

SAVANNAH CITY COUNCIL
MONDAY, JUNE 3, 2013
6 P.M.
WORK SESSION
CLASBEY CENTER – COUNCIL CHAMBERS

Mayor Connie George presiding.

Council Members present: Don Dillman, Joy Thompson, John Parker, and Greg Wilson. City Administrator Jill Cornett, City Attorney Emily Bauman and City Clerk Beth Kar were also present. The meeting notice was posted at City Hall May 29, 2013. The work session meeting was audio recorded.

Purpose of the meeting: Edward Jones Presentation.

Two Edward Jones representatives were present: Jason Sarsany from Savannah and Brian Coyman who drove in from St. Louis. Coyman announced he was not there to compete or scuttlebutt anything. Coyman has clients who would find purchasing municipal bonds such as Savannah's water bonds, which are being refinanced, very attractive. He described his history with Edward Jones and explained their business model and the process of selling municipal bonds. Other bankers take the bonds to trading desks and the issues are sold very quickly. The interest rates are dictated by a small number of buyers. Edward Jones does the opposite, buying all of the bonds, selling locally, and then fanning out. He heard that the City may have an A – rating which would help them sell the bonds. Joy Thompson asked if different companies would have different ratings for the City. Edward Jones does not set the ratings. The debt ratings are issued by agencies such as Standard & Poor's, Moody's. City Administrator Jill Cornett asked Coyman to explain the difference between retail and institutional customers. Edward Jones' retail customers like to invest in small dollar amounts. Institutional markets, on the other hand, buy in big blocks of large dollar amounts. Edward Jones has to charge more upfront to sell a bond issue because it is more time intensive for them to sell all of the smaller dollar amounts and they are buying the entire issue upfront. They are tied to an independent scale of interest rates. Edward Jones is going to get paid more because the institutional firms are not going to look for the smaller buyers.

City Administrator Jill Cornett explained that if the City did not go forward with Piper Jaffray and instead decided to move forward with Edward Jones, in order to make it a fair competition, the City would have to decide who else to open up to. How do governmental entities put out selling bonds for fair bid? Coyman responded that he came to share information and not to stop anything. The City had begun the refinancing process and it makes no sense to stop. The City has Jack Dillingham and Piper Jaffray and can go forward with this. To bid out, the City would start an RFP (request for proposals) process then evaluate the responses. Coyman suggested an RFP for a financial advisor. Jones is unique but the interest rates have been trending up so taking extra time may not be beneficial. He has no desire to steal the deal in Savannah. Edward Jones has never had an opportunity to make a presentation for Savannah before today. If it is okay with the City and okay with Piper Jaffray, the City could ask Piper Jaffray to allow Edward Jones to share in the underwriting and have 10% or the last three maturities. Edward Jones would like to come back and make a formal proposal.

John Parker questioned if the City asked for a formal proposal, how long it would take. Coyman answered a proposal could be sent electronically by Thursday afternoon, with a hard copy by

Friday. He has done all of his homework and just needs a product analyst to look it over. For the next issue they would have more lead time to make a formal proposal. The next issue was: would a delay hurt the City? Coyman did not know how to do it unless they had the middle maturities in place. It's doable but he cannot make that guarantee. Marshall White, St. Joseph News Press reporter, asked what if the banks will not do it. Don Dillman responded that if the City went with Piper Jaffray and also used Edward Jones then the decision would be over what years to split, such as the last 2 to 3 years. Coyman expressed that Edward Jones will come back and compete on future issues. John Parker asked Coyman if Edward Jones would feel comfortable competing on this issue. Yes, but it was not his intent to upturn the apple cart. He added that the market is starting to walk away; the City should continue on the path it has started.

Joy Thompson asked about eliminating the bond reserve since it is no longer a requirement of the new bonds; is that really a good idea? Coyman responded that it is okay. It used to be an industry requirement and organizations could borrow at 5% but could invest at 6.5% and make money. Cornett said the monies could still be restricted but for another purpose such as a capital fund. The City is still not caught up on other reserve requirements.

John Parker would like to be able to compare the lowest bids. The lowest bid isn't always the best bid. He wanted to motion to have a formal bid. Don Dillman suggested why not go with what Coyman is proposing to join with Piper Jaffray as senior partner and Edward Jones as a junior one. It would increase fees in the upfront costs but Edward Jones might have lower interest rates so that it would balance out. No motion was made.

