1,572,800 in FY14, for a total of $3,992,500. The additional funding needed to fund the Mayor’s Fiscal Task Force budget reserve recommendation was $5,580,000.

Assembly discussion on the matter continued with questions asked and answered. No Assembly action was taken or direction given on this matter.

IV. EXECUTIVE SESSION

A. Waste Management – Update
B. Contract Negotiations – Update

MOTION, by Wanamaker, to enter executive session for the two topics, matters which the immediate knowledge of could have adverse effect on the finances of the city.

Public Comment: None.

Assembly Action:

Hearing no objection, the Assembly entered into executive session at 7:50 p.m. and returned to regular session at 8:40 p.m.

Mayor Botelho said the Assembly received information and provided direction to the manager.
V. ASSEMBLY COMMENTS AND QUESTIONS – None.

VI. ADJOURNMENT – 8:45 p.m.

Signed:_________________________     Signed:_____________________________
Laurie Sica, Municipal Clerk  Bruce Botelho, Mayor