

CITY COUNCIL MINUTES

MARCH 11, 2010

The meeting was called to order by President Gore at 7:00 p.m.

MEMBERS PRESENT: Mr. Taylor, Mrs. Richardson, Mr. Fogt, Mr. Gore, Mrs. Groat, Mr. Reams, Mr. Berbee

OTHERS PRESENT: Mayor Schmenk, Director of Administration Froment, Acting Finance Director Arnott, City Engineer Klingman, Asst. Law Director Moledor, Fire Chief Johnson, Police Chief Golden, Clerk Patterson

REPORTERS PRESENT: Ryan Horns – Journal Tribune, Lin Rice – ThisWeek, Kurt Ludlow - 10TV, Brian Wicker – 10TV

CITIZENS PRESENT: Cletus Gamble, Leslie Gamble, Terry Gamble, Melanie Gamble, Vickie Guisinger, Dave Guisinger, Trent Bradford, Dave Thomas, Bill Kelley, Kathy Young

APPROVAL OF MINUTES: There being no additions or corrections, the minutes for the meeting on February 25, 2010 were approved as written.

ADMINISTRATIVE REPORT: Mayor Schmenk, President Gore and Chief Johnson presented a Commendation to Terry Gamble as follows:

WHEREAS, it is one of the responsibilities and pleasures of the Mayor of the City of Marysville, Ohio to recognize outstanding service to our community, and

WHEREAS, Honda employee, Terry Gamble volunteers on the Honda Fire Brigade and serves in the position of Captain, and

WHEREAS, on Wednesday, February 3, 2010 on his way home from work, Mr. Gamble responded to the sight of smoke in the distance and found himself first on the scene of a fully involved house fire in Mill Valley, and

WHEREAS, Mr. Gamble's knowledge of firefighting assisted him as he calmly called 911, knocked on the door of the main source of the fire, and, fearing the fire would spread, started waking the neighboring households, and

WHEREAS, in the process, Mr. Gamble woke a very grateful Guisinger family just before their house was also engulfed in flames.

NOW, THEREFORE, I, Christiane W. Schmenk, Mayor of the City of Marysville, on behalf of a grateful community, want to take this opportunity to commend

“ Terry Gamble ”

for his selfless act of heroism. Mr. Gamble’s bravery serves as a source of pride and inspiration to our entire community. I urge everyone to join me in commending Mr. Gamble for his quick thinking and courage in the face of danger. His accomplishment is another example of why I am proud to call the City of Marysville my hometown.

Mr. & Mrs. Guisinger were present for the Commendation ceremony. Mr. Guisinger said, “We just can’t thank him enough. The five to seven minute window that he gave us is probably why we’re here today. Thank you very much from all of us. I know everybody from Mill Valley feels the same way.”

Chief Johnson said, “In a day and an age where personal sacrifice seems to be a vanishing attribute, at least we think it is, it’s nice to know that we have people that can ask that question, if not me, who; if not now, when?”

Mayor Schmenk thanked all of the First Responders. “We can’t say enough what you do for our city.”

Mayor Schmenk introduced Administration’s selection for the new city Finance Director, Jennifer Chavarria. She is from the City of Wyoming, Ohio. She has served in a similar role as Finance Director for that city for the past eight years. She has done great things for that city. She has basically led the city into debt rating presentations, allowing the city to have a AAA debt rating on its bonds, which is the best that a city can have. Mayor Schmenk noted there are very few cities in Ohio that have similar ratings. Ms. Chavarria has helped Wyoming go through technology improvements.

Ms. Chavarria said she worked in the State Auditor’s office prior to working for the City of Wyoming, so she has experience in preparing the financial statements, as well as auditing. She is married and has two children, ages 5 and 2. She said

she is thankful for this opportunity and can't wait to get on board and start making a contribution.

Mr. Berbee noted that he called the Vice Mayor of the City of Wyoming and was given a very high recommendation of Ms. Chavarria. Mr. Berbee added, "If we go by the instinct of our Mayor and the instinct of your Vice Mayor of Wyoming, I think we can expect a lot of good things from you, so we look forward to that."

Mr. Taylor said he had the pleasure of sitting in on the interviews of the two finalists, and it's with a lot of pride and honor that he recommends this individual and confirms the Mayor's appointment.

Mr. Gore welcomed Ms. Chavarria and offered her Council's assistance in her new job and "hopefully we will have a long and successful life together."

