

Special Council Meeting
6 p.m.

January 22, 2013

Members Present:

Joe Owens, Mayor
Boyd Jones, Mayor Pro-Tem
Abbott L. Bray, Jr.
Eric L. Fowler
Casey Jordan Hallman
L. Dale Harley
Tommy Parler
Teddy Wingard

Members Absent:

B.J. Unthank, out of town

Others Present:

Jenny Cunningham, City Administrator
Mardi Valentino, City Clerk
Dennis Tyndall, Police Chief
Donna Smith, Director of Economic Development
Sid Varn, Director of Planning and Engineering
Matt Edwards, Major, WC Police Department
Lawrence Flynn, Esq., City Bond Attorney

Wyatt Coleman, Fire Chief
Brian Carter, Director of Planning & Zoning
Rick Hodge, City Treasurer
Charles Garren, Public Works Director
Stuart Jones, Building Official
Shane Phillips, Captain, WC Police Department
Members of the Public and Press

Agenda Item I – Call to Order

Mayor Owens called the meeting to order at 6 p.m. and noted a quorum was present. *The State, Free Times, Lexington County Chronicle, Cayce-West Columbia News, and The Columbia Star* were notified of the meeting by e-mail on January 15, 2013.

Agenda Item II – Invocation and Pledge of Allegiance

Council Member Hallman gave the invocation followed by the Pledge of Allegiance.

Agenda Item III – Old Business

- A. Mayor Owens entertained a motion for second reading consideration of an ordinance to annex .21 acres of property located at 327 Derrick Street (TMS# 004636-04-005). Council Member Parler so moved and Council Member Wingard seconded. The motion passed unanimously.

Agenda Item IV – New Business

- A Mayor Owens recognized city bond attorney, Lawrence Flynn, Esq. with Pope Zeigler, PA. Mr. Flynn stated that in reviewing the city's bonds in the existing interest rate environment, there seems to be potential savings on refunding two outstanding revenue bonds, which are secured by the water and sewer system revenues. Mr. Flynn explained the city's master bond ordinance is a document adopted by city council in 1998 that governs all the city's bond issues and allows the city to issue parity debt by pledging the revenues of the water and sewer system as security. The city has five series of bonds outstanding; 1998A, 2005, 2009A, 2009 B and 2009C. Purchasers of the city's bond issues are treated the same no matter what year the bonds were issued. Mr. Flynn noted that if the city determined changes need to be made to the master bond ordinance then all current bond holders would have to consent to the amendments.

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Agenda Item IV – New Business (continued)

Mr. Flynn said in view of how the bond market has changed since 1998, amending the master bond ordinance by modernizing the document to add needed language and covenants would give the city more flexibility in how it handles its debt obligations. One specific item would be the creating a debt service reserve fund, which is a specially segregated reserve serving as additional security for each series of bonds created outside of the normal revenues. He explained that if the city experienced a revenue shortage and could not pay the debt service then monies in the debt service reserve fund could be utilized to avoid a default. The current master bond ordinance requires the city to create a special reserve fund every time it borrows money. The market has changed and a special reserve fund is no longer required for each bond issuance. When the city borrows money from the State Revolving Fund (SRF) a special reserve fund would still be required for each infrastructure loan; however, bonds issued to refund old bonds will not need special reserve funds. Mr. Flynn stated the 1998A and the 2009C are the bonds under consideration for refunding, which would be accomplished by the series ordinance under first reading consideration on the agenda. Mr. Flynn said the master bond ordinance needs to be amended prior to adopting another series ordinance. He requested council members to wait until the next council meeting then take first reading to amend the master bond ordinance, followed by first reading on the series bond ordinance. Mayor Owens entertained a motion to table first reading of the series ordinance providing for the issuance of a water and sewer system refunding revenue bond until the next council meeting on February 5, 2013. Council Member Fowler so moved and Mayor Pro-Tem Jones seconded. The motion passed unanimously.

- B. Mayor Owens recognized Mr. Flynn who stated the city has outstanding TIF bonds issued to fund the construction of the city hall in 2004 and other improvements in the city's master redevelopment plan. The bonds were issued initially in 2003 and refunded in 2008 because interest rates had fallen. The city's financial advisor, Davenport & Company, has identified the possibility of the city saving more money on interest with a projected \$15,000 savings over a five-year period for a total possible savings of \$75,000 to \$80,000 after paying issuance costs and attorney fees. Mr. Flynn explained the usual rule to follow for a bond refunding is a three-percent savings analysis, and though the projected savings on the TIF bond refund may not be quite that much, it would still be enough for council to consider approving the issuance of an ordinance to refund the current TIF bonds.

Mayor Owens entertained a motion for first reading consideration of an ordinance providing for the issuance and sale of a Tax Increment Revenue Refunding Bond, Series 2013. Council Member Wingard so moved and Council Member Hallman seconded. The motion passed unanimously.

- C. Mayor Owens recognized Mr. Flynn who explained that when Congress passed the Dodd-Frank Act, it delegated some responsibilities to the Internal Revenue Service (IRS) for administration of the Government Debt Department. The IRS permits municipalities to issue bonds on a tax-exempt basis, which allows buyers to not pay taxes on the interest received on the bonds. The IRS subsequently passed some new forms and policies, specifically a checklist that inquires if the city has written tax policies and procedures in place regarding the city's tax compliance for future bond issues. Mr. Flynn reviewed the city's tax policies and procedures with the city's administrative staff to ensure compliance. The resolution before Council allows the city to indicate on the IRS 8038 tax form that the city is in compliance with the IRS tax policies.

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Agenda Item IV – New Business (continued)

Mayor Owens entertained a motion for consideration to approve post-issuance tax compliance policies and procedures for the City of West Columbia, South Carolina. Mayor Pro-Tem Jones so moved and Council Member Bray seconded. The motion passed unanimously.

- D. Mayor Owens entertained a motion to appoint Animal Control Officer Morgan Pileggi as Code Enforcement Officer with the authority to enforce municipal ordinances. Council Member Wingard so moved and Mayor Pro-Tem Jones seconded. The motion passed unanimously.

Agenda Item V – Adjourn

Mayor Owens stated that an executive session would not be needed since discussion of the master bond ordinance will be delayed until the next council meeting. Mayor Owens entertained a motion to adjourn. Council Member Bray so moved and Mayor Pro-Tem Jones seconded. The motion passed unanimously. Council adjourned at 6:17 p.m.

Respectfully submitted,

Marta M. Valentino, CMC
City Clerk