

CITY OF ST. AUGUSTINE

Special City Commission Meeting
November 4, 2003

The City Commission met in a formal session Tuesday, November 4, 2003, at 9:00 a.m. in the Alcazar meeting room at City Hall. The meeting was called to order by Mayor Gardner, and the following were present:

1. Roll Call:

George Gardner, Mayor/City Commissioner
Errol D. Jones, City Commissioner
Donald A. Crichlow, City Commissioner

Absent: Susan Burk, City Commissioner
William Lennon, City Commissioner

James P. Wilson, City Attorney
Martha V. (Nell) Porter, City Clerk
Timothy A. Burchfield, Chief Administrative Officer
Mark Litzinger, City Comptroller
Karen Rogers, Recording Secretary
Orfeo Paolini, Sound Technician

2. Consideration of Resolution 2003-26, authorizing the issuance of bonds not to exceed \$10,000,000.00.

Timothy A. Burchfield, Chief Administrative Officer, introduced Mark Litzinger.

Mark Litzinger, City Comptroller, explained that Resolution 2003-26 was the latest version of a working resolution that would go before the Commission on the final day. He said that the resolution was for the 2003/2004 water and sewer revenue bond issue, not to exceed \$10 million dollars.

Mitch Owens, William R. Hough & Co., said that with the Commissioner's approval they would try to get into the market place within the subsequent week. He said that based on current interest rates they believed that they could get below 5%, which was a favorable rate. He said that they had gotten MBIA insurance for AAA because it was credit enhanced. He said that they continued to look at the rating agencies for underlying credit, because

the City had worked hard to get the A underlying credit. He said they wanted the Commission to participate in presentations and meetings with the rating agencies, as it was important to maintain the A level underlying rating, because it lowered the cost of bond insurance for improved sources of revenue and made short term borrowing easier and less expensive. He said that the Mayor's recent meeting regarding the bond issue had been successful, because MBIA had offered an extremely good premium, which the City had not had before, demonstrating that it was important for the Commissioners to be active participants.

George Smith, Bryant, Miller & Olive, PA, explained that the two resolutions would authorize the issuance, not to exceed \$10 million dollars, for water and sewer revenue bonds. He said Resolutions 2003-26 and 2003-27 were supplemental to Resolution 86-5, which the City had adopted in 1986. He said that under that resolution there were currently four series of bonds outstanding, two of which were 1995 A and B bonds and a

series issued in 1996 and 1999. He explained that each time the City approved the bonds his firm developed a supplemental resolution to the 1986 resolution. He said that the 1986 resolution worked as an umbrella with provisions that applied to all the bonds that were common to each set of bonds. He said they had gone to MBIA for some amendments to accommodate a structure, at which time they had added the rest of the structure to cleaning up the 1986 issue and creating a streamline process; therefore, in the future when additional bonds were issued for projects the process would be more efficient.

Mr. Smith stated that amendments had been reviewed by staff, the attorneys, and the insurance company MBIA that provided their written consent to the amendments, which functioned in lieu of the bond holders consent. He explained that the first resolution authorized the bonds and the second resolution provided for the delegated sale of the bonds to William R. Hough & Company with parameters that must be met for authorized sale and for the agreement to be signed. He said that it included copies of the bond purchase agreement, financial guarantee agreement to go along with the surety bond and copies of the continuing disclosure certificate, as well as the preliminary official statement. He said that it provided the commitment for the financial guarantee insurance policy that would be issued by MBIA to allow for the triple AAA rating and, if approved, give them the authority to be signed and returned to MBIA. He offered to answer questions.

Commissioner Crichlow questioned whether the bonds ever went on the market or whether the sale agreement was already issued.

Mr. Owen replied that the structure dictated that they use capital appreciation bonds. He explained that the debt was structured to extend the City's debt while not increasing the maximum annual debt service; thereby, maintaining control and flexibility of the rate structure. He said that while the City had examined various ways of selling, the most common was to authorize the issuance of the debt and then go out and sell the bonds.

Commissioner Lennon questioned the total amount the City had borrowed over the past 20-years.

Mr. Weinstein replied that the City had borrowed approximately \$20 million.

Mayor Gardner stated that the City had issued bonds in 1986 which opened the bank for further bonds.

Mr. Owen explained that revenues from the water and sewer utility were deposited into a revenue fund, and the money flowed through the fund to pay the principal and interest on each series of bonds. He said that each bond was on a parity with one another, and the 1995 A's would be paid at the same rate as the 2003's.

MOTION

Commissioner Lennon MOVED that Resolution 2003-26 be approved. The motion was SECONDED by Commissioner Crichlow and approved by UNANIMOUS VOICE VOTE.

