

MULVANE CITY COUNCIL
REGULAR MEETING MINUTES

July 6, 2016

7:41 p.m.

The Mulvane City Council convened at the City Building at 211 N. Second at 7:41 p.m. Presiding was Mayor Shelly Steadman, who called the meeting to order.

Council Members Present: Terry Richardson, Joe Johnson, and Jenean Keck.

- **Others Present:** Kent Hixson, Mike Robinson, Debbie Parker, Ray Fleming, Cathy Walker, J.T. Klaus, Library Director Shanna Smith, Chris Young of Young & Assoc., Rick Wise of CEP, Dan Squires, City of Derby.

Pledge of Allegiance: All stood for the Pledge of Allegiance led by Mayor Steadman.

Approval of Regular Meeting Minutes Dated 6-20-16:

MOTION by Johnson, second by Richardson to approve the Regular meeting minutes dated 6-20-16.

MOTION approved unanimously.

Correspondence: None

Review and Closing of the Agenda:

Mayor Steadman asked if there were any additions to the agenda.

1. Add under New Business, Item # 2, an engagement agreement with Standard & Poors for rating the proposed Series 2016-A General Obligation Refunding Bonds.
2. Move Consent Agenda prior to Old Business.

Appointments, Awards and Citations: None

Consent Agenda:

MOTION by Richardson, second by Keck to approve the Consent Agenda as follows:

1. Employee Payroll dated 7-01-16 (\$212,731.04).
2. City Dept. Utility Bills (Electric, Water and Sewer) \$19,668.98
3. Legal Services – Triplett, Woolf & Garretson (\$34,953.68)

MOTION approved unanimously.

OLD BUSINESS

1. Building Inspector- Outsourcing the Service:

The City of Derby provides building inspection and plan review services for the City of Rose Hill. Dan Squires of the City of Derby presented information to the council regarding how Derby provides that service. No action was taken.

2. Cedar Brook Addition – Phase 5 Street, Water & Sewer Improvements:

Phase 5 of Cedar Brook Addition is the last phase in the area. There are 28 lots in Phase 5. Petitions for the improvements were accepted by the council on 3-07-16. The cost of these improvements will be assessed back to the 28 lots in Phase 5. The bids for the water lines, sanitary sewer and street improvements were let on 6-10-16.

MOTION by Richardson, second by Johnson to approve the contract and Notice To Proceed for the Water Line and Sanitary Sewer Improvements for the Cedar Brook / Cedar Brook 2nd Addition - Phase 5 to Nowak Construction, Inc. in the total amount of \$102,977.50 and allow the Mayor to sign, subject to attorney review of contractor's bonds and insurance certificate. The attorney will not sign the contracts and request that the city attorney signature line be deleted from the contract documents.

MOTION approved unanimously.

MOTION by Keck, second by Richardson to approve the contract and Notice To Proceed for the Street Improvements for the Cedar Brook / Cedar Brook 2nd Addition – Phase 5 to Con-Spec (Kansas Paving, Inc.) in the amount of \$196,872.75 and allow the Mayor to sign, subject to attorney review of contractor's bonds and insurance certificate. The attorney will not sign the contracts and request that the city attorney signature line be deleted from all contract documents.

MOTION approved unanimously.

NEW BUSINESS

1. Temporary Note Sale – Cedar Brook Addition: The city attorney explained this issue.

At the June 20, 2016 meeting, the City Council accepted construction bids for the project and authorized the City's Financial Advisor to accept bids for temporary notes to finance the same. The Notes have a final maturity on July 1, 2017 and will be converted to permanent financing through the issuance of general obligation bonds upon completion of the improvements. Once the final project costs are determined, the City will complete the assessment proceedings whereby property owners can either prepay their assessment or choose to finance their assessment over several years.

