

Special Called Meeting of the
Mayor and Council
October 22, 2012

The Mayor and Council of the Town of Ashland City met in a Special Called meeting on October 22, 2012 at 6:00 p.m. for the sole purpose to discuss/act on Resolution 2012-08, Downtown revitalization, choosing a bank for the H.S.A accounts, and refinancing the Revenue and Tax Bond Series 2005 – RUD loan.

Present and presiding: Mayor Rick Johnson.

Council present: Steve Allen, Alwilda Binkley, Jimmy Gill, Roger Jackson, and Chris LaCrosse.

Council absent: Lisa Walker.

Others present: Chris Neese, Steve McCoy, Rick Dulaney, Jennifer Noe, Tina Hoke, Steve Walker, Darrell Phillips, Tim Adkins, Mary Glasgow, and Phyllis Schaeffer.

Mayor Johnson called the meeting to order and said this was a Special called meeting strictly for the 3 items on the agenda and asked Ms. Noe to jump in here when she wanted to, to guide the Council.

Ms. Noe said she would start with Resolution 2012-08. Ms. Noe advised that really the only change she had made was to add that the city had the authority to make some appointments to the committee. Since Renaissance she doesn't know if we are even eligible for this grant Chris should know this. Mr. Neese said Darrell Phillips is here tonight and he has gone through the program before. Mr. Neese said he would lay out the program. This opportunity came through Bridget Jones; she saw the value in this program and grant and was pushing to go in this direction making the community more attractive so they started looking into the grant. There is a 12 month educational process with 3 (three) meetings a month 2 (two) in person and the third a conference call or webinar, than it goes to 2 meetings a month to discuss the projects and hopefully the city will pick one out. Education is all free. The next step is the \$18,000 grant that will go to the chosen project if you don't use it all it has to be returned. The Chamber has started the process they have filled out the application and it was fairly lengthy. In the Chambers perspective it's a great thing to help Ashland City be better. They don't have a thought whether they do it or the city if the city wants to take it over then they will turn it over to the city. There are several in the community that are interested in being on the committee for an 18 month commitment. If the city decides to move forward at the end whoever applies for the grant banks the money, whoever administers the project gets the \$18,000 and once the project is decided they pay the invoices that come in. Darrel will go through the process. Mr. Phillips said this is the same principle as the Main Street program without the commitment for a full time person over it. Mr. Phillips said he was involved in writing it. He mentioned this to Chris and Ann and they said they were already working on it. This grant was helpful to Centerville. It is strictly for the downtown area. Training people in the community and getting them involved. The grant can be a combination of benches, garbage receptacles, etc whatever was agreed upon and the money would come from the grant.

Mayor Johnson said this is not a continuation of our RAC program; the city is not committing a penny? Mr. Neese said no, they are asking the city for a resolution to start the process. If you want us to do it we will. The application has to be in by November 1st. Mayor said so this can be used for arms for the traffic light? Mr. Neese said yes, it is to recognize this as an entity so you can go forward. This is just for applying for the grant there is no guarantee that we will get it; if you want to wait a year that is fine

too... Mr. Phillips said there is no match it is a 100% grant. The money will flow through whoever makes and receives the grant.

Mayor asked what is the wish of the Council. Mr. Gill asked who selects the committee, does the city. Mr. Neese replied certainly if you have someone interested let them know. Whoever replies for the grant is responsible for the committee. The people you know for the committee have to be engaged to make this successful. The Mayor said leaving it open like that will it work. Mr. Neese replied he thinks so.

Mr. LaCrosse said when he first came on the Council Renaissance was already started they had one grant and it ended up taking 2 grants consequently the city has paid for a master plan they have contracted with GNRC for a parallel process GNRC will be connecting the city to grant opportunities. It's taken

Phase 1 and 2 to get what we've done things cost a lot more than it used to. I will not be able to serve on this committee, but there is a Council member who is willing to do so. Someone that is aware of our revenue streams we are trying to keep ourselves fiscally sound. I think it will be a good thing; it is a good process if we get a Council member on it that has a handle on our finances; both working in synergy. Mr. Neese said 18,000 is good and at the end of the day you will have 5, 6, 7, individuals that will be highly trained. The only hiccup is we applied and our board had to sign a resolution and the one we sent over was the same if yours is changed maybe you should have final approval of the committee. Mr. LaCrosse said having a council member involved is a good thing and keeps from an adversarial potential. Mr. Neese replied that it was imperative that we do the work together. Mayor Johnson said the 2nd person he wants on this committee is his new assistant when hired applying for grants will be one of her major functions. Ms. Binkley asked how many were on the committee. Mr. Neese and Mr. Phillips both replied 5-10 people.

Mr. Gill said he was against turning over Ashland City to any committee, how involved can the Mayor be? Mr. Neese said that both the city and county Mayors have as much involvement as they want to have. This body will have to approve the project before any money is spent. Mr. Phillips said this has to go through proper approval before doing anything. This process does not circumvent any processes or codes that are in place. Mr. Allen said this 18,000 is for training and education? Mr. Neese said it can be used to take the committee through more education or make available for small projects like benches, flags for light posts. Mayor said 18 months of training? Mr. Neese said you have 18 months to spend the money. You have 12 months of pure training and 6 months for implementation of the project. A motion was made by Gill, seconded by Binkley to approve the resolution as it is. Mr. Allen said this is the resolution to go after the grant then there is final approval by the Council. The 2nd and motion was withdrawn and restated to approve the resolution as it is with final approval by the Council. Motion passed with a roll call vote of: Gill-yes, Binkley-yes, Allen-yes, Jackson-yes, LaCrosse-yes, and Mayor-yes.