3. Consideration of Resolution 2003-27, awarding of utility bonds.

MOTION

Commissioner Jones MOVED that Resolution 2003-27 be approved. The motion was SECONDED by

Commissioner Lennon and approved by UNANIMOUS VOICE VOTE.

Mr. Owens stated that if the market stayed with them they would try to sell the bonds the following week, the closing would be on Tuesday, November 25, 2003, and a pre-closing would take place on Monday, November 24, 2004, at an acceptable time for the City. He pointed out that they would also need the Mayor's signature.

Mayor Gardner stated that the Commission would be traveling to New York during the second week of December. He questioned whether the trip was related to the bond issue.

Mr. Owens replied that the primary purpose of the December trip was to discuss the future financing the City might get involved in, as well as deliver a report regarding the current bond issue. He stated that the rating agencies and insurance companies looked at the City as a credit, and the City had to keep them up to date to let them know the City's credit worthiness. He said that they were working with staff to draft an outline, which would be provided to the Commission. He said that goal was to convey a positive attitude for the City.

Commissioner Crichlow questioned who bought the bonds.

Mr. Owens replied that they had created a good market for the bonds, because the City had a strong cadre of Florida retail buyers who liked St. Augustine bonds. He said the retailers had followed the City's success obtaining credit enhancement. He noted that in the 1970's the City could not get a rating, because of the status of the system; however, currently the City was considered to have strong credit worthiness in the market place.

4. Approval of Award of a Local Law Enforcement Block Grant from the Bureau of Justice.

Mr. Burchfield stated that due to time restraints they had to add the item to the agenda. He said the Federal Grant was in the amount of \$24,500, and a citizen committee had met with Chief Shoar to determine the allocation. He said that Judge Mathis had requested that some of the grant be used for the youth courts, as they were short in their budget for drug testing. He said the committee had determined to use the entire grant toward the youth courts budget shortfall. He requested the Commission's concurrence to except the grant and turn it over to the youth court. He added that the City had been awarded the same grant for 6-7 years, which had originally been in excess of \$50,000, but the amount had decreased due to the drop in crime rate.

Mayor Gardner clarified that the amount of the grant was based on crime statistics in each jurisdiction. He said that the City did not have to specify what the funds would be used for as long it was used for law enforcement.

MOTION

Commissioner Lennon MOVED to accept the grant. The motion was SECONDED by Commissioner Jones and approved by UNANIMOUS VOICE VOTE.

5. Consideration of Tax Deed Sale for property located at 22 Bernard Street.

Mr. Wilson explained that there was a code enforcement lien on the property at 22 Bernard Street, and the back taxes were approximately \$10,000. He said that the City would bid on the property up to the tax and code enforcement lien amount to try and recoup the City's loss and sell the property at a gain to the

City. He stated that the property was assessed at \$48,000; therefore, it was likely that it would be sold for more than the City's cost. He requested authorization to go to the sale and bid on the property.

Commissioner Crichlow questioned whether the City would recoup the lien if the property was sold for more than the City could bid.

Mr. Wilson replied that the tax collector would issue the City a check for the amount of the lien.

MOTION

Commissioner Jones MOVED to authorize staff to go through the bid process for the property located at 22 Bernard Street. The motion was SECONDED by Commissioner Lennon and approved by UNANIMOUS VOICE VOTE.

6. Determination of legal sufficiency and acceptance of an application to appeal a Planning and Zoning board decision relative to property located at 501 Plantation Island Drive.

Mr. Wilson stated that the appeal was in the proper form to move ahead to the next level.

Commissioner Jones questioned the height that the applicant requested and where the property was located.

Mr. Wilson replied that the property was located southeast of the SR 312 bridge and directly on the Intracoastal Waterway

Commissioner Lennon stated that the height limitation in the area was 50-feet.

Mr. Wilson stated that the height requested was not for living space.

Mr. Crichlow stated that it was for an elevator. He questioned whether elevator towers could exceed the height limit.

Mr. Wilson replied that was true; however, the proposed height exceeded that height significantly and was for architectural enhancement.

MOTION

Commissioner Crichlow MOVED to approve the legal sufficiency and accept the application to appeal the PZB decision for property located at 501 Plantation Drive. The motion was SECONDED by Commissioner Jones and approved by UNANIMOUS VOICE VOTE.

7. Adjournment

There being no further business, the meeting was adjourned at approximately 9:30 a.m. ¹

MAYOR

CITY CLERK

¹ Transcribed by Karen Roger, Recording Secretary