Ms. Froment noted some handouts. The first is a one-page document with the schedule for public tours. The tours are education efforts surrounding this May's income tax proposal. This document is being inserted in the utility bills this month. The information is also being placed on the cable channel outlet and on the City's 411. She noted that the tours are on the same days as last year, but the times have changed a little. Tours will be conducted on Thursday's at 9:00 a.m., Tuesday's at 7:00 p.m. and Saturday's at 9:00 a.m. If you have friends or neighbors or a group that you belong to that is interested in coming, but these times don't work, the staff is willing to conduct special tours that work with your timing.

Another document, a 2-page newsletter regarding the sale of pool passes, is going out to just over 2,000 addresses. These addresses are collected from people who have previously participated in the pool program or other parks and rec programs. The goal is to try to reach the \$100,000 mark. In the past, a large newsletter was done, but this year, the city is not mailing the newsletter because of the cost. However, it will be available on line. Registration forms will be attached to this newsletter.

There is also a one-page flyer regarding the sale of pool passes, that went to the Middle Schools, to be given to the kids to take home to their families. Ms. Froment noted that people are going to be able to purchase pool passes, swim team memberships and swim lessons on line, using a credit card.

Ms. Froment said there have been some items in the newspaper lately surrounding the Jerome Village Agreements. She gave a brief update on that issue because

Marysville has been mentioned in the articles. Jerome Village is a development off of Rt. 42. It's one that the city has been working on for over two years to reach an agreement on providing both water and sanitary sewer services to those areas. It's a multi-jurisdictional arena because it's in the county. It's in an area that's not currently designated as a service area for Marysville. It's within Jerome Township and it falls under LUC, their jurisdiction of making recommendations. She noted they've been in the paper lately for some of the issues they've had in front of the township's planning and zoning. They've been in the paper recently because of LUC that's been tabled there. What's been mentioned in the paper is that it's tabled pending service agreement on water and sewer. Ms. Froment said that the city is negotiating that agreement. It is something that the city needs to work on with the county. She added the three parties are incredibly close, but the attorneys are reviewing the agreements now. She is confident that Council will see the agreements in the next couple of meetings and a full presentation will be done at that time.

Mayor Schmenk added that she would like to hear from Council in the next week or so, as to what form of presentation they would like to hear. Jerome Village is willing to come and give a PowerPoint or a summary can be done. Just let the Mayor know.

Ms. Froment reported, on behalf of Finance Committee, that the 2008 Audit by the State of Ohio was issued yesterday by Mary Taylor, Auditor of State. Copies were given to Council.

She noted the city worked with the State this year on this audit. The ability to use our own auditor of choice is no longer permissible. The State will do all audits.

Ms. Froment explained various pages of the Audit.

Pg. 1, 3rd Paragraph. They do believe that the financial statements have presented fairly in all material respects, the respective financial position of the government activities, etc. etc. They do believe that they fairly represent those items.

Pg. 3. This section is an overview of the city's financial activities, each of the different funds and key financial highlights.

Pg. 63. This letter identifies those items that the Auditor believes had either control deficiencies, therefore, creating a significant deficiency or otherwise a material misstatement. Some items have been identified.

Pg. 65. Finding 2008-001: The city did not properly account for the cash basis value of investments in monthly bank to book reconciliations throughout the fiscal year and failed to properly recognize accrued interest and gains/losses on investments, in addition to untimely posting of monthly investment earnings. This involved one fund. The city works on a cash basis. We report to Council and keep records on a day-to-day basis in a cash basis. This particular item represents a discrepancy in our ability to maintain a cash record when the statements from the bank actually come in market value. These are bonds and they put them in market value, so the city doesn't immediately see a difference between the market value and what we have as cash. This led to a couple of items that were missed. They are two-fold. The first item has to do with when city originally gained this investment when the bonds were taken out. There is an amount of interest that the city paid that was paid right off the top. As an example, the total investment was \$2,010,000. City put \$2M on their book instead of putting \$2,010,000 and then putting \$10,000 as an expense. City put the net instead of the gross with the expense.

The other item is that the city, in fact, was not accounting for accrued interest and the reason they did not account for it is city was not recognizing that there was accrued interest. Each year, city paid out some money, wrote that down; we took in some money, wrote that down. When the statement came, those two items were there and we said yes, that works, but city never reconciled because of that market balance. Staff has addressed those issues and fixed them. The statement provided shows that adjustment. The financial reports that Council is now getting have the adjustment made.

Pg. 66. Finding 2008-002. There are six items. They are basically finding that the city either made an adjustment or reclassification or a restatement to our records for a particular reason.

