

MINUTES

TOCCOA CITY COMMISSION WORK SESSION October 5, 2010 3:00 P.M.

Mayor Troup called the meeting to order.

Present were: Mayor Bob Troup, Vice Mayor Janice English, Commissioners Ron Seib, David Austin and A J Pavlisacsak, City Clerk Fredda Wheeler, City Manager Jay Johnson, Attorney John Dickerson, Jackie Whitmire, Randy Smith, Connie Tabor, Brenda Yearwood, Don Dye, Jan Crawford and Cathy Loudermilk.

I. Presentation/Review and Discussion of Proposal for City of Toccoa Water Fund Debt Refinancing.

City Manager Johnson suggested that discussion of this item be deferred until later. He stated that there might be some helpful information gathered from the discussion of item #2.

II. Presentation /Review and Discussion of Proposed MGAG/City of Toccoa Gas System Debt Refinancing.

Scott Tolleson, Glenn Barker and Susan Reeves, representatives from the Municipal Gas Association of Georgia (MGAG), were present and provided information from the five (5) financial institutions that submitted proposals to refinance the \$19,000,000 Series 1999 Bonds.

The following questions and/or statements were asked and/or made:

Glenn Barker:

- Interest rates are better now than they were when the Bonds were first executed.
- All numbers presented are preliminary
- There is a strategy in place to protect the City of Toccoa's A-1 credit rating.
- A decision is needed as to whether the bonds are offered as institutional or private.

- MGAG will not make any money on the refinancing of the bonds.
- General Obligation pledge is critical
- Recommends that the City of Toccoa take the offer from Baird
- All proposals recommend that insurance be included
- Associated costs charged would be 50 - 75 basis points
- Very important to choose a firm that wants to take care of Toccoa at the most manageable cost

Susan Reeves:

- City might want to consider extending the length of the bond payments to 20 years.
- The Request for Proposals were sent to about (8) eight firms
- Expressed some concerns about the Raymond James firm
- All of the financial institutions that submitted proposals are capable of doing the job.
- We are in a niche market-----\$20 millions
- Need to access the fees that are imposed.
- MGAG would work with the firm selected to incorporate the Water Fund Debt refinancing.
- The callable option is a benefit for the city to possible refinance at a lower rate in the future
- Alston & Bird would be the Bond Counsel
- Avoid Raymond James because of excessive baggage from previous investigations and litigations.
- Just have to find out what interest rate the investors are willing to pay
- Interest rate of bonds now is 5.01%
- Bond Counsel fees and Rating Agency fees will be in addition to those fees presented today.

Commissioner Ron Seib:

- The Toccoa City Commission had no participation on structuring the Request For Proposals (RFP's).
- Received the information presented today just yesterday
- How much of a savings would the city realize if there was no callable option?
- Requested to see the terms and caveats of the RFP's.

Commissioner A.J. Pavliscsak

- The Commissioners just received the presented information late yesterday but was looking forward to the presentation today.
- Was payout on straight 15-year term?
- Would like to see how costly it would be to have a 7-year or 10-year callable option.
- Asked for explanation of Takedown Fees.
- What would happen if, after a firm was selected, it was discovered that they (the firm) did not disclose pertinent information?
- What time period does present value basis cover?

Vice Mayor Janice English:

- Why will other fees be charged?
- If interest rates are lower now, why would we consider just extending payments for 14 years?
- Why were some firms' quotes broken out showing the various fees and others were not?
- Why did MGAG not look further into the litigations against Merchant Capital?

Commissioner David Austin:

- Interest rates will be much higher in 10 years than they are right now.

City Manager Jay Johnson:

- The city has the option to extend the term of the bonds to 20 to 25 years.
- Refinancing now would save the city \$140,000 a year
- Recommend taking the level option

III. Review and Discussion of Renewal for Calendar Year 2011; Employee Health Insurance Coverage with Georgia Municipal Association. City Manager Johnson stated that there would be a 5% increase in the premium for health care from the Georgia Municipal Association (GMA). The effective date of the renewal, and the associated increase, is January 1, 2011; therefore, a decision is needed soon. Commissioner Pavliscsak asked about the possibility of establishing a self-insurance fund with a catastrophic policy. City Manager Johnson recommended that the city stay with GMA. A decision will also be needed as to how to implement the increase. Commissioner Pavliscsak said consideration should be given to the disparity of the cost of insurance coverage for single employees verses those with family coverage. By consensus, the Commission agreed to renew the annual coverage with GMA. This matter will be placed as an agenda item at a Regular Scheduled City Commission Meeting.

IV. Review and Discussion of Emergency Reserve Fund Policy Statement. The following comments and questions were voiced during a discussion of the above matter.

City Manager Jay Johnson:

- Need to formally make it a “fund,” by resolution or leave as an account
- Possibly call it “restricted cash”
- Need to define how to access the account

Mayor Bob Troup:

- The Emergency Fund makes the General Fund look better

Commissioner Ron Seib:

- Requested that information be gathered from 5 to 7 other comparable cities and find out how they manage reserve funds.
- Create a separate fund and establish guidelines for accessing the fund.
- Focus on developing the Northern Expansion and the entire gas system.

Commissioner A.J. Pavliscsak:

- Should operate according to Governmental Accounting Standard Boards rules.
- Establish guidelines for the handling of Emergency Fund

V. Review and Discussion of Pines Golf Course (DRAFT) Request for Qualification/Proposals for Lease Agreement

City Manager Johnson reported that letters had been mailed to 7 or 8 firms/people to invite them to submit a proposal to operate the Pines Golf Course. A spreadsheet was also included on how the applicants will be evaluated.

City Attorney Dickerson stated that nothing would be finalized until after the hearing is held in Bankruptcy Court on October 13, 2010.

VI. Review and Discussion of Proposed Sign Ordinance

By consensus, it was decided that this matter would be discussed at a late date.

VII. Other Items of Business

There were no other items of business discussed.

Mayor Troup adjourned the Work Session.

Mayor

City Clerk