**SAVANNAH CITY COUNCIL
MONDAY, JUNE 3, 2013
7 P.M.
REGULAR SESSION
PROCEEDINGS
CLASBEY CENTER – COUNCIL CHAMBERS**

Mayor Connie George presiding.

Pledge of Allegiance was recited.

Council Members present: Don Dillman, Joy Thompson, John Parker, and Greg Wilson. City Administrator Jill Cornett, City Attorney Emily Bauman, Lt Bruce Lundy and City Clerk Beth Kar were also present. The meeting notice was posted at City Hall on May 29, 2013. The meeting was audio recorded.

Approve Agenda

Don Dillman motioned to approve the agenda as posted. Joy Thompson seconded. Motion carried on 4 yes votes.

Minutes – May 20, 2013

Joy Thompson wanted to add in the minutes on page 4 under Water Rates, City Administrator Jill Cornett's comment that the water plant needed a new truck. John Parker asked about the ordinance with infant space equal zero. Zero was what the ordinance and email had listed for the

infant space rate. Joy Thompson motioned to approve the May 20, 2013 minutes as amended. Greg Wilson seconded. Motion carried on 4 yes votes.

Public Testimony

St. Joseph News Press reporter Marshall White asked if he understood correctly that for the City to have an A- rating, it may have to come up with solutions for not having the 3% increase for future years which helped the City get the previous A- rating.

City Administrator's Report

City Administrator Jill Cornett reported:

REQUEST FOR MOTION TO ENGAGE CARL BROWN RATE ANALYSIS –In the recent past, the City Council unanimously approved an ordinance to engage Carl Brown as a rate analyst to compute the appropriate customer charges for water service to meet the revenue needs of the municipal water operations. Part of Brown's report to Council was a recommendation to revisit the water rates after five years of collections. However, Council has indicated an uncertainty regarding the current rates, future rate increases and other circumstances that may have impacted the revenues and requirements significantly enough to have a rate review in the next couple of months. Staff requests a motion to draft an ordinance to re-engage Carl Brown, for the purpose of revisiting his original rate analysis, conducting a rate analysis for wastewater operations and coming to make a presentation to Council. Cost would be \$8,974.00. Staff would deem Brown a sole source for this contract, based on his unique understanding of the City's water operations, debt situation and previous analysis.

Mayor Connie George suggested holding off on a study until after the Public Utility Advisory Board could get together. Don Dillman thought it would give the committee something to look over. Council discussed whether or not to have the study. Joy Thompson asked if the figures would have changed that much from last year. Cornett thought \$9,000 may seem like a lot but it is nothing compared to the City's debt. When the utility board met before they did not follow Carl Brown's proposal. His proposal included borrowing money which the City did not do. Thompson had questions and would like answers but was concerned about the study's cost. Does the City have to do the water and sewer analysis at this time? That is Cornett's recommendation. Don Dillman motioned to approve Carl Brown to do the analysis and to get the Public Utility Advisory Board active to meet again. Joy Thompson seconded and said she wants the committee to be there when Council meets with Brown and hear his presentation. Vote: 2 yes: Thompson, Dillman; 2 no: Parker; Wilson. Mayor Connie George thought the committee needed to meet and then decide whether to contact Carl Brown. George broke the tie by voting no. Motion failed.

REVISION TO PLUMBING PERMIT REQUIREMENTS

As the City has been working on both the City Code and the Planning and Zoning regulations, it has come to Staff's attention that the requirement for a plumbing permit prior to the repair or replacement of a water or sewer service line needs updated. Staff recommends the following charges for a permit:

1. Connect new service pipe to existing tap \$100.00
2. New tap \$500

These charges reflect the actual cost the City experiences for oversight, inspection and installation of a new tap. Staff requests a motion to proceed with this ordinance for the June 17 meeting. Council asked for more information on what the costs included and why there was

such a large difference between new and existing permits. Building Inspector Gene Grossman explained he had spoken with Director of Public Works Kenny Lance and this is what they came up with three or four months ago. Director of Public Works Kenny Lance was not present at the council meeting. Joy Thompson motioned to table this issue until the next regular meeting when Lance would be present and John Parker seconded. Motion carried on 4 yes votes.

REVISION TO CITY PLANNING & ZONING CODE RE: ACCESSORY BUILDINGS --

On May 28, the Planning and Zoning Commission voted to revise the City Code regulations regarding accessory buildings. The revised code gives a clearer definition of an “accessory building,” as well as clarifying the regulated size, use and placement of such building on private, residential property. A copy of the revisions is in the Council packet, along with an ordinance available for first reading tonight.