The first four items were basically a disagreement in what a category was. The first two items, the auditors considered something a long-term liability where staff considered it a short-term liability. It did not make any difference to the statements prepared for Council. All statements were correct, but when reported to the auditor, staff called them something different. The final bottom number was the same.

In the reclassification, auditors believed that a payment in lieu of taxes revenue was incorrectly categorized as that and instead of it being a charge for service

revenue, it should have been a payment in lieu of taxes revenue. Same number, just a different way of calling it.

Special Assessments Receivable to Payment in Lieu of Taxes, staff called it something different and they moved that up. Ms. Froment noted that the statements given to Council each month are cash based. When city has to go for their audit, they convert everything from cash to generally acceptable standards, GAGAS, and part of that is accrual basis, so staff moved that around and didn't put it in the right category. The statements given to Council were correct.

Another item was putting adjustment in because staff didn't recognize accrued interest.

The last item was staff expensed an amount instead of including it as a capital cost that had to be spread over several years.

Pg. 68 explains those issues. She pointed out that these items, although staff has consistently done them over the last years, was not pointed out in the last audit as being an issue. She noted this is new auditor with a difference on what the city is doing.

Administration believes that they have made appropriate corrections and steps to make sure city is in compliance in the future.

The final item as part of the audit is a Management Letter. These are things that they find that are material weakness or that went wrong. These are recommendations from the Auditor.

The first one is that the city keeps backup tapes in an off-site storage location. In the past, they have been stored at the Public Service Center. Auditors want them to be more than three miles away. They have been moved to the Water Reclamation Facility.

They wanted the city to update password security. Unfortunately, some of the software won't allow for that. Ms. Froment noted that the technology committee is looking at overall security of the system, so they will be taking a look at this issue.

Auditors want the city to put procedures in place as to how the city tracks and reports capital assets. City did have some procedures, but has never formally written them down. That will be taken care of.

There is a recommendation that the Auditors do for all cities and all local governments and that is that the city should have a separate Audit Committee. They recognize that the City has a Finance Committee, but they will continue to tell us to have an Audit Committee until we have an Audit Committee.

Mr. Taylor said there were no major findings in the audit. It was nice to see that the Finance Department had things in line and he commended them. The auditors said, "Here's what we see that are problems" and Ms. Froment and Finance staff said here's our response to them, and they presented them in the exact same meeting with the corrections, and both the auditors backed up their chairs – they were impressed. We were proactive instead of reactive and that's because of our Administration and our Finance Department. They need to be commended because they made the finance job very easy.

Mr. Gore agreed. It was a pretty good audit. He added that we have to find a local Audit Committee in order to satisfy their recommendation because they are going to keep "dinging" us on that until we do. Mayor Schmenk said that will be addressed once the new finance director gets on board.

In other business, Mr. Fogt asked about the waterline going in on Scottslawn Road. He asked if it is a 12" line. Ms. Klingman said it is a 16" line and is part of the JRS project. It will be just south of Industrial Parkway for their (inaudible). It will not cross Industrial Parkway.

Mr. Fogt noted that Scottslawn Road is in horrible condition. Several years ago, city did a quick fix expecting to widen the road to three lanes and now it's just full of pot holes. The street crew has been religiously filling the pot holes but he doesn't feel it will last another year. He would like to get that paved if there is any way possible. He realizes the city doesn't have the money, but somehow the road needs to be fixed.

Ms. Froment said Administration is looking very closely at the Comp Plan. One of things heard very loudly from the community is that they want to be proud of our community and the way that it looks. Administration is interested in working with Council on a property maintenance/beautification award or some sort of system of recognizing those people that do that type of property maintenance. She suggested possibly working with the Public Affairs Committee on this issue.

Mrs. Groat, Chairperson of Public Affairs, scheduled a meeting to discuss the aforementioned issue on Monday, March 22 at 5:00 p.m.

Ms. Klingman gave an update on the State Route 4 bridge. She noted a couple of changes for this project. ODOT has decided that because the design speed of the bridge is 55 MPH, which is different than the legal speed, they are only going to be able to put a sidewalk on one side of the bridge, because a barrier protector will be required between the sidewalk and the travelling public on the road. A request to ODOT has been made to place that sidewalk on the west side of the bridge where there is currently only one set of ramps.

Mr. Fogt asked if that sidewalk is going to be a regular width sidewalk or can it be a bike path. Ms. Klingman said it will be approximately 8'. As they go through the design process, there may be an option to tweak that a little bit. They may be able to look at narrowing a couple of the shoulders in order to get more width out of it. 8' would accommodate bicycles. Mr. Fogt said he doesn't want to jeopardize vehicle safety.

