AGENDA SESSION
November 29, 2011
3:00 p.m.

Chairman Ladd called the meeting of the Agenda Session to order with Councilmen Benson, Berz, Gilbert, Rico and Scott present; Councilmen McGary, Murphy and Robinson joined the meeting later. City Attorney Michael McMahan and Council Clerk Carol O’Neal were also present.

Others present included Dan Johnson, Daisy Madison, Ron Swafford, Larry Zehnder, Steve Leach, Lee Norris, Jerry Stewart, Kathie Fulgham, Richard Beeland, Dennis Malone and Bill Payne.

Dan Johnson stated there are no Ordinances on first or final reading. He stated Resolutions (a) Proposal from TDOT regarding State Route 29, (b) Agreement with Burns and McDonnell Engineering relative to ISS and Waste Resources Division Sites, and (c) Change Order No. 2(Final) with Byrd Brothers Emergency Services would be discussed in today’s Public Works Committee meeting. He stated Resolution (d) is a special exceptions permit for Tim L. McClure for a late night entertainment center to be located in the former Sam’s Club on Lee Highway and (e) is a donation of property from Brainerd Village to be used for parking and green space.

NEXT WEEK’S AGENDA: DECEMBER 6, 2011

Mr. Johnson stated Ordinance (a) amends the Code establishing the Office of Administrative Hearing Officer and will be discussed in next week’s Legal and Legislative Committee meeting.

Mr. Johnson stated Resolution (a) adopts a revised Debt Management Policy for the city. Daisy Madison stated this is a revision to the existing debt policy that is necessitated by the new State ruling requiring additional provisions of the policy to ensure there is transparency, public notice and specific criteria for selection and qualifications of professionals and monitoring and follow-up of issues and setting parameters for that, most of which is in the policy, but not all. She stated each Council person has a copy and (she) will send another version later; that this is generally what it is about.

Councilwoman Scott stated in view of what the policy is supposed to accomplish and the fact that the debt we incur has a direct relationship to taxes we will pay in the future and for some time afterward, and one of the primary reasons for doing this is to determine exactly what types of debt are appropriate for the city of Chattanooga, it is her thought there ought to be an expansive review by the Council people so each can be firmly aware of the type of actions we might be expected to take with regard to incurring debt as there are a great variety of types of debt to consider. She stated this definitely has an impact on the cost of borrowing money and has an impact on the necessity of taxing and what tax will occur; that we have had a rather rough year and this particular policy needs to be read from cover-to-cover!
Councilwoman Scott encouraged every reporter and citizen to take an opportunity to read the debt policy because it does relate to future costs of doing business in the city and relates to the long term debt which will be what we have to come up with to pay our bills and projects. She stated there are no essentially risk-free products and if a person does not know what a general obligation bond or synthetic debt is, or does not know what derivatives are and how they interact with financial things and does not understand what happened in the Swaption we wound up paying a multi-million dollar fee to get out of, it would behoove us all to be more knowledgeable about this. She stated there are downsides in any issue where there is no fixed rate for your payments and interests and there are all sorts of fees and charges that go together to make the cost of borrowing quite expensive. She stated this policy that has been written has been recommended at the State level due to borrowing and issues where the financial stability of institutions that once were quite healthy have less than a healthy situation today; that rather than completely “keeping our heads in the sand” on this she encouraged everyone to read each of these policies, as there are two, and to make comments and share them with colleagues and citizens whom they support because this is the “touch tone” of how debt and under what conditions debt can be issued.

Councilwoman Scott continued by stating from her perspective she is very concerned about all the different options for handing out debt as some are more volatile than others and had we not had the problem with the Swaption she would not feel so “keyed up” with wanting to make sure we are doing the right thing. She reiterated had we not done such a terrible job on the Swaption, she would not be so “keyed up” about this; that it is her understanding that we paid dearly for this borrowed money at a rate which was far in excess of what anyone imagined, so it is imperative that we have people that are at “arms distance” on doing and helping us with these things. She stated the City Council needs the feedback of a wide group of people that can advise us which way should we feel at risk over and which should we just basically not participate in.