REQUEST FOR CEMETERY ENDOWMENT FUND -- Upon returning from her vacation, Cornett learned that Aldermen had requested City Staff to produce and make available for distribution a letter of solicitation containing the names of the entire Council. This letter requested donations to an endowment fund for the Cemetery. At this time, there is no such “Endowment Fund.” If the City wishes to establish one, the Council must meet in public, vote on an ordinance and establish a separate fund account for receipt of the revenues. Included in Council packets:

1. State Statutes that direct municipalities on Cemetery operations, including endowment funds.
2. The letter I received on Tuesday with all Council names.
3. A draft of an ordinance establishing such a fund if the Council approves it.

Council discussed previous donations. The previous ones were investments where the interest was designated for specific purposes. A perpetual care fund would dictate how it was used.

AUTHORIZATION TO REFINANCE COMBINED WATERWORKS & SEWERAGE SYSTEM REVENUE BONDS

Jack Dillingham of Piper Jaffrey & Co. addressed the Council on May 20, describing the financial benefits of refinancing the City’s combined waterworks and sewerage system bonds. The bonds he recommended are the 2003 B, and 2004 A. These bonds represent money the City borrowed to build the new water plant and make major improvements to the sewer plant. By refinancing these bonds, the City can combine the two separate issues into a single debt with a significantly lower interest rate. Depending on the bond rating the City receives, the City may experience a total savings of up to \$564,308.29. The exact amount of savings depends on the date the City’s broker is able to sell the bonds, the interest rate he is able to negotiate with a prospective buyer and the City’s bond rating, which will impact how much risk a prospective buyer is willing to take on investing in our debt. Additionally, the City may be able to market these bonds to a private investor who will not require a bond rating. The City will not know until the bonds are placed in the market. This is a step-by-step process. When the City refinanced the Stormwater COPS last year, the City actually received a lower rate of interest than originally anticipated at a greater cost savings. The first step in this process is Council approval of a resolution authorizing the refinancing or “refunding” of the bonds.

NID PAYOFF

The Council approved the early payoff of the NID during the budget amendment exercise that was passed by motion on April 20. The Mayor must sign the authorization form to complete the payoff. The payoff amount as of June 28, 2013, is \$32,624.00. UMB Bank will charge the City

\$50 to handle the redemption. As mentioned before, the City and its taxpayers will see an approximate \$10,200 savings in interest, and an additional \$3,762 in annual administrative fees, for a total savings of \$13,961. Collection of the property tax that was established to pay back the NID debt will continue to be collected until the original scheduled payoff date. Ordinance is in Council packet for two readings tonight. This activity must be completed no later than June 27. To avoid risk that a second June Council meeting might be cancelled or postponed, Staff recommends two readings tonight. John Parker felt anticipating someone might not be at the Council meeting did not justify having two readings at the same meeting.

PLANNING AND ZONING COMMISSION REVISIONS -- At the May 6 Council meeting, Council directed Staff to rewrite the Codes pertaining to the appointments and voting rights of the members of the Planning and Zoning Commission. Council requested that the new Code allow for the appointment of five (5) "citizen" representatives on the Commission, along with a representative ("liaison") from the Board of Aldermen and the representation of the Mayor. There would be SEVEN voting members comprised of the SIX citizen appointees and the Mayor. The Council representative would not be a voting member. Quorum of the Commission would be defined as five out of seven (5 out of 7) voting members. Additionally, the Planning and Zoning Commission is required to meet at least one time each month, as previously stated in the current Code. This ordinance was read for the first time on May 20 with wording that required five citizen appointments, a total of seven members and a quorum of four members. It has been amended to reflect the new Seven Member total and Five Member Quorum. There is an AMENDED ordinance in Council packets scheduled for the second reading tonight.

ORDINANCE AWARDING IRONWOOD ST. CONTRACT TO HERZOG

The City opened formal bids for the Ironwood project the week of May 6. The City received bids from two contractors: Herzog Contracting and Keller Construction. The low bid of \$111,750 was submitted by Herzog Contracting. A bid tab is in Council packets. Herzog has provided construction services to the City in the past with satisfactory results. Staff recommends awarding the contract to Herzog Contracting in the amount of \$11,750. Funding for this project will come from the Gas Tax Fund.