Ms. Froment said Administration has been working on the public education effort. They have worked with several firms that have been helping put together some information that can be shared with the public. The Mayor and Ms. Froment displayed a couple of posters provided by DLZ. They are conceptual illustrations of what a fire station and a justice center would look like. Justice Center would include police and court together. They feel these illustrations really give an idea to people of what goes in to these buildings. She pointed out a note on the posters, "Example purposes only, actuals may vary." These illustrations give a lot of detail as to what makes up a fire station, a police and court building. These posters will be displayed in the front hallway of City Hall, the fire station and police station and there are a couple extras that can be used for presenting/talking to a group.

Mr. Gore made it clear that the Justice Center just happens to be a picture of an existing facility in Elwood. What's to be pointed out in these illustrations is the actual interior and the design of the interior. It does not necessarily mean that our exterior will look like that. We need to be real clear about this, because people will question how fancy the building looks.

Mayor Schmenk said she's heard from many, many residents saying that they wanted to know where their increased tax dollars would go, what will a building look like, show me what I'd be paying for, yet the city does not have actual

designs. She made it clear that the city has no buildings designed yet. This idea was taken from other communities who have had similar needs.

Mr. Gore wanted to make it clear that this is an existing facility; this is the interior of that existing facility; this is an interior of the building that “we” feel that “we” need, not necessarily the exterior. He’s not sure how you get that message across as people come passing by.

Mr. Reams asked if a supplement could be added to go with the fire station to show that as we finance the cost of a fire station, what’s the annual cost of that fire station and then how many people does it take to staff it and show the annual cost of the staffing. He feels this would clearly demonstrate that the money isn’t needed to build the fire station; the money is needed to staff a fire station. The supplement was agreed to.

Mr. Gore thanked Mr. Drake of DLZ for working with the city on the illustrations.

REPORT OF CLERK OF COUNCIL: No report.

REPORT OF ECONOMIC DEVELOPMENT DIRECTOR: Mr. Eric Phillips addressed Council. The CRA Housing Council will be meeting on March 22nd at 5:00 p.m. to discuss tax abatements in Uptown Marysville.

The Tax Incentive Review Council held their reviews back in July of 2009. Those recommendations have already been adopted. Each of those reports is due to the Ohio Department of Development by March 31, 2010. Those are for the tax abatements for Uptown Marysville, as well as the tax abatements in our industrial area as well.

The Marysville Entrepreneur Center has its first tenant, Tim Hurshfield. He is an architect. Lease agreements were signed this week. He is in place and will also offer three hours of architectural services to businesses that need assistance or guidance. Mr. Phillips said this is a big win for Uptown Marysville to have that in our community. Also searching for other uses to locate in that space.

Last week, received some really great news about Marysville in the Bloomberg Business Week. Marysville was named the 36th Most Affordable Suburb. It’s a great recognition of Marysville and a great place to live and work.

Past awards received are: 2001 Site Selections “One of the Best Small Towns in America for Corporate Locations.” In 2002, Ohio Magazine featured Marysville as a “Great Place to Call Home.” In 2006, Ohio Magazine named Marysville one of the “Best Hometowns in Ohio.” With this award in 2010, it shows that Marysville is being recognized for a great community and we should all be proud to live here.

Mr. Phillips noted that recently Ohio won the Governor’s Cup. We beat Michigan and Texas. Ohio came in first with 381 projects, of which five are in Union County. Last year we saw 128 single family homes built in the county, 19 commercial and industrial projects, both totaling \$38M of investment in our county. In the last decade, Union County has received over \$1.1B of investment.

Mr. Gore commended Mr. Phillips and his staff on an outstanding annual meeting this past weekend.

Mr. Berbee mentioned a meeting last week about the new division of the Chamber, the Agricultural Division. Mr. Phillips said about a year and a half ago, the Chamber Board decided to create a committee that would focus on agribusiness, so the Union County Agriculture Business Association was formed. Nearly 70 people attended, most of which were agribusinesses. It was held at the URE facility here in Marysville. They have created an agribusiness directory and it’s posted on the website, unioncounty.org. This committee has had great success and hopes to continue the momentum of that committee and further agribusiness, because it is a main part of our economy here in Union County.

Mr. Berbee noted a recent meeting of the Young Professionals. Mr. Phillips said this group had 30 people at their first meeting and 20+ at the second meeting. They are going to continue to try to grow that into a larger group. They’re discussing bylaws and developing those bylaws and helping out the young professionals.

