



City of Powell, Ohio
City Council

MEETING MINUTES
MARCH 11, 2008

A regular meeting of the Powell City Council was called to order at 8:07 p.m. by Mayor Tom Counts. City Council members present included Richard Cline, Don Grubbs, Art Schultz and Dan Wiencek. Elmer Meider and Bill Morton were absent. Also present were Steve Lutz, City Manager; Debra Miller, Finance Director; Susie Ross, City Clerk; interested parties and members of the Press.

PLEDGE OF ALLEGIANCE

CITIZEN PARTICIPATION

Mayor Counts opened the Citizen Participation Session for items not listed on the agenda. Hearing none, Mayor Counts closed the Citizen Participation Session.

APPROVAL OF MINUTES

The minutes of February 19, 2008 were amended and approved.

FIRST READING: ORDINANCE 2008-05: AN ORDINANCE IMPOSING ASSESSMENTS ON PROPERTIES FOR SIDEWALK REPAIR AND REPLACEMENT AND CERTIFYING THE ASSESSMENTS TO THE DELAWARE COUNTY AUDITOR FOR COLLECTION.

Steve Lutz, City Manager, said the City completed the Annual Sidewalk Repair Program. He said the residents were notified regarding how much they owe for the work performed. He said some residents chose to pay their bills and others have chosen to have an assessment placed on their property which is payable over five years. Mr. Lutz said the proposed assessments and amounts are attached to the ordinance. He said Staff recommends this ordinance be taken to a second reading. Mr. Lutz said there is one property owner on the list who is disputing two of the sidewalk portions and if that is not resolved he may be attending the second reading to dispute the assessment on his property.

Mayor Counts opened this item to public comment. Hearing none, he closed the public comment session.

This item was taken to a second reading.

The next two items were discussed together.

FIRST READING: ORDINANCE 2008-06: AN ORDINANCE AN ORDINANCE AUTHORIZING THE ISSUANCE OF NOT TO EXCEED \$6,900,000 OF BONDS FOR THE PURPOSE OF ACQUIRING STREETS, UTILITY LINES, DRAINAGE FACILITIES AND OTHER PUBLIC INFRASTRUCTURE IMPROVEMENTS FROM THE LIBERTY COMMUNITY INFRASTRUCTURE FINANCING AUTHORITY; AUTHORIZING A BOND PURCHASE AGREEMENT APPROPRIATE FOR THE SALE OF THE BONDS; AUTHORIZING THE PURCHASE OF A MUNICIPAL BOND INSURANCE POLICY, IF DESIRED, IN CONNECTION THEREWITH; AUTHORIZING AN OFFICIAL STATEMENT IN CONNECTION WITH THE SALE OF THE BONDS; AND RETIRING NOTES PREVIOUSLY ISSUED FOR SUCH PURPOSE.

FIRST READING: ORDINANCE 2008-07: AN ORDINANCE AUTHORIZING THE ISSUANCE OF NOTES IN THE AMOUNT OF NOT TO EXCEED \$6,900,000 IN ANTICIPATION OF THE ISSUANCE OF BONDS FOR THE PURPOSE OF ACQUIRING STREETS, UTILITY LINES, DRAINAGE FACILITIES AND OTHER PUBLIC INFRASTRUCTURE IMPROVEMENTS FROM THE LIBERTY COMMUNITY INFRASTRUCTURE FINANCING AUTHORITY, AND RETIRING NOTES PREVIOUSLY ISSUED FOR SUCH PURPOSE, AND APPROVING A NOTE PURCHASE AGREEMENT APPROPRIATE FOR THE SALE OF THE NOTES.

Steve Lutz, City Manager, said Council will act tonight on either Ordinance 2008-06 or 2008-07. He said

one ordinance is regarding placing the financing into bond structure which is what Staff is recommending. He said the second ordinance allows the financing to roll into notes for another year. Mr. Lutz said at the present time there is a debt in Golf Village which is being paid by the millage (12.25 mills) placed on each property within the area. He said they have been using temporary financing and rolling one year notes and Staff now recommends they convert the temporary financing of notes into a permanent 20 year bond issue. He said interest rates are favorable and Staff recommends locking in to a 4.5 - 5% interest rate. Mr. Lutz said due to the timing of when the current notes expire, Staff recommends that Council waive the second reading of the ordinance so they may proceed. He said it will take at least 5 Council members to vote to waive the second reading on this type of ordinance.

Matt Stout, Bricker and Eckler, reviewed that the notes were first issued in 2002 and this would be the sixth time they will be rolled. He said Ohio law has a provision that after notes have been rolled six times the City would have to start paying down the principal on the notes as if they were long-term bonds. He said that would require that the City pay down \$100k in principal on this issue. Mr. Stout said they recommend the City lock into a rate at this time. He said a bond issue has more work involved than a note issue so they need ten days to take the bond issue to market. He said the notes are due April 24th so it will be necessary to adopt the ordinance at the first reading.