The bids for the sale of the Series A2016 General Obligation Temporary Notes (the "Notes") in the amount of \$315,000 were received this morning at 10:00 AM. The City received four bids with an average interest rate, or True Interest Cost (TIC), ranging from 1.49358% to 2.25%. The best bid was received from the firm of Cooper Malone McClain in Wichita, Kansas at an average interest rate of 1.49358%. The other bids included 1.798922% from UMB Bank in association with Carson Bank; 1.82811% from Commerce Bank and 2.25% from Country Club Bank. The total interest expense on the Notes will be \$4,383.75 based upon the best bid received for the sale of the Notes. The interest expense on the Notes will be included in the calculation of the amount to be assessed against the property owners in the benefit district. The financial advisor reduced his fee from \$15,000 down to \$7,500.00.

MOTION by Keck, second by Richardson to accept the low bid for the sale of the Series A2016 General Obligation Temporary Notes submitted by the firm of Cooper Malone McClain at an average rate of 1.49358%.

MOTION approved unanimously.

2. Bond Refinancing Proposal – Standard & Poors Rating Engagement Letter:

The city attorney explained this issue.

On June 20, 2016, the City Council adopted an authorizing resolution for the proposed issuance of the Series 2016-A General Obligation Refunding Bonds. The proceeds of the Series 2016-A Bonds are being used to refinance certain outstanding bonds of the City in order to lock-in a savings for the taxpayers of the City.

The refinancing of outstanding bonds consists of the City selling a new series of General Obligation Refunding Bonds, the proceeds of which are placed in an Escrow Fund held by a trustee bank and used to make the remaining payments on the bonds being refinanced until their first available prepayment or redemption date. The Financial Advisor has prepared the draft Preliminary Official Statement. A bond rating was also requested from the rating agency, Standard & Poor's ("S&P"). As part of the rating process, S&P requires the City to agree to an engagement agreement related to the bond rating which specifically authorizes S&P to assign a rating to the Series 2016-A Bonds.

The current estimated savings to the City, net of all costs including the rating fee related to completing the refinancing, is estimated to be \$423,302.57. This savings equates to a "Present Value Savings Percentage" of 3.94% of the principal amount of the Refunded Bonds. The bond rating to be assigned by S&P is an important step in capturing the savings from the bond refinancing. The rating fee to be charged by S&P is approximately \$13,363.00 plus all applicable value-added, sale, use and similar taxes.

MOTION by Johnson, second by Richardson to authorize the engagement agreement with Standard & Poor's for the refinancing of the outstanding Series 2012-A General Obligation Bonds of the City in an amount of \$13,363.00 plus all applicable value-added, sale, use and similar taxes.

MOTION approved unanimously.

RESOLUTIONS AND ORDINANCES

1. A Resolution Authorizing the Issuance of General Obligation Temporary Notes:

For the purpose of temporarily financing a portion of the Cedar Brook Phase 5 water, sewer and street improvements, Temporary Notes will be issued. The notes will be retired from the proceeds of general obligation bonds which will ultimately be issued to pay the costs of the Improvements. Special Assessments will be levied against the benefited properties in the Cedar Brook Subdivision. Special assessments constitute a "tax lien" on real property that must be discharged or paid before the landowner can realize upon any equity.

At the meeting on July 15, 2013, the City Council approved a Resolution determining the advisability of the improvements and an Ordinance authorizing the construction of the Cedar Brook Phase 5 improvements for water, sewer and street to serve the Cedar Brook Subdivision and Cedar Brook 2nd Subdivision (collectively, the "Improvements").

At the meeting on June 20, 2016, the City Council accepted bids for this project and authorized the City's Financial Advisor to accept bids for temporary notes to finance the same.

The Temporary Notes provide the funds to temporarily finance the costs of the Improvements.

MOTION by Richardson, second by Keck to adopt Resolution No. 2016-11, establishing the terms and provisions governing the City's General Obligation Temporary Notes, Series A, 2016.

MOTION approved unanimously.

RESOLUTION NO. 2016-11

A RESOLUTION PROVIDING FOR THE ISSUANCE OF GENERAL OBLIGATION TEMPORARY NOTES OF THE CITY OF MULVANE, KANSAS, IN THE TOTAL PRINCIPAL AMOUNT OF \$315,000, AS HERETOFORE AUTHORIZED BY ORDINANCE NO. 1419 (AS AMENDED BY ORDINANCE NO. 1464) OF THE CITY, IN ORDER TO PROVIDE FUNDS FOR THE TEMPORARY FINANCING OF THE COSTS OF CONSTRUCTION OF CERTAIN INTERNAL IMPROVEMENTS IN THE CITY AUTHORIZED BY SAID ORDINANCE; AND PROVIDING THE TERMS, DETAILS, FORM AND CONDITIONS OF SAID GENERAL OBLIGATION TEMPORARY NOTES.