HEARING OF CITIZENS: Ms. Kathy Young asked for an update on the water bill issue she brought to Council a few weeks ago.

With regard to Ms. Young’s specific question as to whether or not the city could go after a former tenant who has moved somewhere else in the county, Ms. Froment received an official ruling from the Auditor that the city can only go after the property in which the water and sewer services were utilized. It is not transferrable to another property. It is not permitted by law. However, Staff is still

taking a look at all of the outstanding issues. They've done a preliminary review, gathered all the issues from the last three or four months, gathered some benchmarking from other locations and are planning to set up a meeting. Would like to hold a public meeting, inviting both landlords and the Realtors Association. Will then take it back to the Finance Committee and have an open meeting with them.

Mr. Gore said Ms. Young's issue probably can't be fixed, but staff is looking at some ways that could assist in resolving the issue if it happens again or at least try to prevent it from happening. The Auditor has ruled on Ms. Young's issue and the city can't do anything further as far as assessment on the individuals. City is trying very hard to protect the property owners and also to put something in place that will allow the city, as a business, to run it as a business and collect any outstanding debt.

Mr. Taylor moved to confirm the appointment of Jenny Chavarria and the question put, stood:

Mr. Gore YES Mrs. Groat YES Mr. Reams YES Mr. Berbee YES Mr. Taylor YES Mrs. Richardson YES Mr. Fogt YES

Motion passed.

RESOLUTIONS

“RESOLUTION AUTHORIZING THE MAYOR TO COOPERATE AND ALLOW THE OHIO DEPARTMENT OF TRANSPORTATION TO RESURFACE WEST SIDE OF THE US-33/36 INTERCHANGE TO 0.10 MILES EAST OF MILL CREEK DRIVE” was presented for third reading, title only. Mr. Taylor moved to pass the legislation and the question put, stood:

Mrs. Groat YES Mr. Reams YES Mr. Berbee YES Mr. Taylor YES Mrs. Richardson YES Mr. Fogt YES Mr. Gore YES

Resolution 7-10 passed.

“RESOLUTION AUTHORIZING THE MAYOR TO COOPERATE AND ALLOW THE OHIO DEPARTMENT OF TRANSPORTATION TO REPLACE DECK AND APPROACH SLABS ON THE SR-4 BRIDGE OVER US-33, REPLACE BACKWALLS DOWN TO BEAMS SEAT, PATCH PIERS AND

ABUTMENTS AND SEAL CONCRETE SURFACES” was presented for third reading, title only. Mr. Fogt moved to pass the legislation and the question put, stood:

Mr. Reams YES Mr. Berbee YES Mr. Taylor YES Mrs. Richardson YES Mr. Fogt YES Mr. Gore YES Mrs. Groat YES

Resolution 8-10 passed.

ORDINANCES

The ordinance “AUTHORIZING THE ISSUANCE OF NOTES IN THE AMOUNT OF NOT TO EXCEED \$24,750,000 IN ANTICIPATION OF THE ISSUANCE OF BONDS FOR THE PURPOSE OF (I) PAYING COSTS ASSOCIATED WITH THE ACQUISITION, CONSTRUCTION, EXPANSION, REHABILITATION AND IMPROVEMENT OF THE CITY’S MUNICIPAL WASTEWATER COLLECTION AND TREATMENT SYSTEM; AND (II) PAYING COSTS ASSOCIATED WITH THE DESIGNING AND ENGINEERING OF THE SOUTHWEST TRUNK SEWER AND JOB READY SITE LOCATION, WITH RELATED SITE IMPROVEMENTS AND APPURTENANCES THERETO, AND RETIRING NOTES PREVIOUSLY ISSUED FOR SUCH PURPOSE; AND AUTHORIZING USE OF AN OFFICIAL STATEMENT RELATING TO THE SALE OF THE NOTES, IF NECESSARY” was presented for third reading, title only. This legislation was tabled at the February 25th meeting to a date certain, March 11th. Ms. Froment made Council aware that Matt Stout of Bricker and Eckler was present at tonight’s meeting in case there are any questions.

Ms. Froment gave Council a budget worksheet showing Fund 35, Sewer Operating Fund. This is the Sewer Utility Fund. She pointed out the Revenue is broken down into 2009 Budget, 2009 Actual, 2010 Budget. Four (4) lines down, Service Charges and Collections. These are the fees that the city pays for usage. In 2009, Budget was \$7.7M, Actual was \$6.8M, down almost a million dollars last year, and we were reporting that throughout the year. It had a lot to do with production being down, Honda being one of our main users, 20% of our revenue; they were down 25%. Additionally, other manufacturers were also down. This year have budgeted \$7.7M.

