

March 1, 2011

3b

CITY COMMISSION MINUTES

March 1, 2011

7:00p.m.

The regular meeting of the Junction City City Commission was held on Tuesday, March 1, 2011 with Mayor Mike Rhodes presiding.

The following members of the Commission were present: Terry Heldstab, Scott Johnson, Mike Rhodes, Ken Talley, and Jack Taylor. Staff present was: City Manager Gerry Vernon, City Attorney Catherine Logan, and City Clerk Tyler Ficken.

CONSENT AGENDA

The consideration and approval of **Appropriation Ordinance A-5-2011** dated February 10, 2011 through February 23, 2011 in the amount of \$1,574,969.18. Commissioner Taylor moved, seconded by Commissioner Heldstab to approve the consent agenda as presented. Ayes: Heldstab, Johnson, Rhodes, Talley, Taylor. Nays: none. Motion carried.

Approval of the **February 15, 2011** City Commission Meeting Minutes. Commissioner Taylor moved, seconded by Commissioner Heldstab to approve the consent agenda as presented. Ayes: Heldstab, Johnson, Rhodes, Talley, Taylor. Nays: none. Motion carried.

The consideration and approval of payroll #3 and #4 for the month of February 2011. Commissioner Taylor moved, seconded by Commissioner Heldstab to approve the consent agenda as presented. Ayes: Heldstab, Johnson, Rhodes, Talley, Taylor. Nays: none. Motion carried.

APPOINTMENTS

The consideration and approval of the reappointment of Mr. Lentz to the Junction City Housing authority Board. Commissioner Heldstab moved, seconded by Commissioner Taylor to approve the reappointment of Mr. Lentz to the Junction City Housing authority Board ending April 30, 2015. Ayes: Heldstab, Johnson, Rhodes, Talley, Taylor. Nays: none. Motion carried.

SPECIAL PRESENTATIONS

Presentation by Jeff White and Kelsi Powell of Columbia Capital Management. See exhibit A attached. Commissioner Johnson stated that the City has received poor advice from bond counsel in the past. Mr. White stated that his organization can help the City by providing financial advice beyond what the city had received from the past. Commissioner Johnson stated that special assessments are too high which means there must have been fraud; he asked if Columbia Capital Management investigates fraud. Mr. White stated that the function of bond council in the past was to determine if bonds were tax exempt; prior bond council did not address the question of whether

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the City should issue bonds, but whether the City could issue bonds. Mr. White stated that his organization can help the City ask the right questions in the future. Commissioner Taylor asked if Columbia Capital Management would make sure that bond proceeds would be spent on the intended projects. Mr. White stated that investors take the word of the City that funds are spent on the correct projects. Commissioner Taylor asked how Columbia Capital Management would be paid by the City. Mr. White stated that a contract would be negotiated and Columbia Capital Management would receive payment at the closing of the bonds. Commissioner Johnson asked if the contract would eliminate the need for additional bond counsel. Mr. White stated that the City would still need to hire an attorney to certify and sell the bonds.

UNFINISHED BUSINESS

The consideration and approval of **G-1095** making it illegal to falsely impersonate a law enforcement officer. Final Reading (**Chief Brown resenting**) Commissioner Talley moved, seconded by Commissioner Johnson to approve G-1095 on final reading. Ayes: Heldstab, Johnson, Rhodes, Talley, Taylor. Nays: none. Motion carried.

The consideration of **Ordinance S-3090** a request from Beth Mathis and/or Jodie Wilkey, agents, on behalf of Steven and Norma Stanislow, owners, for rezoning of the south 55.58 feet of Lots 1 and 2, Block 36 of the Original Townsite of Junction City, located at 518 North Madison Street, from "CSP" Special Commercial to "RM" Multiple Family Residential District to allow the continued use of the property for single-family residential purposes. **Final Reading (David Yearout Presenting)** Commissioner Heldstab moved, seconded by Commissioner Johnson to approve S-3090 on final reading. Ayes: Heldstab, Johnson, Rhodes, Talley, Taylor, Nays: none. Motion carried.

The consideration of **Ordinance S-3091** a request from Kaw Valley Engineering, agent, on behalf of Edward W. Phillips, owners, for rezoning of Lot 1, Block 14 of the Original Townsite of Junction City, located at 239 West 9th Street, from "RM" Multiple Family Residential District to "PDD" Planned Development District for residential purposes to allow the property to be replatted into smaller lots for the continued use of the property for residential purposes. **Final Reading (David Yearout Presenting)** Commissioner Talley moved, seconded by Commissioner Heldstab to approve S-3091 on final reading. Ayes: Heldstab, Johnson, Rhodes, Talley, Taylor. Nays: none. Motion carried.

The consideration and approval of lease of City owned land for purpose of the sale of fireworks. Mayor Rhodes asked if City Attorney Logan had reviewed the lease. City attorney Logan stated that she wrote the provisions in the lease that provide for exclusivity. Commissioner Heldstab asked how the trucks at the 6th & Franklin location will be handled. Finance director Beatty stated that the Parks and Streets departments make sure there is room form the fireworks stand and parking with the use of barricades or a boundary line. Commissioner Taylor asked if the lease is for one year. City Attorney Logan stated that the lease is for one year. Commissioner Taylor moved, seconded by Commissioner Johnson to approve the leases for City owned land for the purpose of the sale of fireworks. Ayes: Heldstab, Johnson, Rhodes, Talley, Taylor. Nays: none. Motion carried.