PUBLIC BUILDING COMMISSION

MOTION by Johnson, second by Richardson to recess the Mulvane City Council meeting and convene as the Mulvane Public Building Commission.

MOTION approved unanimously.

MOTION by Johnson, second by Richardson to approve the Public Building Commission meeting minutes dated 6-20-16.

MOTION approved unanimously.

The Library Director, Shanna Smith, was present to answer questions about the invoices.

MOTION by Richardson, second by Johnson to approve the John A. Marshall Company invoice in the amount of \$61,177.33 for library furniture.

MOTION approved unanimously.

MOTION by Keck, second by Richardson to approve the Midwest Storage Solutions invoice in the amount of \$5,308.00. *This is the balance due for shelving equipment and installation.*

MOTION approved unanimously.

MOTION by Johnson, second by Keck to approve the total additional fees of \$812.00 from Docuforce. *(Network Kit \$312.00 and Equipment Installation \$500.00= Total \$812.00).*

MOTION approved unanimously.

MOTION by Johnson, second by Richardson to approve the additional invoice from Paul Saas & Associates totaling \$8,974.72. (*\$7,380.00 setup/installation hours over the Library's contracted amount plus \$1,594.72 in additional parts*).

MOTION approved unanimously.

MOTION by Keck, second by Johnson to approve the invoice from Bibliotheca + 3M in the amount of \$17,316.00 for Radio Frequency Identification Detection (RFID) equipment.

MOTION approved unanimously.

Rick Wise of CEP was present to answer questions about the change orders.

MOTION by Keck, second by Richardson to accept and sign Change Order 24 in the amount of \$313.50 which includes WHH Cost Proposal 27.

MOTION approved unanimously.

MOTION by Keck, second by Richardson to accept and sign Change Order 25 in the amount of \$220.00 which includes WHH Cost Proposal 28.

MOTION approved unanimously.

MOTION by Keck, second by Richardson to adjourn as the Mulvane Public Building Commission and reconvene the Mulvane City Council meeting.

MOTION approved unanimously.

Engineer's Report/Project Review and Update:

Chris Young of Young & Associates updated the council on the GIS mapping of city utility, new library construction progress, E. Mulvane Street drainage project, Cedar Brook 2nd Addition, Hunters Pointe Addition and the Villa Maria senior housing project drainage plan review.

2017 ANNUAL BUDGET - Workshop

City Finance Director, Cathy Walker, reviewed:

- The tax lid legislation that will impact the 2018 budget.
- The City's assessed valuation will decrease from \$81.7 million down to \$80.5 million making a mill worth less in 2017.
- The 2017 estimated revenues and total expenditure requests.
- Staff recommends a mill levy increase from 42.26 to 44.24. 1.5 mills of that increase will go to the public library.
- No action was taken on the 2017 budget.

City Clerk: Nothing

City Administrator: Nothing

Jenean Keck advised that she will not be at the 7-18-16 council meeting.

City Attorney:

Executive Session:

Request an executive session not to exceed ten (10) minutes to discuss matters privileged in the attorney-client relationship (litigation). The executive session to include the Mayor, Council, City Administrator, and City Attorney.

MOTION by Richardson, second by Keck to recess for a period not to exceed ten (10) minutes to discuss matters privileged in the attorney-client relationship to include the Mayor, Council, City Administrator and City Attorney. To return at 9:25 p.m.

MOTION approved unanimously at 9:15 p.m.

Keck left. No quorum.

No motion to return from executive session because there was no quorum.

Mayor Steadman stated that no binding actions were taken in executive session.

Announcements, Meetings and Next Agenda Items: None

Adjournment:

No motion to adjourn the council meeting because there was no quorum. The council meeting dismissed at 9:30 p.m.

Debra M. Parker, City Clerk