Councilman Wiencek asked if everything is paid off at the end of a 20 year bond. Mr. Stout said that is correct. Councilman Wiencek said with notes they are refinancing the entire amount less any principal they paid out. He asked about the difference if the City will pay down principal either way. Mr. Stout said it is no different than being in a variable rate mortgage. He said there is the risk that short term or long term rates would increase and the City would not be locked in. He said the market is difficult to predict. He said from a Bond Counsel standpoint they suggest clients move to long term debt when the rates are good. Councilman Cline asked if these are General Obligation Bonds. Mr. Stout said they are. Mr. Lutz said they have investigated other options and considered rolling the debt into revenue bonds. He said they found they would have to work with the developer and the Financing Authority and it started to get very complicated. He said under the Golf Village annexation agreement, if at any time they cannot make the entire principal payment, the City has to advance the principal payment. He said they have not had to do so yet. He said that is something that may come forward in the future. Mr. Lutz said within the agreement it also states that anything the City does have to advance to pay down the principal is recouped with interest in the future.

Mayor Counts asked about the differential in rates between a note and a bond. Mr. Lutz said as this is a 20 year issue, he anticipates the early years in the high 3% range and then in later years at a rate close to 5%. Mr. Stout said the current notes are at 4.5%. Mayor Counts asked how this would help the residents that are paying this millage. Mr. Lutz said 12.25 mills is not required as that rate will generate more money than is needed to pay off the debt service. He said over time their millage will drop. He said the advantage to those residents is the same as the advantage to the City: locking into a favorable interest rate. Councilman Wiencek said he feels it is an advantage if they move to a bond which will be paid off in 20 years and the balance of debt will be reduced. Mr. Stout said the longer they roll the debt, the more maturity they add to the debt. Councilman Schultz said nobody is making any money on this. Debra Miller, Finance Director, said that is correct. She said the residents are paying purely principal and interest. Councilman Schultz said they did not have a lot of options when this was initiated and it is going as originally planned.

Councilman Cline said when this project was first presented to the City the anticipation was to have all \$20 million in general obligation debt and they have already taken it down to \$9 million. Ms. Miller said they started at \$11 million in general obligation bonds and \$6 million in notes. She said the \$11 million is now at \$9.7 million. She said because nothing was being paid toward them, the \$6 million notes have grown to \$6.9 million. Councilman Cline asked if they have taken some of the total package of debt and made it revenue bonds. Ms. Miller said they have not. She said they have been working on that for about a year and it is quite complex. Mr. Lutz said the tax liabilities impact some of the individuals involved. Mayor Counts asked if there would be a point in the future when they would consider refinancing these bonds with revenue bonds. Mr. Stout said the City could consider one advance refunding of this debt in 2012. He said that would be similar to refinancing one's home mortgage. Ms. Miller said in 2012 the City will have the opportunity to take one of the three parties out and that option would allow more flexibility.

Mayor Counts opened Ordinance 2008-06 and 2008-07 to public comment. Hearing none, he closed the public comment session.

MOTION: Councilman Cline moved to suspend the rules on Ordinance 2008-06. Councilman Grubbs seconded the motion.

VOTE: Y 5 N 0

MOTION: Councilman Cline moved to adopt Ordinance 2008-06. Councilman Grubbs seconded the motion.

VOTE: Y 5 N 0

MOTION: Councilman Cline moved to suspend the rules on Ordinance 2008-07. Councilman Schultz seconded the motion.

VOTE: Y 5 N 0

MOTION: Councilman Cline moved to adopt Ordinance 2008-07. Councilman Grubbs seconded the motion.

VOTE: Y 0 N 5

COMMITTEE REPORTS

Development Committee: Councilman Schultz said they will meet to discuss Downtown planning. Next Meeting: March 18, 6:30 p.m.

Finance Committee: No Report. Next Meeting: April 8, 7:30 p.m.

Operations Committee: Councilman Grubbs said at their next meeting they will discuss the Community Survey, City Website and the role of the Community Affairs position. Next Meeting: tbd

CITY MANAGER'S REPORT

Mr. Lutz recognized the Public Service Department for their excellent snow removal efforts. He said they worked 46 hours over the weekend. He said they did a great job, equipment held up well and some salt is still in reserve for future storms. Mayor Counts said their efforts cannot be truly appreciated until one has traveled into other areas of the county or in the City of Columbus and seen what remains from the storm.

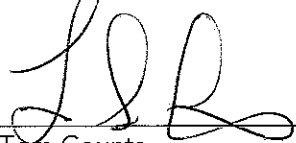
OTHER COUNCIL MATTERS

Councilman Schultz said they should keep considering the concept of plowing the bike paths. He said City Council discussed this when they planned the parks. He said people continue to walk on the bike paths and in some cases they become a sheet of ice and someone may become injured. He said the other benefit is that if the paths are plowed, more people would be encouraged to use them. Mr. Lutz said he will pull the memo from that time to identify what type of equipment would need to be purchased.

ADJOURNMENT

The meeting was adjourned at 8:35 p.m.

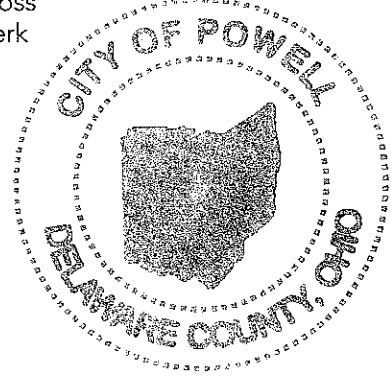
DATE MINUTES APPROVED: March 18, 2008



Tom Counts
Mayor
4/1/08
Date



Susie Ross
City Clerk
4/1/08
Date



City Council

Tom Counts, Mayor

Richard Cline

Don Grubbs

Elmer Meider

Bill Morton

Art Schultz

Dan Wiencek