Another item is Interest. In 2009, budgeted \$1M and saw interest of just under \$400,000. Staff is feeling a little optimistic about the economy and have budgeted \$450,000 for this year.

Total fund of Revenues, including notes and bonds. 2009 Budget was \$36M, Actual \$34.5M and this year budgeting about \$36M.

Total expenditures last year - \$38.2M. Actual expenditures \$37.3M, this year budgeting \$37M.

Ms. Froment noted there is just one plant, so hopefully that will bring the cost down a little. She noted increases across the board with chemicals, etc.

She pointed out that this fund is running in the red. The Actual in 2009 was \$2.7M in the red and in 2010, budgeting \$1M in the red, leaving at the end of this year a fund balance, if all goes as forecasted, \$3.3M in the black. She said this is important as we look to the future and where we believe we're heading with our debt. Right now the debt associated with our Wastewater system is \$117M outstanding in bonds, \$24,750,000 in notes.

Discussed at the last meeting that bonds are at an all time low. This \$24,750,000 is setting here in notes that are much lower, but when you have bonds coming down at an all time low, you start to wonder, is it time we move these short-term notes into long-term bonds and capture that short-term rate. The city's financial experts met with staff today to go through what the ramifications of moving this debt might be.

Currently, the bond market is fairly stable. We don't see it fluctuating much when you look at the last ten years. To move over into the bond market, we would have to refigure how much we need to pay out this year. In the notes, we are expected to need to pay \$370,000 this year. If we would remain in notes, the payment next year would be \$321,000. If we moved over into bonds, we would need to come up with a payment, by December of this year, of \$900,000, and it would come out of Fund 35. That's just the beginning. It begins to get higher as we move through 2012. It would jump up because we start paying principal.

The Finance Committee, along with Administration and the financial experts looked at what the benefit would be of moving over to that fixed, low interest rate when in fact we would have to find the money to start making those higher payments at this time. This is about a \$600,000 difference. To raise \$500,000, it

would mean an increase in rates of about 7.45%. That is not something we want to put to our users right now. We would rather look to move into the bond market once we have secured additional users instead of raising rate fees; we just get more users and have more money available to pay down the debt.

In weighing the short-term benefit of securing that lower bond rate that might go up 1% in the next year, securing that lower rate would save the City \$200,000 a year in interest, but going to that lower rate means we need to immediately come up with \$600,000 more a year to expend on payments. When you look at the Sewer Fund and realize where we're operating in the red already, we would spend out our reserve in about two years.

Ms. Froment recommended on behalf of Administration and Finance Committee that we remain in short-term notes. The city's financial experts agreed, in light of our current revenue in that fund, that we remain with short-term notes, but meet again in November or December, once we know performance at the end of the year and consider possibilities next year. The same option will be available to us next year.

Mr. Matt Stout of Bricker and Eckler addressed Council. He said you're weighing interest rate risk of staying in short-term debt where you have notes coming due every year and rates changing versus lock in that rate now for a long term period of time. With the revenues of the system the way they are right now, if you went the long term debt, the City would have to come up with additional money, because now you are no longer just paying interest, you are paying principal and interest because you have to start amortizing those bonds.

Mr. Gore said that this next 12-month period, the amount the city will spend will basically go to interest versus what we would spend that would also go to principal. He understands the additional \$600,000, but we then start paying down the debt. Ms. Froment said as she understands it, that is still just paying interest; that is not even beginning to pay principal. Mr. Gore said the payment will increase by \$600,000 if we go to bonds, but what are we going to spend in the interim if we entertain this a year from now. Ms. Froment said \$93,000 is the cost. Mr. Stout said there are issuance costs associated with rolling the notes over and taking them out in new notes. It would be \$90,000-\$100,000. He explained that the city doesn't actually pay that; that is actually built into the interest rate, so when the notes are sold, they're sold at a premium.

Mr. Gore would like to know, bottom line, what the additional cost is by delaying it a year. Mr. Stout said there is no additional cost by delaying it a year. You're going to have to pay that interest no matter what.

Mr. Gore said the advantage to delaying it a year is reducing the need to come up with another \$600,000 to make the payment. Mr. Stout said you are pushing the payment out another year. You will pay that next year and the rates may go up. That would be the cost. When we come back a year from now, you may have to pay a higher interest rate on the bonds. At that time, the additional cost could be determined by delaying it a year.

