

A REGULAR MEETING OF THE COMMON COUNCIL OF THE CITY OF BECKLEY CONVENED AT 6:30 PM ON OCTOBER 11, 2022, IN COUNCIL CHAMBERS FOR COUNCIL MEMBERS AND BY WEB-X FOR THE PUBLIC DUE TO COVID-19.

THOSE PRESENT: Mayor Robert R. Rappold, Recorder-Treasurer Billie Trump, City Attorney Bill File, Secretary Susan Miller, IT Director, Bill Kelly, Assistant IT Director, Amy Evans, Council Members: Cody Reedy, Tom Sopher, Robert Dunlap, Bob Canter, Kevin Price, Janine Bullock, and Sherrie Hunter. The following Department Heads were present: Captain Ed Thompson of Beckley FD, Chief Bailey of Beckley PD, Captain Morgan with the Code Office, and Director of Board of Public Works, Pam Frey, and City Controller Jessica Chandler. Guest speaker Rob Steptoe with Cruise & Associates, Tom Aman, Omar Daghestani with Nicolaus, and Joe Nassif with Piper Sandler were present.

The Mayor called the meeting to order at 6:30 p.m. Council members, Department Heads and the public joined the meeting either in person or by WEB-X from their computer, or by phone, using the weblink or phone number provided the day of the meeting on the City's webpage at Beckley.org or the City's Facebook page.

The Mayor led the Pledge of Allegiance. Council dispensed with the reading and approval of minutes from the City Council meeting dated September 27, 2022, copies of which had been distributed to each member.

Council unanimously approved the minutes as written on a motion by Councilman Dunlap and seconded by Councilwoman at Large Sherrie Hunter.

Next, was the second reading and public hearing of an Ordinance to utilize Bonds to finance the unfunded liability of the Beckley Police Department and the Beckley Fire Department pension funds. Mr. File read the Ordinance by title AN ORDINANCE AUTHORIZING AND APPROVING THE ESTABLISHMENT BY THE CITY OF BECKLEY (THE "CITY") OF A PENSION FUNDING PROGRAM AND THE FUNDING OF SUCH PROGRAM WITH THE PROCEEDS OF TAXABLE PENSION FUNDING REVENUE BONDS ("THE BONDS") ISSUED BY THE BECKLEY BUILDING COMMISSION (THE "BUILDING COMMISSION"); AUTHORIZING AND APPROVING THE ISSUANCE BY THE BUILDING COMMISSION OF THE BONDS, IN ONE OR MORE SERIES, IN AN AGGREGATE PRINCIPAL AMOUNT NOT TO EXCEED \$37,000,000 TO FINANCE THE COST OF A PENSION FUNDING PROGRAM INCLUDING THE FUNDING OF A DEBT SERVICE RESERVE FUND FOR THE BONDS, IF REQUIRED, THE PAYMENT OF COSTS OF ISSUANCE OF THE BONDS AND RELATED COSTS; AND TO PAY OTHER COSTS IN CONNECTION THEREWITH, INCLUDING THE ESTABLISHMENT OF A CONTINGENCY RESERVE FUND WITH RESPECT TO THE BONDS AND, IF DEEMED ADVISABLE, THE PURCHASE OF BOND INSURANCE IN CONNECTION WITH THE BONDS; AUTHORIZING AND APPROVING THE ACQUISITION OF REAL PROPERTY AND ASSOCIATED IMPROVEMENTS BY THE CITY FROM THE BECKLEY BUILDING COMMISSION; THE LEASING BY THE CITY, AS LESSOR, OF CERTAIN REAL PROPERTY WITH ALL BUILDINGS, IMPROVEMENTS, FIXTURES, EQUIPMENT, RIGHTS OF WAY AND APPURTENANCES ASSOCIATED THEREWITH (COLLECTIVELY THE "LEASED PROPERTY") TO THE BUILDING COMMISSION, AS LESSEE, PURSUANT TO A SITE LEASE AGREEMENT TO BE EXECUTED AND DELIVERED BY AN AUTHORIZED OFFICER OF THE CITY; AUTHORIZING AND APPROVING A LEASE AGREEMENT BETWEEN THE BUILDING COMMISSION, AS LESSOR, AND THE CITY, AS LESSEE, WITH RESPECT TO THE REAL PROPERTY (THE "LEASE") TO BE EXECUTED AND DELIVERED BY AN AUTHORIZED OFFICER OF THE CITY; AUTHORIZING THE PREPARATION OF A PRELIMINARY OFFICIAL STATEMENT TO BE USED IN CONNECTION WITH THE SALE OF THE BONDS; AUTHORIZING THE EXECUTION AND DELIVERY BY THE MAYOR OF THE CITY OF A CONTINUING DISCLOSURE AGREEMENT, AN OFFICIAL STATEMENT, AND A BOND

