

MINUTES
CALLED COUNCIL MEETING
THURSDAY, MARCH 29, 2012
6:00 P.M.

Present: Councilmembers Angelette Mealing, Shirley Jackson, Brian Jones, and Vince Williams, City Attorney Dennis Davenport, City Manager Steve Rapson and Assistant City Clerk Tameca P. White

Absent: Mayor Ralph Moore and City Clerk Jacqueline R. Cossey

CALL TO ORDER

The meeting was called to order by Mayor Pro-tem Shirley Jackson.

1. Council to discuss its water and sewerage revenue bonds, series 2012.

Mr. Bill Johnson of Raymond James led this discussion in regards to the bonds that were sold on Wednesday morning. Mr. Johnson informed Council that they went into the market around 9:30 a.m. through noon and that all the bonds with the exception of the bonds with a 2017 maturity have been sold. The remaining bonds in 2017 will be worked out in the next few days. The bond sale was well received. There were about six (6) other bond issues that went to market; one being Spellman College. Only about half of it was sold and the remainder of those bonds had to be taken into inventory by the underwriter and they are still working those down.

Mr. Johnson informed the Council that interest rates are historically low and have been since the first of the year. There has been a rise in the last two weeks, but generally they have remained low.

Mr. Johnson reviewed the Water and Sewerage Revenue Bonds Series 2012 report with Council. He stated that bonds were priced on March 28th and they utilized the City's A2 credit rating and did not utilize the bond insurance because it had no value. He added that we will issue \$11,275,000 worth of bonds and because of interest rates in the market we issued bonds at a net discount, a pricing mechanism to get buyers, mostly institutional buyers to buy bonds. In addition, we will fund out if the bond proceeds a project fund bond at \$10,000,000 and will fully fund in cash the Debt Service Reserve at \$793,875. The estimated Cost of Issuance is approximately \$313,000. The Reserve account; Mr. Johnson continued by stating that after reviewing with Steve that this cost will be administered by a third party and bills will be paid by a third party at the end of sixty (60) days. Any money left over in that account will be given back to the City.

Mr. Rapson interjected that this includes paying us back for the Keck & Wood work they did. The bonds are issued in \$5,000 increments and those additional proceeds will go into the project fund.

Mr. Rapson stated that as Mr. Johnson mentioned we did not go for the insurance because they are being downgraded and that would cost us an additional \$82,000. He stated that by saving the \$82,000 the flip side to that is that by not having the insurance we have to fund our debt service reserve. By doing this we have ensured that we will have at least \$1 million cash on hand, because that money will have to stay in the debt reserve.

Mr. Johnson added that this represents the maximum annual debt service and is basically a year's debt service.

Mr. Johnson continued his presentation by stating that the yields starting in 2013 is 0.930% varying with each maturity up to the year 2028 at 3.97% and then one term bond at \$2.87 million block which matures over 2029, 2030, 2031 and 2032 and those bonds are at 4.15%. The critical component is that these bonds are being amortized over twenty (20) years and the net interest cost is 3.695%. The maximum annual Debt service is \$793,875 that is being put in reserve. The average annual debt service will be about \$786,000.

Mr. Johnson reported that there was not another A2 rated water issue done in the United States in the last couple days. He continued his report by stating that he did a price comparable by using other systems and other issues, even though they vary in rating and type of bond issue. He selected two issues, one in Monticello, GA, which is an unrated issue and the other is a \$3,660,000 issue at University of West Georgia. Mr. Johnson walked Council through a presentation to show the comparison in the Municipal Market Data (MMD) of each issue as of yesterday. (Full presentation attached).

Mr. Johnson advised Council that a Bond Purchase Agreement has to be executed in order to lock in the rates. Closing is scheduled for April 13, 2012.

Mayor Pro-tem Shirley Jackson asked why the 2017 did not sell.

Mr. Johnson answered that there are usually a mix of buyers, retail and institutional buyers. Retail buyers usually like short-term bonds and institutional buyers like longer, and that was in the middle. There just was not any interest at that time, but there will be. He added that out of \$11,275,000 worth of bonds that were all sold except about \$400,000.

Attorney Dennis Davenport instructed the Council that two motions needed to be made; one to approve the Bond Purchasing Agreement and one regarding the Supplemental Bond Resolution that was brought to Council on March 20th and was approved without the final numbers. This Supplemental Bond Resolution puts the numbers in there.

On motion of Councilmember Williams seconded by Councilmember Mealing and carried, the aforementioned Bond Purchasing Agreement was unanimously approved.

On motion of Councilmember Jones seconded by Councilmember Williams and carried, the aforementioned Supplemental Bond Resolution was unanimously approved.