Mr. Taylor said the opportunity of margin would be a minimum of \$90,000. If it drops, it could be a plus for us in the opposite direction. Ms. Froment said if it went up 1%, \$200,000 a year in interest is what city would additionally pay. That would be our risk at this point.

Mrs. Richardson asked what the city would gain by going with the bonds. Mr. Stout said long-term bond interest rates are at an all time low, so when the city revisits this in a year, interest rates on bonds may be higher, which means a long-term cost over the next 40 years. That's the benefit of locking in now. Mrs. Richardson said she is looking at the cost of the note now versus the benefit of the bond now in one year. What are we looking at the benefit to be? Ms. Froment said the notes are actually a lower interest rate, so we're getting a benefit of staying there. The notes are down here, the bonds are up here, but the bonds are at all time low and in three or four years from now, this could be up here and this could have moved up here and we have lost that opportunity to lock in for 40 years at that lower rate.

Mr. Gore said the benefit right now is that we don't have to dip into reserves and tap that for an additional \$600,000 since the revenue doesn't meet the payment. Hopefully in a year we'll be able to generate some additional business, which would allow the revenues.

Mayor Schmenk said that is exactly where they came down on it. Prospects aren't rosy for development in the very near future. We think things will be better next year. We see things that will be coming on line next year.

Mr. Stout said that when this comes around next year, there is no mandatory requirement that the city go to bonds at that point in time. Note interest rates may still be low; revenues may still not be where they need to be. One of things they

look at if they were go to bonds now would be general obligation bonds, which in a perfect world you would like to do revenue bonds, supported only by the revenues of the wastewater treatment system. You are ultimately buying a little bit of time by staying in notes to hopefully get those revenues up and not have to do general obligation bonds.

Mr. Taylor directed a statement to Mr. Stout, for the record, “we are making the soundest financial decision – correct?” Mr. Stout said, “I think considering the state of the revenues of the system right now and the way interest rates are, I think this is the best decision that the city can make at this time.”

Mr. Berbee said most financial institutions need to work on a 3 to 3-1/2% margin to make something work for them. They borrow money; they loan it out. “Who in the world pays 1%, where does it go to?” Mr. Stout said these are tax exempt bonds, so investors want that in their portfolio, so they are willing to take that lower interest rate because they don’t have to claim that interest on that federal income tax return. There is a demand for those types of instruments out there. The reality is that they are incredibly low risk. They are like U.S. Treasuries because you are not going to default on your bonds. The city is not going to do that.

Mr. Berbee said about three or four months ago, he asked Mr. Morehart where the interest was coming from. It was Mr. Berbee’s understanding that at that time we had the bonds, we were still investing the bonds because we hadn’t really (inaudible). He asked what is generating the \$450,000 of interest for bonds. Ms. Froment said her understanding is that the money is not setting here, but is setting in other capital accounts. The interest is being brought over into the Sewer Fund.

Mrs. Groat moved to pass the legislation and the question put, stood:

Mr. Berbee YES Mr. Taylor YES Mrs. Richardson YES Mr. Fogt YES Mr. Gore YES Mrs. Groat YES Mr. Reams YES

Ordinance 12-10 passed.

The ordinance “AUTHORIZING THE ISSUANCE OF NOT TO EXCEED \$24,750,000 OF GENERAL OBLIGATION – LIMITED TAX BONDS FOR THE PURPOSE OF (I) PAYING COSTS ASSOCIATED WITH THE ACQUISITION, CONSTRUCTION, EXPANSION, REHABILITATION, AND IMPROVEMENT OF THE CITY’S MUNICIPAL WASTEWATER COLLECTION AND TREATMENT SYSTEM; AND (II) PAYING COSTS ASSOCIATED WITH

THE DESIGNING AND ENGINEERING OF THE SOUTHWEST TRUNK SEWER AND JOB READY SITE LOCATION, WITH RELATED SITE IMPROVEMENTS AND APPURTENANCES THERETO, AND RETIRING NOTES PREVIOUSLY ISSUED FOR SUCH PURPOSE; AUTHORIZING A BOND PURCHASE AGREEMENT APPROPRIATE FOR THE SALE OF THE BONDS; AUTHORIZING THE USE AND DELIVERY OF AN OFFICIAL STATEMENT RELATING TO THE BONDS AND AUTHORIZING THE PURCHASE OF A MUNICIPAL BOND INSURANCE POLICY, IF DESIRED, IN CONNECTION THEREWITH” was presented for third reading, title only. Since the previous ordinance passed, this ordinance for bonds is not needed. Mr. Taylor moved to pass the legislation and the question put, stood:

Mr. Taylor NO Mrs. Richardson NO Mr. Fogt NO Mr. Gore NO Mrs. Groat NO Mr. Reams NO Mr. Berbee NO

Motion failed.

