

Budget and Fiscal Affairs Advisory Committee (BFAAC) Minutes
City Hall, Conference Room #1001
April 18, 2017

Present: Dak Hardwick, Skip Maginniss, Margaret Gullen, Laurie MacNamara, Martin Frost, Ben Klein, Joe Valenti, David Baker, Clarence Tong, Kathy Stenzel

Absent (excused): Len Rubenstein, Michael Wenk, Robert Shea

OMB staff members: Morgan Routt, Alex Braden, Whitney Harris, Kendal Taylor

1. **Call to Order.** A quorum being present, the meeting was called to order at 7:08 pm by Chair Dak Hardwick.
2. **Minutes.** Ben Klein made the motion to approve the March 21, 2017 minutes, seconded by Kathy Stenzel. The motion was approved unanimously.
3. **OMB Report – FY 2018 Budget Development.** Morgan Routt provided an update on FY 2018 budget development. He addressed several items, including a \$298K rebalance in the FY 2018 operating budget. Mr. Routt also discussed a \$4.5M increase in City funding for Metro (combined operating/capital), explaining the opt-in/opt-out procedures for debt issuance through WMATA and indicating the City will likely opt in to WMATA's debt issuance, resulting in a decrease of Metro's costs in the City's Capital Improvement Plan and an increase in the City's Metro subsidy reflected in the final Operating Budget. Mr. Routt also noted that \$297K would be used for cash capital for City/ACPS capital needs (as reflected in Budget Memo #61). He concluded by reviewing the final steps in the FY 2018 budget development process, including Add/Delete sessions and final budget approval by Council at its May 4 meeting. Mr. Routt also noted that the City/ACPS Joint Facilities Ad Hoc Task Force would be presented as a resolution at the Council's May 4 meeting.
4. **Debt Policy Briefing.** Kendal Taylor, the City's Director of Finance, briefed the Committee on the City's approach to debt policy. Ms. Taylor indicated that the City's approach is to protect its AAA/aaa bond rating while meeting Alexandria's capital needs. She indicated that the City is aiming for a 50% payout ratio (with an overall target of 65%), with a position of always be aggressive in repayment. She illustrated this using a twenty-year bond as an example, saying the approach leverages level principal payments and a 50% payout at 10 years. She also discussed Metro bonds (30 years) and 40-year sewer bonds, which the City can issue at a highly-favorable 2.12% (at a lower rate than issuance through Alexandria Renew). In response to a Committee question, Ms. Taylor agreed to share rating agency reports on the impacts of the City's proposed debt policy target changes. The City's revised debt policy guidelines are scheduled for the Council's May 4 meeting docket.
5. **New Business.**
 - a. **Joint City/ACPS Facilities Investment Task Force Memo.** Ben Klein and Kathy Stenzel reviewed an outline of the memo, which will be presented for Committee review and vote at its specially-scheduled and advertised April 25 meeting.

- b. **Debt Policy Memo.** Mr. Hardwick provided an overview of the topics to be addressed in the memo, which will be presented for Committee review and vote at its specially-scheduled and advertised April 25 meeting.
 - c. **Five-Year Financial Plan/Revenue Strategy Memo.** Laurie MacNamara reviewed the latest thinking on the memo, proposing the memo be delivered after the Debt Policy and Joint City/ACPS Facilities Investment memos. The Committee concurred.
6. **Adjournment.** Having no further business, the meeting was adjourned at 8:16 pm. Ms. MacNamara made the motion to adjourn, with a second by Margaret Gullen. The motion was approved unanimously.