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CHARTER STUDY COMMITTEE MINUTES
REGULAR MEETING | JANUARY 3, 2019
CITY HALL CONFERENCE ROOM, 405 MUNICIPAL DRIVE
REGULAR SESSION at 6:30 PM

I. CALL TO ORDER

Chair Mayor Brian Johnson called the meeting to order at 6:31 p.m.

II. ROLL CALL

Present: Chair Mayor Brian Johnson, Vice-Chair Bob Gruenhagen, Gail Uranga, Robert Mundy, Kenneth Michels, John Clark (arrived at 7:26 p.m.), and Cheryl Pond; **Absent:** NONE

Staff: *City Attorney Betsy Elam, City Secretary & Communications Coordinator Leslie Galloway, Finance Director Brady Olsen (left at 7:41 p.m.), Andrew T. Friedman of SAMCO Capital Markets (left at 7:41 p.m.), and Thomas K. Spurgeon (left at 7:41 p.m.) and Orlando "Jay" Juarez, Jr. (left at 7:41 p.m.) of McCall, Parkhurst & Horton*

III. REGULAR SESSION

A. Consider approval of the minutes from the December 5 Meeting

Motion To approve minutes from the December 5, 2018 meeting. **Action** Approve, **Moved By** Kenneth Michels, **Seconded By** Bob Gruenhagen. **Motion passed Unanimously.**

B. Representatives from McCall, Parkhurst & Horton, the City's bond counsel, and SAMCO Capital Markets, the City's financial advisors, will provide an overview of the authority of a City to issue various bonds and to answer any questions regarding potential Charter amendments related to debt issuance

Andrew Friedman of SAMCO and Tom Spurgeon and Jay Juarez of McCall, Parkhurst & Horton presented an overview of the considerations related to different types of debt available to municipalities – General Obligation Bonds (GOs), Revenue Bonds, Certificates of Obligation (COs), and Tax Notes – and were available to answer the committee's questions.

Discussion among the Committee and consultants included:

- The services provided to the City by each of the consulting firms
- Which types of revenues can be used to secure different types of debt; and other requirements including reserve funds and rate setting (via covenants)
- Considerations of elections related to debt issuance (either by requirement or voluntarily)
- The prevalence of COs nationwide, due to simplicity and cost-effectiveness
- Ideologies surrounding which types of debt should be used for different projects
- The right of referendum granted to the public in the case of a CO issuance
- Notification of the voting public of potential debt issuance
- Requirement that most bonds be approved by the Attorney General, rendering them incontestable
- How debt might impact the tax and utility rates
- How recent actions might affect the City's bond rating, including denying issuance of a CO after going to market and the passing of a budget deficit of \$1 Million for FY2018-19
- The comparatively low levels of debt carried by the City of Kennedale

Regarding §6.05, the consensus among the Committee was to propose the deletion of all wording in Section 6.05 except for the first sentence ("The City shall have the right to issue and refund general obligation bonds, revenue bonds, and other evidence of indebtedness as is now permitted or as may be hereafter authorized to be issued by a Home Rule City in the State of Texas.") and item C ("Short Term Borrowing. The City may borrow funds on the credit of the City for a term not to exceed one year. Such obligations must be retired by the end of the budget year in which they were issued."), and to make policy recommendations to Council regarding increased transparency through earlier or additional notification of citizens before the issuance of Certificates of Obligation (COs).

Finance Director Brady Olsen, Andrew Friedman of SAMCO Capital Markets, and Tom Spurgeon and Jay Juarez of McCall, Parkhurst & Horton left at 7:41 p.m.

C. Continue identifying and discussing the committee's desired Charter topics for further discussion and/or research

This item was taken out of order; Was considered immediately following item III.D.

Mayor Brian Johnson, Chair, gave a brief overview of single-member districts, and City Attorney Betsy Elam directed the Committee to a report that her office had provided regarding this topic. Committee member Gail Uranga asked if there were any Committee members with an interest in considering this amendment to the Charter. No one spoke in favor of considering it.

Regarding §4.01(a), the consensus among the Committee was to recommend no changes to the current Charter language, maintaining the policy of electing Councilmembers at-large.

City Attorney Betsy Elam stated that Economic Development Corporations are regulated by State law and funded by a portion of the City's sales taxes, as approved by voters; and that it would not be appropriate to regulate the EDC through the Charter.

Regarding the EDC, the consensus among the Committee was to recommend no additions to the Charter.

D. Discuss date and time of upcoming meetings

This item was taken out of order; Was considered immediately following item III.B.

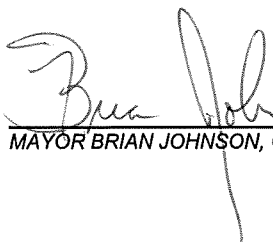
The Committee set the next meeting for Wednesday, January 16, at 6:30 p.m.

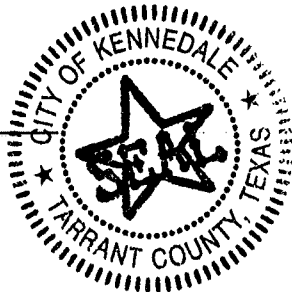
IV. ADJOURNMENT

Motion To Adjourn. Action Adjourn, Moved By Robert Mundy, Seconded By John Clark. Motion passed Unanimously.

Mayor Brian Johnson, Chair, adjourned the meeting at 8:23 p.m.

APPROVED:


MAYOR BRIAN JOHNSON, CHAIR



ATTEST:


LESLIE GALLOWAY, CITY SECRETARY