John Parker motioned to approve City Administrator's report. Greg Wilson seconded. Motion carried on 4 yes votes.

RESOLUTION FOR CONSIDERATION:

Resolution 2013-14 Proceed with Refinancing Water & Sewer Revenue Bonds -- Council discussed the resolution beginning with what was the Resolution number. City Clerk Beth Kar had been out of the office when the resolution was received. Council decided to keep it as Resolution 2013-14. John Parker questioned the wording of the resolution. City Administrator Jill Cornett advised that the wording came from Gilmore & Bell. His question was on the line where it reads the "Mayor, City Administrator are hereby authorized." Does this section mean that either of those people could sign without someone else knowing about it? City Attorney Emily Bauman explained that the items signed would have been previously approved. John Parker asked if that section was proper or normal. It is a customary section. Brian Coyman, Edward Jones, thought it was probably in the bylaws and helps with being expeditious with bond financing; to have a second person who can sign but the primary person should sign. The company that prepared the ordinance, Gilmore & Bell, is considered the gospel of bond attorneys in Missouri. John Parker motioned to table the Resolution and ask Edward Jones to submit a

formal proposal. The motion died for lack of a second. John Parker requested Piper Jaffray offer Edwards 40% of bond offering. Don Dillman asked if setting a percentage made sense. Brian Coyman suggested it made more sense to say those offerings where Edward Jones can provide the lower true interest cost. Edward Jones would be grateful for 40% but are respectful of the effort that has been put forward up to this point. At Council's request, Brian Coyman provided the wording for the motion. John Parker motioned to approve Resolution 2013-14 and allocate those maturities where Edward Jones can deliver the lower true interest costs to them. Joy Thompson seconded. Motion carried on 4 yes votes.

BILLS FOR CONSIDERATION:

Bill 2013-13 Contract with Herzog to Asphalt Ironwood was read for the second reading.

ORDINANCE NO. 2600

This ordinance approves the contract with Herzog to asphalt Ironwood Street. Don Dillman motioned to adopt ordinance no. 2600. Joy Thompson seconded. Vote: Dillman: aye; Wilson: aye; Parker: aye; Thompson: aye. Motion carried.

Bill 2013-14 Amend Zoning Code on Commission Members as amended was read for the second reading.

ORDINANCE NO. 2601

This ordinance updates the number of members on the Planning & Zoning Commission to seven voting members: six citizens plus the Mayor. Greg Wilson motioned to adopt ordinance no. 2601. John Parker seconded. Vote: Wilson: aye; Parker: aye; Thompson: aye; Dillman: aye. Motion carried.

Bill 2013-15 NID Pay Off -- John Parker motioned to only read the ordinance once. He did not think it was an emergency to be read twice at the same meeting. Joy Thompson asked about the fact that Council had already approved the agenda listing two readings. Motion died for lack of a second. Bill 2013-15 was read for the first and second readings.

ORDINANCE NO. 2602

Don Dillman motioned to adopt ordinance no. 2602. Joy Thompson seconded. Vote: Parker: nay; Thompson: aye; Dillman: aye; Wilson: aye. Motion carried.

Bill 2013-16 Establish a Perpetual Care Cemetery Fund was read for the first reading.

Bill 2013-17 Amend Planning & Zoning: Accessories Structures was read for the first reading. Council had questions about the bill. The Planning & Zoning Commission had discussed the accessory structures topic. The bill is the result of those discussions. John Parker questioned Section A of the Residential Area # 5 siding and roof style where it lists "as determined by the City Building Inspector." Why shouldn't it be by the Planning & Zoning Commission? That decision does not generally go before the Planning & Zoning commission. The Building Inspector is the only one who goes out to the site. The Commission would like the building to match the paint color and would want the roof to be similar. They are trying to avoid having people put up shacks in the backyard and potentially compromising property values. Don Dillman asked if it would address Bill Nichols question from an earlier Council meeting. Nichols issue was already addressed. If every building had to go before Planning & Zoning, it would slow down the permit process. Joy Thompson was concerned about the sections on no

metal building and no gardens in front yards. The goal is to have everything to blend in together. Gardens can still be in the side yard or backyard. Correction item: under Section D Food Gardens 1 should say “in side yard” not “inside yard.” Where in Section F it says “subsection D,” that is in another section of the entire code. Sullivan Publications will be renumbering the sections as part of the codification process. Joy Thompson was concerned the policies would alienate people. Building Inspector Gene Grossman described that it came down to a difference in interpretation and that metal buildings were different from metal sheds. Most people don’t anchor them down. If it is a wood frame with metal siding that’s fine but the City would not want people buying small metal buildings that aren’t well engineered and won’t stay together. Grossman recommended riding around town so he could show examples.

