

**THE COMMON COUNCIL OF THE CIVIL CITY OF NEW ALBANY, INDIANA,
HELD A REGULAR COUNCIL MEETING IN THE THIRD FLOOR ASSEMBLY
ROOM OF THE CITY/COUNTY BUILDING ON THURSDAY, JUNE 19, 2014 AT
7:30 P.M.**

PRESENT: Council Members, Mr. Coffey, Mr. Caesar, Mr. Phipps, Mr. Blair, Mrs. Baird, Mr. Gonder and Mr. Zurschmiede. Mrs. Benedetti and President McLaughlin were not present.

OTHERS PRESENT: Mr. Gibson, Mr. Hall, Mr. Duggins, Mr. Thompson, Colonel Fudge, Police Chief Bailey, Mr. Wilkinson and Mrs. Glotzbach

MOMENT OF REFLECTION:

PLEDGE OF ALLEGIANCE:

ROLL CALL:

APPROVAL OR CORRECTION OF THE FOLLOWING MINUTES:

Mr. Caesar moved to approve the Regular Meeting Minutes for June 2, 2014, Mr. Phipps second, all voted in favor with the exception of Mrs. Benedetti and Mr. McLaughlin who were not present.

COMMUNICATIONS – PUBLIC:

COMMUNICATIONS – CITY OFFICIALS:

Mr. Gonder asked Mr. Thompson about the use of mirrors on corners.

Mr. Thompson said that he checked with Mr. Gibson and he told him that they can be installed if the Board of Public Works and Safety approves them. He also said that he found a place where he can order them.

Mr. Gonder explained that on Fawcett Hill Road there is a blind corner at the bottom and he would like to see a mirror installed there. He then asked Mr. Thompson if the mirror would be placed in the right-of-way.

Mr. Thompson stated that it would have to be placed on a pole across the street from Fawcett Hill Road.

Mr. Blair stated that he was contacted regarding a request for a flashing light on top of the stop sign at Pennwood Drive and Ashwood Drive and asked Mr. Thompson if there could be something installed.

Mr. Thompson stated that there are solar powered flashing lights that can be put on signs to bring more attention to them and he could look into that.

Mr. Blair stated that he would like to talk to a few of the other neighbors to make sure that they are agreeable to it.

COMMUNICATIONS – MAYOR:

Mr. Hall stated that the Hoosier Millionaire Road Show is going on right now at the riverfront. He said that it is their 25th anniversary and they are hitting a few cities around

the state. He also stated that he wanted to invite the council to the riverfront for the Independence Day Celebration on July 3rd.

APPROVAL OF CF-1 FORMS:

Globe Mechanical, Inc., Compliance with
Statement of Benefits referencing R-07-22 (PP)

Globe Mechanical, Inc., Compliance with
Statement of Benefits referencing R-07-22 (RE)

Globe Mechanical, Inc., Compliance with
Statement of Benefits referencing R-12-07 (RE)

Hartford Quality Assurance, LLC, Compliance with
Statement of Benefits referencing R-12-07 (PP)

Jones Popcorn, Inc., Compliance with
Statement of Benefits referencing R-12-01 (PP)

Jones Popcorn, Inc., Compliance with
Statement of Benefits referencing R-09-13 (PP)

TG Missouri Corporation, Compliance with
Statement of Benefits referencing R-04-35&R-06-01 (RE)

TG Missouri Corporation, Compliance with
Statement of Benefits referencing R-04-35 (PP)

TG Missouri Corporation, Compliance with
Statement of Benefits referencing R-07-24 (PP)

TG Missouri Corporation, Compliance with
Statement of Benefits referencing R-10-28 (PP)

TG Missouri Corporation, Compliance with
Statement of Benefits referencing R-14-01 (PP)

Hitachi Cable America, Inc., Compliance with
Statement of Benefits referencing R-07-26 (PP)

Hitachi Cable America, Inc., Compliance with
Statement of Benefits referencing R-11-19 (PP)

Hitachi Cable America, Inc., Compliance with
Statement of Benefits referencing R-07-26 (RE)

Hitachi Cable America, Inc., Compliance with
Statement of Benefits referencing R-06-36 (RE)

Mr. Zurschmiede moved to approve the above CF1s, Mrs. Baird second, all voted in favor with the exception of Mrs. Benedetti and Mr. McLaughlin who were not present.

Mr. Duggins stated that all have paid their fees and are larger employers in the community and recommended that they be approved.

Mr. Caesar asked if he totaled up the additional employees.

Mr. Duggins stated that he would provide a spreadsheet at the next meeting that will have totals. He also stated that once all of the CF1s are completed he will provide a spreadsheet for the entire year.

