**Taxation, Revenue, and Utilization**

**of Expenditures (TRUE) Commission**

**Daniel Henry, Chair**

**TRUE COMMISSIONERS MEMBER-TO-MEMBER MEETING**

**Preliminary Meeting Minutes**

*The minutes of this meeting are preliminary until reviewed and*

*approved by the TRUE Commission at a future meeting.*

**December 3, 2020**

**4:00 p.m.**

**Virtual meeting via Zoom platform**

**Attendance:** Commissioners Daniel Henry, John Roberts, Keshan Chambliss, Mark Merritt, Ramon Day, Bruce Tyson

**Excused:** Commissioner Velma Rounsville

**Also**: Jeff Clements and Yvonne Mitchell – Council Research Division; Tommy Carter – Council Auditor’s Office

The member-to-member meeting was convened at 4:01 p.m. and the attendees introduced themselves for the record.

Auditor’s Report

Tommy Carter of the Auditor’s Office reported that his office had released two follow-up reports since the last TRUE Commission meeting:

#736B – Police and Fire Pension Fund Audit Follow-Up: the first follow-up to the audit was conducted in 2017, this is the second follow-up. The original audit identified 10 issues, of which 7 were cleared in the first follow-up, leaving 3 remaining. The 3 remaining issues are: 1) errors in calculation of final compensation because of adding a third week to the final pay period; 2) errors in calculating the effective retirement date for DROP participants which then allowed a reduced pension contribution for 1 week; and 3) COLA payments calculated incorrectly due to a software glitch leading to underpayments. The Police and Fire Pension Fund management agrees with the Auditor’s recommendations and says they are working on resolutions. In response to a question from Chairman Henry about whether the PFPF is using the City’s 1Cloud system, Mr. Carter said he thought they were but will have to check to be sure.

#793A – Non-Residential Solid Waste Franchise Fee Audit Follow-Up: the original audit identified 14 issues; 10 have been cleared as of this follow-up and 4 remain. The remaining issues include: 1) continuing understatement of franchise fees because of disagreements over the gross receipts calculation (the Solid Waste Division is clarifying with the franchisees what items are an are not to be included in the calculation and is negotiating with haulers over recouping the underpayments and ); 2) franchise fees not properly shown on customer bills (the division will notify all franchisees that the fee must be properly shown on customer bills as a separate line item representing 17% of monthly gross receipts); 3) issues with insurance, bonds and annual reports; insurance not always approved by Risk Management as required; some bond documentation incomplete or for a lower amount than required; one annual report submitted late without the late fee being charged; and 4) issues with the franchise renewal process – applications not always complete or timely filed, some applications apparently filed but not reviewed upon submission (Solid Waste will add a level of oversight by the Solid Waste Accounting Manager).

Committee Reports

None

Old Business

None

New Business

None

Chair’s Comments

Chairman Henry inquired if the Commission’s traditional date and time of meetings (4 p.m. on the first Thursday of the month) still works for the members. Commissioner Day suggested that meeting after 5 p.m. might be better than during the business day, and some agreed. Commissioner Roberts suggested polling the membership to see what time works best. Mr. Henry noted that getting a quorum has been problematic the last couple of meetings, so wondered if 4:00 p.m. was not a good time. Jeff Clements and Tommy Carter said they were available for meetings starting at 5:00 p.m. Commissioner Chambliss expressed a preference not to be downtown walking from City Hall to the parking garage after dark in the winter months. Mr. Henry suggested possibly meeting earlier in the day. Some commissioners agreed that would work. Mr. Clements and Mr. Carter said 8 a.m. would be the earliest start time. The Chair suggested trying the January 7th meeting at 8 a.m. and seeing how it works in a hybrid format.

In response to a question from the Chair about when the City Council will act on the pending legislation to approve the Lot J development project at the stadium, Mr. Clements recounted the discussion at the Council Committee of the Whole meeting earlier in the day and the Council President’s decision to defer action on the bill until January.

Commissioner Comments

Commissioner Day asked if the Council Auditor’s spreadsheet on the Lot J proposal includes the DIA’s recommendations – it does not.

Commissioner Roberts said he’s run some calculations on the $65M “breadbox” loan that is part of the Lot J incentive package and found that it could be repaid in 33 years instead of 50, as the developer’s representative explained, only if the funds earn 5% per year and you don’t consider inflation. If inflation is considered (assuming 2% per year) it will only produce $33.8M in actual funds, not the full $65M that is the goal. Commissioner Day said it would take 4.8% interest per year to grow the $13.5M initial investment to $65M over 33 years, and that’s hard to envision being realistic.

Chairman Henry asked to be provided with the web link to the City’s annual debt affordability study. He asked if the TRUE Commission was interested in studying and/or making any recommendations on the Lot J proposal. Commissioner Roberts said he was interested in commenting on the “breadbox” loan. Commissioner Merritt said it’s a fast moving project and may be done by early January before the TRUE Commission can meet again. He wondered what the hurry was about, and why the push by some to approve the project next week. If it’s a good project, then approval in January should not be a problem. He doesn’t know what the TRUE Commission could offer that the DIA and Council Auditor haven’t already done, other than to perhaps recommend that City council go slowly and scrutinize carefully before making a final decision. Commissioner Roberts said it seems like the “breadbox” loan is the last major sticking point to the deal, so TRUE could comment on that.

Chairman Henry asked Mr. Roberts to write down some thoughts on the “breadbox” loan and Mr. Merritt to write down some thoughts on slow and careful review and submit them to him by next Monday morning and he will write a letter to the City Council with the commission’s thoughts.

Next meeting

January 7th at 4:00 p.m. – venue to be determined.

The meeting was adjourned at 4:58 p.m.

Jeff Clements, City Council Research Division

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Posted 1.6.21 5:30 p.m.