COMMENTS OF THE MAYOR AND COUNCIL PERSONS AND GENERAL DISCUSSION

Ms. Sellers was the Council Representative on the Community Reinvestment Housing Council. Mr. Fogt has agreed to serve on this Council. Mrs. Groat moved to appoint Mr. Fogt to the Community Reinvestment Housing Council and the question put, stood:

Mrs. Richardson YES Mr. Fogt YES Mr. Gore YES Mrs. Groat YES Mr. Reams YES Mr. Berbee YES Mr. Taylor YES

Motion passed.

On behalf of Council, Mr. Gore thanked Becky Arnott for her willingness to step up and fill in as Acting Finance Director.

1. Parks & Recreation Representative. Mrs. Richardson said that Parks and Recreation will meet on March 16th at 7:00 p.m.

Mr. Gore explained that the proposed amendments to the Council Rules of Procedure were tabled at the last meeting in order to give Council members time to review them. Proposed amendments were made to Rules 23 and 24.

Rule 23: Add: An exception to this rule is a resolution which does not involve an expenditure of money, per Rule 2, Section E, Paragraph 2 of these Council Rules of Procedure.

Rule 24. Add: “or resolution” after the word ordinance in the first sentence.

Mrs. Groat moved to accept the amendments to the Council Rules of Procedure as proposed by the Public Affairs Committee; affirmative voice vote was unanimous.

Mr. Berbee attended a Council orientation put on by the Ohio Municipal League. He learned a lot about Home Rule and Council powers. He specifically noted that with regard to zoning, how important it is that if you have a comprehensive plan, which the city just recently adopted, to move as fast as you can to make sure that the zoning is in place. He specifically noted Subarea 6, the Innovation District. Since we had that space committed to us, just want to make sure that we do whatever we can to make sure that it is in place. He’s aware that we have a lot of other areas as well, but this is one in particular that could be very important to the City at some point in time in the future. If you are looking for new businesses to move in and with Subarea 6, he asked, that based on experiences in other cities, we pay attention to the zoning and make sure that whatever we do, that we have it in place so that if somebody shows an interest, we don’t have to hurry up and put the zoning in place.

Mr. Reams noted last fall he had talked to DP&L on LED street lighting. He had asked Mr. Kelley how their pilot projects were going. It was their plan last fall to install some lighting in their parking area and some lighting in one other community. He reported that they have installed the lighting in the parking lot at the DP&L office in Dayton and also a small area in Troy. So far, that’s gone well. They don’t have any data yet on energy usage. Maintenance is still too new to know much about yet, but they haven’t had any issues. Public response has been good. They also said they had three communities express an interest in potentially doing a pilot project in the future and maybe using some of the newer technology on a limited scale to test it. They are currently looking for three different manufacturers to go on line with that so they can test them in three communities in order to evaluate all the options. They are at least a couple months away from having anything like that that the city could consider.

Mr. Reams also gave an update on the reservoir. He visited the reservoir in November/December and it was pretty empty. He went there this week and was

shocked to see that it's full – 41'. It wasn't anticipated to be full before June or later. The melt off from the snow helped a lot.

Mr. Taylor said Finance Committee will meet on April 15th at 2:30 p.m. He noted that Ms. Froment will have copies of handouts received at today's Finance Committee meeting, regarding Debt Management Review and Credit.

Mrs. Richardson reported that the "Friends of the Pool" distribution system is working. One of her sons brought the flyer home from school today.

Mrs. Richardson said she received her Census information. She encouraged everyone to complete the paperwork when it is received and send it back.

Mrs. Richardson said she went on the Facebook for Citizens for Marysville. She encouraged everyone to get on Facebook, Citizens for Marysville. Get your name on there as a fan. She feels it's a positive thing for the city.

Mr. Fogt thanked Administration for thoroughly looking into the finances for the debt to determine the best way to do things with our finances. He thanked them for sharing it with Council. It's important information to know.

Addressing Ms. Chavarria, Mr. Gore said the relationship that Council has with Administration and the staff is very good. He welcomed her to the team and offered her support of Council. He noted that Clerk Patterson is the face of Council in this building and is always there to help. "We welcome you; we look forward to working with you and I'm sure we will have a great working relationship over the coming years."

ADJOURNMENT: There being no further business to come before Council, the meeting adjourned at 8:15 p.m.