2. Council to consider termination of water and sewer services for Stone Point Colony Condominiums.

Mr. Rapson led the discussion by informing Council that he met with the new president of the Home Owners' Association (HOA), who brought a resident who became the treasurer in the meeting, and two residents and went through several different scenarios they can do. The notification got their attention and she has categorized the home owners in four categories, A, B, C, and D. Category A are the home owners who are paying their association dues monthly, category B are those that are paying, but not consistently, category C are those that are now saying they are going to pay. Mr. Rapson stated that many of the residents are blue collar type workers and would rather pay quarterly versus monthly, so she will petition categories B and C to pay on a quarterly basis. There were no assumptions made on those in category D because either they are absent landlords or they are vacant homes and there is not anything anyone can do. He continued that the scenario before Council is predicated on the A group paying monthly and the category B and C paying quarterly and we will not know if this works until about June, because the category B and C group won't pay until their payment is due in June. The payments start at \$1,070 and balloon up to \$6,515 because that is when the others will be making their quarterly payments.

The schedule shows the month and year, the current bill, and the contract amount. The way the contract amount is the amount they have to actually pay each month and they have to pay it by the 10th of each month. The way the contract is structured they have until the 10th of the month to pay and if we don't receive by the 10th then on the 11th we will send out notices that we will shut off the water by the 25th for any month that isn't paid, whether it is the month to month or the quarterly month. Mr. Rapson further informed Council that there is some exposure to the City in regards to the monthly water usage which is typically \$2,000, but we will be collecting \$1,070 which increases the bill for the first two months and then quarterly they reduce that amount. They would pay off the \$50,000 in residual in 4 years and 9 months with this plan.

Mr. Rapson added that they are aware that this is the fourth revision and that this is the final contract.

Councilmember Brian Jones asked if he was correct in stating that there are 30 residents on this property. Mr. Rapson stated that this is correct, there are 30 units. Councilmember Jones continued that this is assuming that 30 residents for the next 5 years. Mr. Rapson stated that this is actually 21 residents, because we are not counting the Category D group, which is comprised of 9 as of today. He continued that the contract has a little "fluff" and he did not want to make so tight that they could not possibly do it and he didn't want to make it so loose that they would not do it. Councilmember Jones stated that the schedule shows the HOA fee is \$150. He inquired if this is the fee that each home owner pays to the association which includes the water bill and the other bills is something they take care of on their property, their

electricity and sanitation. Mr. Rapson stated yes, they pay the HOA the \$150 a month. The Category A group pays this each month, the Category B group is \$165 because there is a \$15 late fee, so this group will begin to pay quarterly and under the Category A list the reason it is reduced is because they also have Georgia Power that they pay and a sanitation that they pay, and we wanted to be sure that whatever bills came out of that amount that we got the net amount because they have the other bills that they have to pay.

Councilmember Jones inquired if we know what kind of cash they currently have on hand. He added that the contract sounds good, but if they are sitting on zero dollars right now and hoping that 21 residents pay, there is no fluff on their side to cover a short. He asked if this was mentioned in their conversation.

Mr. Rapson answered that he did ask how much money they had and they did not give an exact dollar figure, but he did get from her that she had roughly \$4500 that people paid. He further stated that in March they paid \$3915, so they should have enough to cover the utilities and that he does not believe they are sitting on \$10,000.

Councilmember Jones asked if the lady who Mr. Rapson met with actually lives on the property or is she with the Management Company that is running the day-to-day operations.

Mr. Rapson stated that she has a vested interest in the property.

Attorney Davenport interjected that she lives in Old Virginia and she owns a unit at Stone Point Colony.

Mr. Rapson stated that he reiterated to her the schedule for payment on the 10th of the month, notice on the 11th of the month and the cutoff on the 25th of the same month. He stated that he could not have been more clear or explicit with her regarding this contract. He added that he did instruct her that for \$182, the cost of the meter, that they could make a special assessment and once they were properly installed, we would take ownership of the meters and we could turn off water for just the one resident who is not paying and not all the units. He continued that it is hopeful that over time Stone Point Colony would like to install a meter at all 30 residents and the situation would be similar to Windsor Forest where each home owner pays their water bill and the association pays the difference between what the master meter reads and what the 30 meters are actually registering. Mr. Rapson stated that he will let Council know in July if the schedule plan works.

Councilmember Jones inquired if 30 was the total number of units in the entire complex.

Mr. Rapson responded that this is correct.

Mayor Pro-tem Jackson asked if someone was living in all 30 units.

Mr. Rapson stated only in 21 of them.

Councilmember Williams expressed that he feels this is a workable plan, but his only concern is the Category B and C group, why would they want to do quarterly, because this is \$700 a month. He further stated that he is concerned if \$150 was an issue and that we will have to see on the 10th.

Mayor Pro-tem Jackson echoed this concern.

Mr. Rapson added that he shared with her the inherit risk if there is no payment in month one or two and before month three is over the resident leaves, now the HOA is stuck with the cost with no warning from the resident that this would happen.

Councilmember Mealing asked if she understood this.

Mr. Rapson stated that she understood it, but ultimately the risk is inherited on us.

Councilmember Mealing asked if this was the fourth contract with them.

Mr. Rapson stated, "Yes." He added that if we have to turn the water off the health aspect will fall back on the City as oppose to Fulton County, because Fulton County Health will say, according to our ordinances we can enforce this.

Councilmember Mealing noted spelling corrections to be made on the contract.

Mr. Rapson stated that the correction would be made before it is executed.

Councilmember Jackson inquired if they had signed off on the contract.