Second Public Testimony

Marshall White, St. Joseph News Press, had a few questions. What is the status on East Main? What is the status on the pool and did it come in under cost? City Administrator Jill Cornett answered the questions. The contractor lay in pre-cast forms on East Main. The contractor needs to pour concrete but rain has too much water in the ditch. The pool is open but the temperature has been too cold. It came in under cost.

ELECTED OFFICIALS REPORTS

Mayor’s Report – Mayor Connie George reported on storm sirens. The one at the Courthouse has been temporarily repaired. City Administrator Jill Cornett provided background. There will be a meeting held by Sheriff Brian Atkins on Thursday 9 a.m. with County and City staff attending. George attended the annual Memorial Day service. Due to the weather it was moved to the American Legion. The Cemetery looked very good. She read a proclamation for the torch run. The annual law enforcement torch run had 30 runners this year. Eva Wrigley called because someone dropped a chest in front of her house. It was after the storms so not sure if it blew there or someone left it there. She is unable to move it. Building Inspector Gene Grossman will take care of it.

Council Discussion –

Don Dillman – The City’s Memorial Day celebration went really well.

Greg Wilson – reported he will be gone for the weekend.

John Parker – had two recent calls on the City property by the old water plant. It is turning into a thistle field. Can it be cut down before goes to seed? He had a couple of local people ask about the cemetery land where hay is getting baled. Is that bid that out? Clint Messner does it free of charge and takes the hay. Hay is getting expensive. The City will bid the hay out for this year. He had a call asking is there any city ordinance about herbicides and spraying your yard that may damage the neighbor’s yard. It would be a civil matter. He referred the caller to the agriculture people at the state.

Joy Thompson had lots of phone calls. She was told gas fund money can be used to help pay for the cemetery. She would like to prepare an ordinance that City Clerk Beth Kar and City Administrator Jill Cornett cannot be out of the office at the same time unless for a meeting or a conference. Don Dillman thought it would be a personnel matter; should not make it an ordinance otherwise that would make it a law. John Parker suggested a resolution for the

Personnel Manual. Once it was an ordinance it could be difficult to change. City Administrator Jill Cornett explained the personnel manual would be separate from the City Code. Joy Thompson motioned to put the issue in the personnel manual. John Parker seconded. Don Dillman thought the issue needed more thought and it made more sense to insure the Mayor and the Administrator not be gone at the same time. We should and see how other cities handle it. The City should address security at City Hall. Mayor Connie George asked to table the issue. Joy Thompson rescinded her motion.

Joy Thompson received a call about trash not being picked up multiple times on North 14th Street. Thompson received calls asking about an Open House for the pool. The Park Board is working on it. Thompson commented that the fire hydrants need to be painted and upgraded. Could this be an Eagle Scout or Boy Scout project? Fire Chief Tommy George was asked if there is any color restrictions. He would prefer red.

Joy Thompson motioned to go into executive session for personnel 610.021(3) and Don Dillman seconded. Vote: 4 ayes. Marshall White, St. Joseph News Press reported, went on record to say he objected to closed sessions.

EXECUTIVE SESSION

No motions were made in closed session.

John Parker motioned to go back into open session. Greg Wilson seconded. Motion carried on 4 ayes.

John Parker motioned since Jill Cornett submitted her resignation, to accept her resignation as City Administrator and put her on immediate suspension for 30 days with pay including benefits. Don Dillman seconded. Motion carried on 4 yes votes.

John Parker motioned for Lt Bruce Lundy to secure Cornett's computer towers and she not be able to enter City Hall without police supervision. Greg Wilson seconded. Motion carried on 4 yes votes. Parker asked for it to be taken care of tonight with Cornett going over to the office immediately after the meeting and cleaning out her office with Lundy with her.

ADJOURNMENT

No further business to discuss. Meeting adjourned at 9:05 p.m. on a motion by Joy Thompson and seconded by Greg Wilson. Motion carried on 4 yes votes.

Connie George, Mayor

ATTEST: _____
Beth Kar, City Clerk