PURCHASE AGREEMENT BETWEEN THE BUILDING COMMISSION AND THE PURCHASER OF THE BONDS, AND ACKNOWLEDGED AND AGREED TO BY THE CITY; APPROVING THE ADOPTION BY THE CITY OF CONTINUING DISCLOSURE POLICIES AND PROCEDURES WITH RESPECT TO THE CONTINUING DISCLOSURE AGREEMENT TO BE EXECUTED BY THE CITY IN CONNECTION WITH THE ISSUANCE OF THE BONDS; AND AUTHORIZING OTHER NECESSARY ACTIONS IN CONNECTION WITH THE FOREGOING. Tom Aman with Steptoe & Johnson spoke. He explained that Steptoe & Johnson is the Bond Council to the Building Commission and the City for the project of funding the Police & Fire Department pensions. He introduced Omar Daghestani with Stifel Nicolaus, Joe Nassif with Piper Sandler, and Rob Steptoe with Cruise & Assoc., Mr. Aman said that this team of bankers are here to get the bonds sold and answer any questions that may need to be addressed. The City is trying to fund its unfunded pension liabilities. This opportunity is due to the new legislation which was passed in March 2022 by WV legislature House Bill 4756. The mechanism to execute this is utilizing the Building Commission which is enacting its own ordinance authorizing issuance of the bonds. This is due to requirements by WV State law which prohibits the City from incurring debt. The City will need to lease certain properties to the Building Commission. The Building Commission leases back to the City (and it's through the lease agreements that the City pays the debt service on the bonds). A premium tax on insurance policies in the state is another source of funding. A portion of that is pledged (1% tax) to repayment of the bonds. There are also properties that are the subject of the leases that will be security for the bonds in case there is nonpayment or a problem with the bonds that is part of the collateral. There is a contingency reserve fund. This is an amount equal to 10% of the bonds funded. This helps if any issues arise over the life of the bonds. These funds can be used to help maintain a fully funded status for the fire and police pension programs. Both programs would be fully funded at closing eliminating that liability. The City is issuing authorization of the bonds by the Building Commission by the leasing arrangement between the Building Commission and the City. If publicly offered bonds are offered, they have continuing disclosure obligations for the City. There would be basic information the City would agree to provide annually to bondholders. An agreement would be put in place at that time. There are also policies and procedures that the City would adopt to ensure disclosures are made. Councilman Sopher asked what the interest rate is. Mr. Aman said that the rate is not locked in until the bonds are sold so there is an official sell date. There is an Offering Document the bankers go to the public with that is in the process of being finalized. Once this is completed, they take orders and know what the final terms are which allow them to present a Certificate of Determinations or a supplemental resolution and provide the final approval. Mr. Aman clarified asking if the bankers will come back to the Building Commission and to Common Council. Mr. Aman said, yes, it is likely that a Certificate of Determination (giving authority to the Building Commission Chairperson and to the Mayor to approve the final interest rate and bond amount) will be presented at that time. It will be within parameters previously established. The paperwork he has mentioned will include the principal amount and interest rate of the bonds which will all need final approval. The Mayor said that this same team of bankers helped the only other city in the state to do this which is the City of Wheeling, WV in August of 2022. The Mayor said that this form of pension funding has also taken place across the nation. Mr. Aman agreed stating that this team of bankers have extensive experience with this type of funding for different municipalities around the country. The Mayor said that this is historical, and he is happy to say that the City has not had to