INTRODUCTION OF ORDINANCES AND RESOLUTIONS:	READING
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G-14-04	AN ORDINANCE AUTHORIZING THE ISSUANCE OF SEWAGE WORKS REFUNDING REVENUE BONDS, SERIES 2014, FOR THE PURPOSE OF REFUNDING THE SEWAGE WORKS REVENUE BONDS OF 1998, SERIES A AND THE SEWAGE WORKS REVENUE BONDS, SERIES 2002; AND ADDRESSING OTHER MATTERS CONNECTED THEREWITH	Caesar 1&2
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Mr. Caesar moved to amend the agenda to have all three readings on G-14-04, Mr. Coffey second, all voted in favor with the exception of Mr. Zurschmiede who voted no and Mrs. Benedetti and Mr. McLaughlin who were not present.

Mr. Caesar introduced G-14-04 and moved to approve the first and second readings, Mr. Phipps second, all voted in favor with the exception of Mrs. Benedetti and Mr. McLaughlin who were not present.

Mr. Caesar explained that this is a very good deal for the city and will save almost \$1M plus the \$864,000.00 that we will be able to reduce in the money that we have to hold back each year. He said he feels that the interest rates will be going back up soon and that he is interested in doing all three readings tonight. He added that on something like this two or three weeks could make a difference in the savings.

Mr. Coffey stated that this will not extend the bond life in any way whatsoever.

Mr. Gibson said that we have two that are eligible for refinancing which are the 1998 Series Bond and that 2002 Series Bond. He explained that the 1998 is approximately \$1.1M-\$1.2M and the interest rate would fluctuate from 4.45%-4.62% from now until the time it ends. He stated that the 2002 financing bond is the larger one and it is at 3.3% from now until it would be paid off. He added that the term is to 2023 so it does not extend anything. He said that we are looking at being able to lock into 2.4% and the quicker we can get it placed at the bank for agreement the better it will be. He said that it is about \$1.1M savings over the remaining term of the loan which is about nine years and equates to about \$120,000.00-\$121,000.00 per year in savings. He said that the other mechanism is that SRF have certain rules and requirements that you have to fund the reserve accounts and we normally have to fund our reserve \$38,000.00 per month and this would reduce it to \$20,000.00 per month. He explained that essentially that would put us at \$864,000.00 available for the relining project so the total savings is about \$1.9M.

Mr. Blair asked if the \$864,000.00 is really a savings or just getting that money sooner.

Mr. Gibson replied that it is money that we can use sooner.

Ms. Wilson stated that SRF would require you to fund your debt services reserve up to \$5.6M so it saves you money that you will eventually get.

Mr. Gibson stated that EPA spots that are truly being examined went from 75 to 11 so obviously improvements are being made throughout the system. He also stated that we reduced \$20M in total debt. He added that the sewer utility is in much better condition than when some of the council started and a lot of it had to do with the rate but a lot of it has to do with much more effective management too.

Mr. Zurschmiede asked if there is a penalty for paying these older bonds off.

Ms. Wilson stated that there is a premium amount of 1% on the 2002 that is paid and that premium would not go away for another year or so. She added that it is actually 2% until September 1st and we asked SRF if we get the deal done by July 31st if they would allow us to already get the 1% that's effective after September 1st.

Mr. Zurschmiede asked if that is on the larger one.

Ms. Wilson replied yes.

Mr. Zurschmiede asked if we are financing that penalty.

Ms. Wilson replied yes.

Mr. Gonder asked if it will be part of the new bond.

Ms. Wilson stated that all of this money pays off immediately with SRF and you are issuing enough bonds to make that payment to put the money into the escrow so there is still the \$1M savings even after putting this money into the escrow.

Mr. Gibson stated that with cost and penalties it is still approximately \$1.1M in savings.

Mr. Gonder asked how much the 1% penalty is.

Ms. Wilson replied that it is about \$268,000.00 and is a payment to SRF and you agreed to it when you took out the loans. She said that it will be paid out to SRF upon closing and even after that at our interest rate, we are still saving money during that time period.

Mr. Blair asked if that penalty could burn off if we waited a year.

Ms. Wilson stated that there is no guarantee that rates will stay where they are.

Mr. Blair asked if they waited on the timing for this so that the penalty would drop from 2% to 1%.

Ms. Wilson stated that is correct.

Mr. Gibson stated that Crowe's ability to negotiate that down to 1% from 2% was pretty important too. He added that it probably would have still been worth doing but definitely worthwhile now that they were able to negotiate with SRF and knock that down to 1%.

Mr. Zurschmiede asked what the fees are that are involved.

Mr. Gibson stated that there are about \$185,000.00 in all fees and they are listed in the cost of issuance on the second page.

Mr. Coffey stated that we went through a lot on the sewers and he is so pleased that we are in the shape that we are in that the state is actually going to allow us to take that other \$800,000.00 out a year because they used to really have their thumb on so evidently this

is really going well. He also stated that Mr. Gibson and the others have done a good job and one of the best things they did was take it back in-house.

Mr. Gibson stated that all of our projects are self-funded now.

Mr. Blair asked if it is possible to shorten the maturity date and if that would lower the rate.

Ms. Wilson replied that could possibly be done.

Mr. Blair stated that when he looks at the financials and the health of the sewer utility, it looks to him like we can continue to make the same payments that we have and reduce the maturity so that would put us in a better position in the future.