Councilwoman Berz expressed that she understands Councilwoman Scott’s concerns; that the Swaption is historical in nature and rather than holding onto a mistake, what we are doing is coming up with ways to rectify in the future; that she does not know of anyone “keeping their head in the sand”. She stated we are going to ask for whatever input persons might have and consult with whoever we need to consult with. She stated there will be a Budget and Finance Committee meeting week after next and would like to have all input from her colleagues; that she would like for everyone to be open and honest, as well as the public. She stated she has heard from people and know where some stand on many taxation issues and would like any additional, thoughtful comments as debt should be very carefully considered.

Admin. Madison stated the Resolution is on the agenda for December 6 and inquired as to whether the matter should be deferred if the Budget meeting is scheduled for week after next.

Councilwoman Berz stated the matter would have to be deferred as this will be one of the things the Council will be addressing at the meeting, as well as a presentation by United Way.
Councilwoman Berz stated we are looking at various ways to make sure what money we do spend is cost effective, efficient and does not put us in jeopardy like we have been in the past when times went bad on some decisions.

In response to Councilwoman Scott’s concerns Admin. Madison stated they have addressed some but not all (of her concerns) with respect to derivatives, Swaptions and debt to the extent to say they are not doing it; that there will have to be language should the Council decide to do that and she would have to come to the Council. She stated they will take out any reference to synthetic debt other than to say it will not be used and should the Council decide they want to use it the Council will come back and establish a policy for issuance of that type debt. She stated they are pretty much limited to basic forms of debt, general obligation bonds with fixed variable rates, notes and capital releases; that this is important and a major new State requirement and the Council should be aware with more education to better understand the nature of debt and its implications. She stated she looks forward to the discussion.

Councilwoman Berz stated all questions are important questions and there are no dumb questions! She stated if there are any questions to be asked to please ask them to get all the information.

Councilman Murphy stated that he knows we are talking about variable rates and it has been attractive at certain points in the past and may be in the future; that he does not want people to come away thinking we are presently placing a lot of bonds at variable rates. Admin. Madison confirmed we are not doing that now.

Councilman Murphy referenced getting back to 15 percent home mortgage variable rates that start “looking good”. Admin. Madison stated even when the market looks better there is a limit placed on variable rates and the ability to withstand fluctuations based on the market; that they are not issuing any variable rate debt.

Chairman Ladd reminded everyone that she and Councilman McGary would be out of the country on December 13 and the Council would be short two people; that they would like to receive the information.

Mr. Johnson continued by stating Resolutions (b) an Agreement with McGill Associates, and (c) – (f) temporary usages would be discussed in Public Works Committee. Resolution (g) authorizes the Personnel Administrator to extend the agreement with Mercury Payment Services for the WellAdvantage Pharmacy until there is a transition with another provider.

Councilwoman Scott inquired as to how the payment on the credit cards compares with what was paid before. Mr. Johnson responded there is no financial impact on us; that it is just a process. In the absence of Donna Kelley, Chief Parker stated it was discussed during the morning’s agenda meeting that the employee credit cards were paid into normal vendor accounts. Councilwoman Scott then indicated she was even more confused! Mr. Johnson stated he would ask Donna Kelley to present the information to her prior to next week to get her unconfused!
PURCHASES

Mr. Johnson reported that purchase requests include:

- Blanket contract for Tri-Mountain Mountaineer Jackets for the Fire Department from ASR/Apparel Sewn Right for approximately $16,000.00 annually;
- Rejection of all bids for Cathodic Protection System Repair for General Services;
- MSA Heads-Up Display and Speed-On Harness Strap for the Fire Department from Safe Industries for $10,450.00;
- Blanket Contract for City Wide Electrical Supply for General Services from Electric Motor Sales for an annual estimation of $500,000.00;
- Purchase of an F-350 Truck with Refuse Dump Body for General Services from Country Ford for $43,842.43;
- Personal Services Contract for a Temporary Network Manager for Information Services at $85.00 per hour

On motion of Councilman McGary, seconded by Councilman Rico, the minutes of the previous meeting were approved as published.

The meeting was adjourned.