delve into operating costs to help fund these pensions. He said the City has managed the pension funds very well and the fact that the City qualifies to participate in this program is wonderful. Mr. Aman said that because of the City has proven to be fiscally responsible in the management of these funds (being at the 40% funding threshold or higher) allows the City of Beckley to forgo having to get special legislative approvals. He said the City of Beckley has put itself in a very good position and it does not have to do that. The Mayor thanked each of the bankers for all their work on this historical project. The Mayor announced that if calling by phone dial \*3 to raise your hand. If connected by computer, click the "hand icon" on your participants panel to speak. Danielle Stewart asked if there is a dedicated revenue source to pay these bonds or if it is coming from the general fund. Mr. Aman said one source is the insurance premium tax that otherwise comes to the City from the State. The normal cost must be funded every year to qualify to receive those amounts from the State. Historically, the City has done and will continue to do this. To avoid the constitutional debt prohibitions, WV state law requires that the City not pledge any particular funds for repayment and it doesn't have the ability to pledge the general fund so it's this annual appropriation lease type of arrangement that the bankers are working with so the City has the ability to use any legally available funds in its budget which would include the general fund, municipal sales tax that the City collects, B&O taxes, and a host of other sources to collectively pull together to make the payment. It gives the City the flexibility to use different sources rather than from a single pledged source. Danielle asked if there is an estimate of what this will cost per year and is it more than what is currently being paid. Omar Daghestani with Stifel Nicolaus said in terms of speaking of debt to the City regarding debt service costs, if the City does not take action and move forward with this the City is going to keep increasing its pension contribution by 7% every year. He said this may not sound like a lot but doing this over the course of 40 years is a lot. This plan is intended to reduce the ramp and flatten it out to level debt service. The idea is to pay approximately an equal amount every year which is estimated to be about \$2.1M for the unfunded portion of that in debt service which is matched to what the City would currently be paying but less. So, the City is also expected to reduce its costs by depending on what the interest rate market is and what it is when the City comes to market. Reducing expected savings for the City in the low teens, maybe even more with some structural enhancements, and eliminate the big ascension in cost. He also mentioned the contingency reserve fund that Mr. Aman just discussed. It is 10% of the issuance amount and is money that is held at, managed by, and invested by the City. This could be used to help manage things that could emerge with the pension fund be that investment returns, or those actuarial returns. Danielle asked if the City's plan is to offer all \$37M in bonds at one time. Mr. Daghestani said that the idea is that it would be done once. In fact, the statute requires that the City fund to 100%. Calculations will take place the closer the City gets to market so it may be less than \$37M. He explained that costs would be paid twice if it were to be done more than once. Danielle asked if this secures the City's pension requirements and for how long? Mr. Daghestani said that for the existing unfunded liability the City has, it does secure that. This isn't to say that new liabilities couldn't emerge based on the market or what happens with the state's actuarial assumptions. Investment return risks and actuarial risks are very real. The City will gain the ability to manage more efficiently what it has. New things may emerge, to the extent that they would, those would amortize over 15 years through the West Virginia's pension requirements as set forth in statute. Danielle asked if there is a set timeframe that this must be executed, or could the City wait for lower rates and can the City reissue or lower the bond rate if interest rates decrease. Mr. Daghestani said that

bankers are always looking for the best rates within the timeframe they are working and if the rates aren't as attractive as they would like to see then things can be put on hold. Traditionally, fixed rate bonds are used. Unless something major in the market occurs, he anticipates using a "ten-year call" which means it can be refinanced at the ten-year mark, for the bonds. Councilman Sopher asked what the ratings for the bonds are. Mr. Daghestani said that the rating process has not yet started. Danielle Stewart asked if the citizens of Beckley will be able to buy into these bonds. Mr. Daghestani said that these are taxable bonds, so they are typically bought by insurance companies and other bond funds and corporate funds. They are not tax exempt. Typically, it is not something that a retail or local investor would want to buy but if so a team of Bankers could manage that through any one of the firms represented here today. Danielle said that she is in full support of the pensions being fully funded. She thinks the City has done extremely well managing finances. Councilman Dunlap said this was previously discussed in the Workshop, so this is for those just tuning in tonight. He said that because the City has been fiscally responsible to this point it has made this attractive. One of the other contributing factors is that the City owns a lot of good and valuable pieces of real estate which are unencumbered. The City has received a lot of scrutiny for purchasing properties over the years. He thinks it's imperative that people understand that the City has placed itself in a very good position to make it attractive even for a higher rate. Owning free and clear, valuable real estate has helped a lot. Mr. Daghestani agreed. The City has made itself eligible to do this by several good practices. Mr. Daghestani said that the Zoom call with the Municipal Pension Oversight Board (MPOB) was very favorable and there are obviously some conditions and considerations that Recorder-Treasurer Billie Trump and the City will need to make relative to that. Mr. Daghestani asked Billie what his thoughts were regarding the MPOB meeting today. Billie said that Chairman Blair Taylor brought up some points that the City had not addressed, and Mr. Taylor gave a clear path forward expediting the sale of the bonds and to expedite how the City addresses it. Some decisions need to be made. Billie said the information is available to help make intelligent decisions. Mr. Daghestani said that no two transactions are ever the same. They are customized. He said that the entire underwriting team is not here to "do a bond deal" and leave. It requires a long-term commitment and wants the City to know that as things come up the team is and will continue to be available. Councilman Sopher said that the recipients of the pension should be greatly appreciative because if Council did not pass this, the fireman and policeman would have to fall back on social security and 401K. He said a fully funded pension plan is rare. Mr. Daghestani agreed and said he also thinks that this is a recruiting positive. The Mayor shared that over the past five or six years (when feasible) Billie Trump worked to enrich the City's pension plan more than \$450K. This came out of the general fund as the City could afford it to help the City qualify and get to where the City is now. The Mayor said that Cruise & Associates has been tremendous over the years in advising the City throughout the years and has helped the City save a lot of money. Rob Steptoe said that the interim actuarial report is about to be requested in order to bring all of the unfunded liability up to date, so it is known what the unfunded liability amount is before going to market. Mr. File closed the public hearing. The ordinance was unanimously approved by Council on motion made by Councilman Price and seconded by Councilwoman at Large Sherrie Hunter. The ordinance is hereby incorporated into these minutes.