The next item on the agenda is the H.S.A. account to stay with the current provider or go to another vendor. Ms. Noe said the last time we were here we had the proposal renew contract with Blackhawk and had a proposal from Pinnacle Bank she would like more information before making a decision. Ms. Tina Hoke with Pinnacle approached to talk to the Council. Ms. Hoke said the bank has our payroll account ACH this would be on the same account that this file would come in. She has clients that also work for Ashland City that has complained about the charges they have to pay and the inconvenience when a card is damaged or lost it takes 10-14 days to get a new one. With Pinnacle you will not have to have a minimum balance there is no employee cost, they will get checks and a debit card (Pinnacle will

do instant issue and replacement of cards) there are no ATM charges as there are now we are local and they will process and set up the accounts individually and will get the file from Blackhawk. Our plus is the convenience of being local. Mr. Gill said he would like to keep it local if it is competitive at all. We have a 25-30 a month ACH fee. Blackhawk waived fees but passed them on to your employees. With Pinnacle your employees will not be charged they will have a local debit card in hand. The benefit is convenience and savings to your employees. A motion was made by Gill and seconded by LaCrosse to accept Pinnacle. Motion and 2nd was withdrawn and restated to Accept Pinnacle for H.S.A. account and transfer \$300 to the budget to cover the charges. Motion passed with a roll call vote of: Gill-yes, LaCrosse-yes, Jackson-yes, Binkley-yes, Allen-yes, and Mayor-yes.

The last item on the list is the loan refinancing. Mayor asked Ms. Noe if she has looked over the two proposals. Ms. Noe replied that she had. The Tennessee Municipal Bond Fund's (TMBF) note is only good for 5 years and then it is an adjustable rate. TMBF is the same as it has been presented. Mr. Walker said after the 5 years it can be refinanced the law only allows you to go 2% above prime. Ms. Noe said that Raymond James (Raymond James Morgan Keegan) averages out to a 2.81% interest rate. Ms. Noe said she talked with Ralph Cross and he expressed concern after 2014 with the national debt we don't know what the interest rates will do he believes that rates will be low the next few years. Mr. LaCrosse asked if this was a fixed rate. Ms. Noe replied that it changes every year but at a set amount. Mr. Rick Dulaney with Morgan Keegan the yield is on the bonds themselves actual gross savings is a little over a million. Mr. Dulaney said over the life of the note you are reducing the term of the loan to 2037 you are saving significantly on interest going from a higher interest rate to a lower rate. There are several conditions the biggest is the state comptroller's approval before you can go through with the re-financing. After 10 years you could re-finance again. The bonds are designated as bank qualified and you will have to continue with the disclosure statements. The closing date would be 12/1. This is an all-inclusive rate trying to be clear and precise. The overall rate is your comparison rate based on municipal market data shown on page 2. Focus on the yield and your savings you only re-finance if it is an economic benefit to you, greater than 3% this return is 25%. Mr. LaCrosse the savings are 1.2 million. Ms. Noe asked what is the contingency on page 1 the \$850. Mr. Dulaney replied the extra fund go back to you. Bonds are sold in 5,000 denominations. Mr. LaCrosse said partly this will match what we are paying now just knocking off more of the principal. Thank you. Mayor asked if there were any other questions for Mr. Dulaney. Ms. Noe said this was a 2.811% rate includes cost of issuance and closing costs. Mr. LaCrosse said the 2.81 is an average. Ms. Noe said this will close by 12-1. Mr. Dulaney said on the 1st thing needed is the refunding report then a resolution.

Mayor said Steve you have a fixed rate proposal from Piper Jaffray. Mr. Walker said yes, I didn't prepare the proposal he couldn't discuss it but the Council could look at it they (TMBF) are not the underwriters. Mr. Walker said you currently have an 8 million dollar loan with us that has a current balance of \$1,905,000 this matures in 2018 it is a variable rate today's rate is .95%. The proposal on the RUD is 2.26 locked for 5 years paying 452,000 of the principal balance at the end of 5 years there is a credit review with 1st Tennessee based on 20 years then you get another 5 year rate. It is important to consider not making the full \$162,000 payment they were trying to build in flexibility to get the pump. We already have the plan of refunding approval from the state. It doesn't stop the fact that it can be adjusted in 5

years. The positive thing is that you will have a smaller amount to go through credit review, this goes to the management of the city. Mr. Jackson asked what is the max it can go up. Mr. Walker replied 2% above prime on base rate. Mr. Gill said is it fixed. Mr. Walker said 2.26 for 5 years then they can leave it, lower it or raise it. Mr. LaCrosse said no one knows what will happen, don't know what the prime will be it could end up anywhere he is looking for a fixed rate that will save us money now; they are more interested in a fixed rate.

Mayor asked what is the Piper Jaffray rate. Mr. Walker said look on page 5 or 6 this is not the TMBF they do not have any interest in this you might want someone from Piper Jaffray to come discuss. A motion was made by Allen, seconded by LaCrosse to defer. Mr. Allen said there is too much to make a decision tonight. The 2nd and motion was redrawn and restated to defer and to give the authority to the Mayor to sign and send the letter of refunding to the state. Motion passed unanimously by voice vote.

A motion was made by LaCrosse, seconded by Gill to adjourn. Motion passed unanimously by voice vote. Meeting adjourned at 7:17 p.m.

Rick Johnson, Mayor

Phyllis Schaeffer, City Recorder