Mr. Rapson stated that he emailed her the contract and asked her to email him if she had any comments. He stated that he did not get a return email so she understood that this is the contract to be brought before Council.

On motion of Councilmember Williams seconded by Councilmember Jones and carried, the aforementioned contract with Stone Point Colony was unanimously approved.

3. Council to consider a resolution in support of continuing the local options sales tax (LOST) with distribution of proceeds to be based on population.

Mr. Rapson led the discussion and informed Council that he had a meeting with South Fulton Municipal Association and at the meeting there was discussion that some of the executive membership had with Mayor Kasim Reed who requested that some of the mayors of South Fulton take a position in regards to what they thought the LOST distribution should be. All the north cities, with the exception of Johns Creek have passed a resolution saying they support the distribution based on population. That is the resolution before Council. All the cities are not negatively impacted except for East Point and College Park. They may not pass this resolution. Mr. Rapson stated that he wanted to let the City of Atlanta know what would be our position. If the distribution is done on population as it exists now, this would increase our local option sales tax distribution by approximately \$1.8 million a year. He continued that this is a 10 year sales tax, so it is an \$18 million issue.

Councilmember Jones stated that there is no way any city is not going to be negatively impacted. He continued that anyway the model is broken up, someone, whether it is East Point or College Park, someone will be impacted. He stated that if we did it by point of sale then we would be hurt, Fairburn would be hurt and Palmetto would be hurt. He concluded that this is probably the best equitable way to proceed. It does impact the neighboring South Fulton cities, but he does not see any way to do it otherwise.

Councilmember Mealing stated that she is in favor but asked what would happen if the other cities, those being impacted; would they just have to go along with the majority.

Mr. Rapson answered that the way the LOST distribution is structured is the majority of the cities representing more than 50% of the cities can make a distribution on behalf of all the other municipalities.

Councilmember Williams ended the discussion by stating that he hears others say they feel sorry for other cities, and yes, he has compassion, but we have to look out for the best interest of Union City.

On motion of Councilmember Jones seconded by Councilmember Williams and carried, the aforementioned local option sales tax (LOST) with distribution of proceeds to be based on population was unanimously approved.

Mayor Pro-tem Jackson informed Council that Attorney Dennis Davenport has an item for Executive Session.

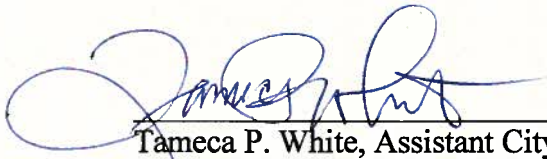
On motion of Councilmember Jones seconded by Councilmember Williams and carried, to enter into Executive Session to discuss a pending litigation matter.

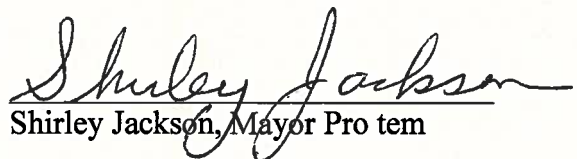
On motion of Councilmember Williams and seconded by Councilmember Jones and carried, Council instructed counsel to move forward on the matter.

On motion of Councilmember Williams seconded by Councilmember Mealing and carried, Council came out of Executive Session.

VII. ADJOURNMENT:

On motion of Councilmember Mealing seconded by Councilmember Jones and carried, the meeting adjourned.


Tameca P. White, Assistant City Clerk


Shirley Jackson, Mayor Pro tem

STATE OF GEORGIA

COUNTY OF FULTON

EXECUTIVE SESSION AFFIDAVIT

Personally appeared before me, Ralph Moore, Mayor of the City of Union City, Georgia, who after being duly sworn says:

1.

I was the presiding officer of a meeting of the Union City Mayor and City Council held on the 29th day of March 20 12.

2.

That it is my understanding that O.C.G.A. § 50-14-4(b) provides as follows:

When any meeting of an agency is closed to the public pursuant to subsection a of this Code section, the person presiding over such meeting shall execute and file with the official minutes of the meeting a notarized affidavit stating under oath that the subject matter of the meeting or the closed portion thereof was devoted to matters within the exceptions provided by law and identifying the specific relevant exception.

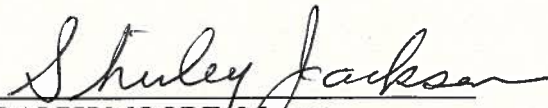
3.

The subject matter of the closed meeting or closed portion of the meeting held on the 29th day of March, 20 12, which was closed for the purpose(s) of pending litigation as allowed by O.C.G.A., Title 50, Chapter 14, was devoted to matters within those exceptions and as provided by law.

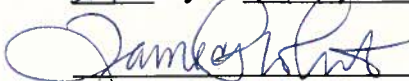
4.

This affidavit is being executed for the purpose of complying with the mandate of O.C.G.A. § 50-14-4 (b) that such an affidavit is executed.

FURTHER AFFIANT SAITH NOT.


RALPH MOORE, Mayor
Shirley Jackson, Mayor Pro-Tem

Sworn to and subscribed before me this 29th day of March, 20 12.


Notary Public