Mr. File suggested in lieu of rereading the ordinance by title (#4 on the Agenda) that the Mayor take a vote on this item to adopt the purposed ordinance that was read for the public hearing that was just concluded.

Mr. File asked the Mayor to call for a motion to approve item #4 on the Agenda. Council unanimously approved item #4 on the Agenda on a motion made by Councilman Dunlap and seconded by Councilwoman Bullock. Item #4 on the Agenda is hereby incorporated into these minutes.

OLD BUSINESS: The Mayor thanked Beckley Events Director, Jill Moorefield for an outstanding job on Chili Night. He thanked Councilman Sopher for his involvement in the celebration of the \_\_\_\_\_ Blvd. at the bypass. The Mayor said that Councilman Sopher has done a wonderful job over the years as Chairman of the Raleigh County Historical Society. The Mayor thanked Leslie Baker, Director of Parks & Rec., and Jeremiah Johnson from the Black Knight and all the staff involved in the (BAF) Beckley Area Foundation Gayla. Councilwoman Bullock attended the Purple Haze Gayla at Tamarack which was presented by A.W.A.Y. (formerly the Women's Resource Center). Christy Martin was the Guest Speaker. Councilwoman Bullock met Debbie Short who was the first Director of the Women's Resource Center. Councilwoman at Large Sherrie Hunter thanked Councilman Dunlap for his comments acknowledging the City purchasing real estate in the past which again is proving to be beneficial for the City. She also thanked the (BPW) Board of Public Work's employees for the work they do on the liter sweep. She thanked the PD & FD for all that they do. Councilman Sopher asked about the paving of Teel Rd. He wanted to know if Jerry or Pam has been able to contact the State regarding the paving work needing done there. Jerry Stump, Director of BPW said that he has contacted the State. Jerry said he's hoping this will get completed next year. Councilwoman Bullock thanked Chief Bailey and the Officers for the work they are doing with recent investigations taking place in the City.

NEW BUSINESS: The Mayor said that Corey Lilly, Director of Outdoor Economic Development has been working with private landowners and a company, Destinations by Design (DBD). They are working on developing a branding for the City and to expand on our responsibility as a gateway city to the New River Gorge National Park and Preserve. The Mayor said work has started. Right now, it isn't requiring a lot of money but as time passes there may be a need for money regarding this project. The Mayor said that the City has had several meetings with them, and he is proud of the work that is being done. The Mayor said that Corey Lilly & Eric Ward (with DBD) are doing a great job. The Mayor said November 8, 2022, is Election Day therefore there will not be a Council meeting that day. Councilman Dunlap was very complimentary to the YMCA and the youth programs offered there. The Spirit of Beckley Award is approaching and the person who is responsible for Councilman Dunlap being appointed to the Historic Landmark Commission in 2015 and former Mayor, Mr. Bill Obrien and his wife, Lynn (who have done such great work for this community) will be honored. Councilman Dunlap said that it is nice to see a former Mayor receive this award. Councilman Dunlap encouraged everyone to get tickets and attend on December 12, 2022. He said it will be very nice to see Bill and Lynn be honored at this event. The Mayor said that Bill and Lynn could not be more deserving of this award. Councilman Sopher said that it is nice to see a crew getting ready to paint the Wildwood House. The Mayor said he's always been proud of the Wildwood House.

PUBLIC COMMENTS: The Mayor announced that if calling in by phone dial \*3 to raise your hand. If connected by computer, click the "hand icon" on your participants panel to speak. He asked if there are any public comments. With there being no public comments, a motion made by Councilman Sopher and seconded by Councilwoman Bullock was unanimously approved by Council to adjourn at 7:25 p.m.

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Mayor

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Recorder-Treasurer