



Minutes
City Council Recessed Meeting
October 17, 2013
6:00 PM
City Hall Auditorium/Training Room

The City Council of the City of Clinton, North Carolina, met in a recessed meeting at 6:00 PM on October 17, 2013, in the City Hall Training Room. Mayor Starling presided. Councilmembers Becton, Strickland, Turlington, Stefanovich, and Mayor Pro Tem Harris were present.

Also present were Interim City Manager Shawn Purvis; City Clerk Elaine F. Hunt; Police Chief Jay Tilley; Fire Chief Adon Snyder; Parks and Recreation Director Jonathan Allen; and Interim Finance Director Kristin Stafford.

Also present were Mr. Ted Cole, of Davenport and Company, headquartered in Virginia, and Scott E. Leo, Esq., of Parker Poe, Adams & Bernstein L.L.P.

INVOCATION:

The invocation was given by Councilmember Marcus Becton.

FY2012 CDBG GRANT NO. 12-C-2511 INFRASTRUCTURE/WATERLINE REPLACEMENT PROJECT

Interim City Manager Purvis stated that previously, City Council awarded administrative services regarding the FY2012 CDBG Grant No. 12-C-2511 Infrastructure/Waterline Replacement Project to Holland Consulting Planners. He stated that City Council is asked to approve an award of bid to Withers and Ravenel for engineering services regarding this Project.

Upon a motion made by Councilmember Neal Strickland, seconded by Mayor Pro Tem Maxine Harris, an award of bid was approved unanimously to Withers and Ravenel for engineering services regarding the FY2012 CDBG Infrastructure/Waterline Replacement Project.

POTENTIAL BOND REFERENDUM

Interim City Manager Purvis introduced Mr. Ted Cole and Mr. Scott Leo. He stated that the gentlemen accepted the invitation to speak to City Council regarding the process of obtaining a bond referendum. He stated that Mr. Cole would present the financial aspect of the City of Clinton as it relates to a bond referendum. He further stated that Mr. Leo is the bond counsel and would answer any questions or concerns.

Mr. Cole stated that his presentation would include:

- A detailed analysis of the City of Clinton's existing tax supported debt profile;
- A review of the City's potential bond referendum projects and analyze the potential impacts on the City tax supported debt profile;
- A series of observations related to the City's capital funding capacity; and
- An analytical framework for additional CIP decisions related to project prioritizations and approvals.

Mr. Cole stated that presently, the City has no payments on bonds (the final principal payment on its Series 1994 bonds was paid in April 2013); therefore, the City is not currently rated by Moody's Investors Service, Standard and Poor's, or Fitch Ratings. In the past, the City's ratings were A1 and A+ from Moody's and Standard and Poor's, respectively.

Mr. Cole presented a handout to the group that is being attached because of the vast information. **(SEE ATTACHMENT 1)**. He stated that the City is where we need to be on a comparative basis—a credit positive. He further stated that the City's debt ratio serves as a strength.

Mr. Cole reviewed the following potential bond referendum projects with the group and gave several scenarios within his bond referendum analysis:

- (1) Police Station
- (2) Remodeling of Main Fire Station
- (3) Pedestrian Plan Phase I
- (4) Royal Lane Park Phase I
- (5) Royal Lane Park Phase II

Scenario A included no new industry revenue and Scenario B included new industry revenue. He showed a comparison between including Royal Lane Park Phase II and excluding this Phase.

Mr. Cole concluded by stating that the City has a manageable capital structure with minimal outstanding long-term debt. He stated that the City: (1) compares favorably in all key debt ratios to North Carolina and national credit rating medians; (2) has identified a series of projects for a potential bond referendum; (3) may take advantage of a number of revenue sources to enhance future debt affordability; evaluating debt capacity and debt affordability in conjunction with the bond referendum process will be critical as it undertakes the planned capital investments.

Mr. Cole stated that the next steps involve: (1) a capital funding analysis refined based on feedback from staff and City Council; (2) identify a timeline and necessary City Council's actions to place the bond referendum on the ballot; (3) voters consider bond referendum questions; and (4) implement a plan for FY2015 financings.

A concern of City Council was the cost to implement a bond referendum. It was stated that several factors are considered in this process which included: bond counsel fee, LGC fee, Davenport fee, the referendum process approximately \$10,000. It was stated that City Council has seven years from passing the referendum to issue the bonds.

Mr. Leo spoke briefly. He distributed a handout which included significant information; such as: (1) what is a GO Bond; (2) the comparison and contrast of types of financings; (3) deciding upon what to finance and how much to borrow; (4) three council meetings are required; (5) City money cannot be spent to advocate this endeavor; (6) City money can be spent to inform voters of needs, plans, etc.; (7) City Council may campaign for the bonds but not with City resources; and (8) each question stands on its own.

Mayor and City Council complimented Mr. Ted Cole and Mr. Scott Leo for their efforts and their presentations.

Interim City Manager Purvis asked the wishes of Mayor and City Council. It was the consensus of Mayor and City Council that Interim City Manager Purvis and staff research this matter more in depth.

Upon a motion made by Councilmember Neal Strickland, seconded by Mayor Pro Tem Maxine Harris, the following resolution was unanimously adopted:

RESOLUTION TO ENTER CLOSED SESSION

Be It Resolved that the recessed meeting of the City Council of the City of Clinton, North Carolina held at 6:00 PM on October 17, 2013, entered closed session as allowed by G. S. 143-318.11(a)(4)(6) to discuss economic development and a personnel matter.

Council re-entered regular/recessed session at 8:31 PM. No action was taken.

ADJOURNMENT

Upon a motion made by Councilmember Strickland, seconded by Councilmember Stefanovich, and approved unanimously, the meeting adjourned at 8:32 PM.

Elaine F. Hunt, MMC, City Clerk

Lew Starling, Mayor