

Salisbury, North Carolina
March 28, 2013

SPECIAL MEETING

PRESENT: Mayor Paul B. Woodson Jr., Presiding; Council Members Mayor Pro Tem Maggie A. Blackwell, Karen Kirks Alexander, William (Pete) Kennedy, and, William Brian Miller; City Manager Doug Paris; City Clerk Myra B. Heard; and City Attorney F. Rivers Lawther, Jr.

ABSENT: None

Salisbury City Council met in Council Chambers in City Hall located at 217 South Main Street. The meeting was called to order by Mayor Woodson at 10:30 a.m. The invocation was given by Mayor Pro Tem Blackwell.

CITY MANANGER'S COMMNETS

City Manager Doug Paris explained Council challenged staff during the last year to turn the City's financial ship. He pointed out for three years the City had a deficit in the General Fund, rate increases in the Water and Sewer Fund, and interfund loans in the Broadband Fund. He indicated he is proud of staff's work over the last 18 months to improve the City's financial condition.

Mr. Paris noted Fibrant General Manager Mike Jury has worked to secure approximately \$1 million in savings by bringing Fibrant installation in-house and through contract revisions. He stated Mr. Jury has identified an additional \$1 million in savings as future contacts are renewed.

Mr. Paris stated last year refinancing was completed for the Water and Sewer Utility which will save \$1 million over the term of the bond. He pointed out for the first time in 21 years a rate increase was not required, and the City was able to make an investment in the Second Creek Waste Water Treatment Plant.

Mr. Paris explained Council's request for fiscal notes and Return on Investment analysis resulted in a \$2 million addition to the General Fund Balance and a 53 percent increase in the Available Fund Balance.

Mr. Paris indicated Assistant City Manager for Finance John Sofley and Financial Services Manager Teresa Harris have worked for approximately one year on refinancing for the Broadband Utility. He noted it will save the City approximately \$2 million over the term of the bond and is an important step in turning the City's financial ship.

Mr. Paris commended staff for its work on the refinancing which involved negotiations with the current debt holder. He explained the annual savings depends on the debt schedule, but compared to the old schedule the combined savings is just under \$2 million, which is almost double the Water and Sewer Bond refinancing.

Mr. Paris thanked Council for its focus and direction. He pointed out the General Fund and the Water and Sewer Fund are stabilized, and the Broadband Utility will be sustainable with a lower customer and revenue base. He indicated staff will present information regarding the Fibrant sustainable base during Council's budget work session in May.

Mayor Woodson thanked Mr. Paris and staff, and he pointed out refinancing the debt will help Fibrant achieve its goal to break-even by December 2014.

REFINANCING COPS 2008 SERIES B DEBT

Assistant City Manager for Finance John Sofley explained when the City sold the debt in 2008 it was comprised of two series: Series A, sold at a public sale; and Series B, sold at a private sale. He noted the City does not have the ability to refinance the public portion, but the private portion is wholly owned by BB&T. Mr. Sofley stated last Monday he received word from BB&T that it would allow the City to remove the debt, but it did not want to restructure the debt.

Mr. Sofley noted the Local Government Commission (LGC) will meet April 2, 2013, and the Refinancing is on its agenda. He added the LGC requests Council's approval before it considers the Refinancing.

Mr. Sofley explained the document before Council is a draft containing a First Supplemental Financing Agreement and a First Supplemental Trust Agreement. He indicated the proposed closing date is April 19, 2013, and he added the final numbers will be based on the exact closing date.

Mr. Sofley stated the Resolution before Council will allow staff to file an application with the LGC, sign all necessary documents, and it acknowledges Council has reviewed the initial draft of the document. He stated if Council approves the Resolution staff will be able to proceed with no further action required by Council once the LGC approves the debt.

Mr. Sofley noted Refinancing allows the City to take out Series B debt and put a new debt service schedule in place that will move the interest rate from 5.11 percent to 2.2 percent, saving the citizens \$1,985,420.12 over the life of the bond.

Councilmember Alexander lauded the work by staff to save the citizens money.

Councilmember Kennedy thanked Reporter Emily Ford for her article in the *Salisbury Post* making citizens aware of the refinancing. He stated he supports the project.

Thereupon, Ms. Alexander made a **motion** to adopt a Resolution authorizing the filing of an Application for Approval of an Installment Refinancing authorized by section 160A-20 of the North Carolina General Statutes, and approving such installment refinancing and authorizing the execution and delivery of documents in connection therewith. Mr. Kennedy seconded the motion. Messrs. Kennedy, Miller, and Woodson, and Meses. Alexander and Blackwell voted AYE. (5-0)

RESOLUTION (1) AUTHORIZING THE FILING OF AN APPLICATION FOR APPROVAL OF AN INSTALLMENT REFINANCING AUTHORIZED BY SECTION 160A-20 OF THE NORTH CAROLINA GENERAL STATUTES, AND (2) APPROVING SUCH INSTALLMENT REFINANCING AND AUTHORIZING THE EXECUTION AND DELIVERY OF DOCUMENTS IN CONNECTION THEREWITH.

(The above Resolution is recorded in full in Resolution Book No. 14 at Page No. 02-05, and is known as Resolution 2013-02)

Mayor Woodson thanked Mr. Paris and staff for their work on the refinancing.

City Manager Doug Paris stated 18 months ago Council requested a \$1 million savings in the Broadband Fund. He noted staff is up to \$3 million in realized savings due to the work of Fibrant General Manager Mike Jury and the Financial Services Team. He thanked Council for its leadership and direction.


MAYOR'S ANNOUNCEMENTS

(a) Easter Holiday

Mayor Woodson wished everyone a safe and Happy Easter.

ADJOURNMENT

Motion to adjourn the meeting was made by Ms. Blackwell seconded by Mr. Miller. All council members in attendance agreed unanimously to adjourn. The meeting was adjourned at 10:52 a.m.



Paul B. Woodson, Jr., Mayor



Myra B. Heard, City Clerk