Mr. Gibson stated that the sewer board should probably be consulted to see if that is something that they can do at this point.

Ms. Wilson stated that it might take a lot to get to that point.

Mr. Blair stated that what he proposed would require that there are no big projects or expenditures coming out. He added that he didn't think there were any big projects planned.

Mr. Gibson stated that he would want the sewer board to have that flexibility if a project does come up.

Mr. Gonder asked what the monthly payment is right now.

Mr. Wilkinson replied \$5.3M.

Mr. Blair suggested that we keep it at that and pay it over a 12 year period instead of a 13 year period.

Mr. Gonder asked if that would benefit us.

Ms. Wilson stated that she doesn't think that would work because of the way that the bonds are structured. She explained that we don't have \$4M in savings to take care of that last payment.

Mr. Blair asked why that last payment is so high.

Ms. Wilson explained that the 2002 debt was structured to wrap around the 2006 debt.

Mr. Blair stated that it looks to him like because of cash flow savings, we may be in a position to see about doing a rate decrease.

Mr. Coffey stated that he doesn't want to cut operating capital short to where we would have to go back to borrowing if there is an unexpected project.

Mr. Blair stated that to do what he proposed, we would have to project out our capital expenditures and would need a projection from the sewer board.

Mr. Gibson said that we have other outstanding debt that, as of now, is higher than the interest rates that we are dealing with on this new one.

Mr. Wilkinson stated that there are two bonds that will be paid off in four years and we are maintaining \$5M per year in payments so there is not enough free capital to be guessing because some of these situations are invisible. He said that on one project they started with one 8 ft. section that had failed and by the time they were done it was two and a half city blocks so it turned a \$40,000.00 project to almost \$500,000.00. He added that there is some old infrastructure at the plant that they will be working on for the next two or three years and they don't know exactly what the handle on that is.

Mr. Blair stated that he would like to see the plan for capital projects. He added that we have grown our checking account significantly in the last couple of years and that is a pretty big buffer to be sitting in an account somewhere earning very little interest.

Mr. Wilkinson stated that about \$5M is tied up and \$1M will be used on Jacob's Creek and another project is Chapel Creek that is starting this week. He said that they are happy to have a surplus to work with. He added that when we implemented the rate increase, we were four months behind on bond payments.

Mr. Blair asked if we have projections.

Mr. Wilkinson stated that there is a five year plan.

Mr. Blair stated that he thinks that the refinance is fine as long as we have excess cash flow so we can continue with the discipline as we have in the past of paying back some of that debt. He said that he would like to keep whittling away at that \$52M.

Mr. Gibson asked if there is a committee on the sewer or is it the council as a whole.

Mr. Coffey stated that we really do need some type of liaison and it wouldn't be a bad idea to have a work session about two times a year.

BOARD APPOINTMENTS:

MISCELLANEOUS ITEMS:

COMMUNICATIONS – PUBLIC (non-agenda items):

Mr. Cassidy stated that he agrees with refinancing the sewer bonds and he has a lot of confidence in the sewer board and feels that they use money wisely. He stated that the little league park will be coming up and thinks that the council should approve it. He explained that he thinks Mr. Wood was right because the road was proposed way before the park. He said that he found it ironic that when they were talking about that they believed in complete streets, walkability and bicycling and while New Albany has a two mile fringe area and do control it, it is still not our end. He added that there will never be a road there until we would annex it and he thinks there are a lot of things we could be doing inside our city limits for walkability and complete streets. He then mentioned all the work on E. Main Street which is the closest road to the greenway and stated that we have just ruined the bicycling on Main Street and didn't put into consideration that we are spending millions of dollars to do it.

Mr. Baylor read parts of a piece that was on Insider Louisville. He said that a U of L study of Brook Street and 1st Street suggests that two-way thoroughfares are safer. He read another part that said that crime and collisions plummeted and business revenues, taxes and bike and pedestrian traffic soared which was in a downtown neighborhood with 80% renters. He also read that property taxes take a hit on one-way streets relative to two-way streets and the study estimated that if all multi-lane one-ways in the city of Louisville were converted, the city would add an additional \$1M to its tax base. He said

that what struck him was the evidence that suggests if you go from one-way streets to two-way there is a direct correlation to property values going up. He also said that we should all watch as the spec study comes out and as the Main Street project continues down its convoluted path because if that project proves to have some sort of benefit to property values then withholding that same thing from the other arterial streets would be a discriminatory practice.

IN COMMITTEE:

G-14-01 Ordinance Adopting the International Property Maintenance Code Standards for the City of New Albany Zurschmiede 1&2

TABLED ORDINANCES:

G-14-03 An Ordinance Increasing the Standard Travel Allowance Reimbursement for the City of New Albany Benedetti 3

ADJOURN:

There being no further business before the board, the meeting adjourned at 8:15 p.m.

John Gonder, Vice President

Vicki Glotzbach, City Clerk