

Special City Council Meeting
July 25, 2016
6:00 P.M.
City Hall

Council Members Present:

Mayor Michael J. Heitzler; Mayor Pro Tem Mark A. Phillips; Councilmember James (Kimo) Esarey; Councilmember Brandon Cox; Councilmember Greg Habib; Councilmember Kevin Condon

Council Members Absent:

Councilmember Debra Green-Fletcher

Staff Present:

City Administrator Dennis C. Harmon; Assistant City Administrator Jake Broom; City Clerk Kelly J. Lovette; Finance Director Ron Faretra; Planning & Zoning Director Sarah Hanson; Public Information Officer Frank Johnson

Staff Absent:

Press Present:

I. Call to Order:

Mayor Heitzler called the meeting to order at 6:00 p.m.

II. Comments from the Audience:

There were no comments from the audience.

III. Public Hearings:

General Bond Ordinance (Activity Center – Phase II): Mr. Broom stated the first item under Public Hearings was a proposed General Bond Ordinance that will lay the foundation for issuing bonds on the Hospitality Tax Revenue, should City Council choose to go that route. He stated since that revenue has never been bonded, the proposed Ordinance was necessary and it sets the rules and identifies all the parties involved. He stated the proposed Ordinance does not grant approval for the issuance of bonds, it is only the first step in the process.

Councilmember Condon inquired if City Council did adopt the proposed General Bond Ordinance, would there be a certain amount of time before the bond is actually taken out. Mr. Broom stated no. Mayor Heitzler inquired why City Council was taking the proposed Ordinance into consideration that evening instead of at a regular City Council Meeting. Mr. Broom stated in order to maintain the interest rate being offered, which expires August 11, 2016, City staff needed to get a second reading in on the proposed Ordinance prior to that date. Mayor Heitzler inquired if City Council wished to take action on the first reading of an Ordinance that would establish the language so the City can borrow money from the Hospitality Tax, with the next step being to actually issue the Bond.

Councilmember Kevin Condon made a motion to adopt the proposed General Bond Ordinance, as presented by Mayor Heitzler. Mayor Pro Tem Phillips seconded the motion. Councilmember Esarey inquired if there was something that needed to be changed or that the City wanted to change, could it be done at any time. Mr. Broom stated changes could be made after first reading, but not after the second reading of the proposed Ordinance. He stated once two (2) parties agree to the terms set out in the Ordinance it would apply to the series of the bonds supplementary to the proposed Ordinance currently before City Council. Mr. Broom stated the City's bond attorney, Rion Foley, was the one who wrote the proposed Ordinance. Mr. Broom continued to thoroughly answer all of City Council's questions. Hearing no further questions, Mayor Heitzler called for the vote. All in favor, none opposed.

First Supplemental Bond Ordinance (Activity Center – Phase II): Mr. Broom stated before City Council was a supplemental bond ordinance. He stated this proposed Ordinance actually issues the bonds using the rules that City Council had just given first reading and it specifically allows for the issuance of up to \$9,000,000, to finance the construction of Phase II of the Community Center. He stated the bonds would be bank qualified and that means whoever holds the bonds, that bank does not have to pay taxes on the interest, which in turn means the City would receive a better interest rate. Mayor

Heitzler inquired if that was because we are a municipality. Mr. Broom stated it is because we are a municipality who does not have a lot of debt. Mr. Broom continued to thoroughly explain the proposed First Supplemental Bond Ordinance, as well as answer all of City Council questions.

Councilmember Habib inquired if the City could make early payments, without paying the entire loan off, if there were additional funds being held by the City. Mr. Harmon stated you can prepay, but you cannot defease the total debt for the first 7 ½ years without a 1% penalty and 1% would be of the outstanding sum, not the total amount issued. Mr. Broom stated the proposed Ordinance explained what the monies would be used for and City staff anticipated the construction costs to be approximately \$11,115,000, plus contingency. He stated there would be \$9,000,000, in the proposed bond and essentially \$1,000,000, as a down payment, from the Fund Balance of Hospitality Fund Revenue. He stated the City currently had \$1,700,000, in the Hospitality Fund and the City was adding approximately \$120,000, per month in collections to that Fund and it was still growing. He stated as Phase II is being built, the City will be continuing to collect Hospitality Tax Revenue and the City will use that revenue to pay for the remaining balance, a little over a million dollars. He stated if necessary, the City could issue a small bond next year, a million to a million and a half. He stated it was highly unlikely and it probably would not be necessary.

Councilmember Condon inquired approximately how much would be left over for other projects. There was some discussion between Councilmember Habib and Councilmember Condon, wherein Councilmember Habib stated the Hospitality Fund would be tied up until the construction project was completed. Mr. Broom stated at no point would the Hospitality Fund get below \$800,000, because the City would have a buffer of time before they would even need the \$1,000,000, down payment. Mr. Harmon stated the project was expected to take 18 – 24 months.

Councilmember Habib made a motion to approve the Supplemental Bond Ordinance to fund the construction of Phase II of the Community Center, as stated by Mayor Heitzler. Councilmember Condon seconded the motion. All in favor, none opposed.

IV. Other Business:

Discussion of the Municipal Court Structure: Mr. Broom stated City staff has come up with a recommendation as to how the Municipal Court should be structured. He stated the first recommendation would be that the City maintain the current composition of three (3) part-time judges and the second would be that all judges would be required to be attorneys, and third would be that City Council would name a Chief Municipal Judge. Mr. Broom stated the Chief Municipal Judge would be required to coordinate with Court Administration on all matters pertaining to the Court, schedule the Court and manage the docket. Coordinate the signing of bench warrants and conducting bond hearings with the other two (2) judges and establish procedures and rules, work with City staff on the budget, evaluate Municipal Court employees and advise City staff on the hiring and firing of Court employees and with employees reporting to the City Administrator or his designee.

V. Adjournment

Councilmember Esarey made a motion to adjourn. All in favor, none opposed. Motion carried. Meeting adjourned at 6:42 p.m.

Minutes approved and adopted:

Date: December 13, 2016

Kelly J. Lovette, MMC
City Clerk

A copy of this meeting's agenda was sent to the Post and Courier, The Goose Creek Gazette and The Hanahan & Goose Creek News; it was posted in City Hall 24 hours prior to the meeting.