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NEW BUSINESS

The consideration and approval of the National Biplane Fly In event agreement. **(City Attorney Logan Presenting)** City Attorney Logan stated that the agreement is the same as the agreement last year, and only the dates of the event have changed. City Attorney Logan stated that agreement outlines the need for insurance with the City listed as an additional insured. Commissioner Taylor stated that there were troubles with parking last year. Commissioner Heldstab stated that a gate has been installed for the event with the use of CVB funds; the parking situation should be solved. Commissioner Johnson asked if \$1 million is an adequate policy. City Attorney Logan stated that she felt the amount is adequate. Commissioner Heldstab stated that this is a good event for the community. Commissioner Heldstab moved, seconded by Commissioner Talley to approve the National Biplane Fly in event agreement. Ayes: Heldstab, Johnson, Rhodes, Talley, Taylor, Nays: none. Motion carried.

The consideration and approval of the request of the North Central Kansas Regional Juvenile Detention Center to be exempted from the provisions of Chapter 590, Day Care Inspection code, of Title V, Building and Construction, of the Municipal Code. **(David Yearout Presenting)** David Yearout stated that the City receives requests for daycare inspections daily. David Yearout stated that the North Central Kansas Regional Juvenile Detention Center meets the State's definition of a child care center. Commissioner Taylor asked how much the City charges for the inspection fee. David Yearout stated that the fee is \$100.00. Commissioner Johnson stated that this is a duplicate inspection, and he does not view the detention facility as a childcare facility. Commissioner Johnson stated that fewer fees are better; taxpayers pay for it all in the end. David Yearout stated that governments charge each other at every level. Mr. Brad Scholz Assistant Director of the North Central Kansas Regional Juvenile Detention Center stated that comparing the detention center to a child care facility is like comparing apples to oranges. Mr Scholz stated that the facility is already paying for inspections. Commissioner Johnson stated that the duplication makes no sense. Commissioner Taylor stated that Mr. Scholz needs to contact his State representatives to ask for a change to the definition of a child care facility. David Yearout read the State's definition of a child care facility. Commissioner Johnson stated that this will create more red tape. Mr Scholz stated that the North Central Kansas Regional Juvenile Detention Center services 14 counties. Commissioner Talley moved, seconded by Commissioner Heldstab to reject the request of the North Central Kansas Regional Juvenile Detention Center to be exempted from the provisions of Chapter 590, Day Care Inspection code, of Title V, Building and Construction, of the Municipal Code. Ayes: Heldstab, Rhodes, Talley, Taylor. Nays: Johnson. Motion carried.

The consideration and approval of the Final Plat of the Phillips Planned Development District Addition, a replat of lot 10 Block 14, Original Townsite of Junction city, Kansas; concerning property on southeast corner of 9th Street and Adams Street. **(David Yearout Presenting)** Commissioner Taylor moved, seconded by Commissioner Johnson to approve the Final Plat of the Phillips Planned Development District Addition, a replat of lot 10 Block 14, Original Townsite of Junction city, Kansas; concerning property on

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southeast corner of 9th Street and Adams Street. Ayes: Heldstab, Johnson, Rhodes, Talley, Taylor. Nays: none. Motion carried.

The consideration and approval of the Final Plat of the Villas at Michael's Run, a replat of Lot 24 in Michael's Run Addition at the northwest corner of Carolina Avenue and McFarland Road. **(David Yearout Presenting)** Commissioner Taylor moved, seconded by Commissioner Heldstab to approve the Final Plat of the Villas at Michael's Run, a replat of Lot 24 in Michael's Run Addition at the northwest corner of Carolina Avenue and McFarland Road. Ayes: Heldstab, Johnson, Rhodes, Talley, Taylor. Nays: none. Motion carried.

COMMISSIONER COMMENTS

Commissioner Johnson stated that he would be holding a town hall meeting before the April election sometime in mid March. Commissioner Johnson stated that the public will be able to ask questions. He stated that the date will be announced. City attorney Logan stated that the event should not be called a town hall meeting since this will be a political event, and not a City sponsored event.

Commissioner Taylor stated that they are still going to have the town hall meeting, and receive feedback on the budget.

EXECUTIVE SESSION

A session to discuss personnel issues to include the City Manager, and the City Commission. Commissioner Heldstab moved, seconded by Commissioner Talley to adjourn into executive session at 8:13 PM not to exceed 30 minutes to discuss personnel issues. Ayes: Heldstab, Rhodes, Talley, Taylor. Nays: Johnson. Motion carried. Commissioner Heldstab moved, seconded by Commissioner Taylor to reconvene into regular session at 8:43 PM having made no decisions nor taken any action while in executive session. Ayes: Heldstab, Johnson, Rhodes, Talley, Taylor. Nays: None. Motion carried.

A session to discuss land acquisition issues to include the City Manager, The City Commission, and City Attorney Logan. Commissioner Talley moved, seconded by Commissioner Heldstab to adjourn into executive session at 8:46 PM not to exceed 5 minutes to discuss land acquisition issues. Ayes: Heldstab, Rhodes, Talley, Taylor. Nays: Johnson. Motion carried. Commissioner Talley moved, seconded by Commissioner Heldstab to reconvene into regular session at 8:51 PM having made no decisions nor taken any action while in executive session. Ayes: Heldstab, Johnson, Rhodes, Talley, Taylor. Nays: None. Motion carried.

ADJOURNMENT

Commissioner Talley moved, seconded by Commissioner Taylor to adjourn at 9:53 PM Ayes: Heldstab, Johnson, Rhodes, Talley, Taylor. Nays: None. Motion Carried.

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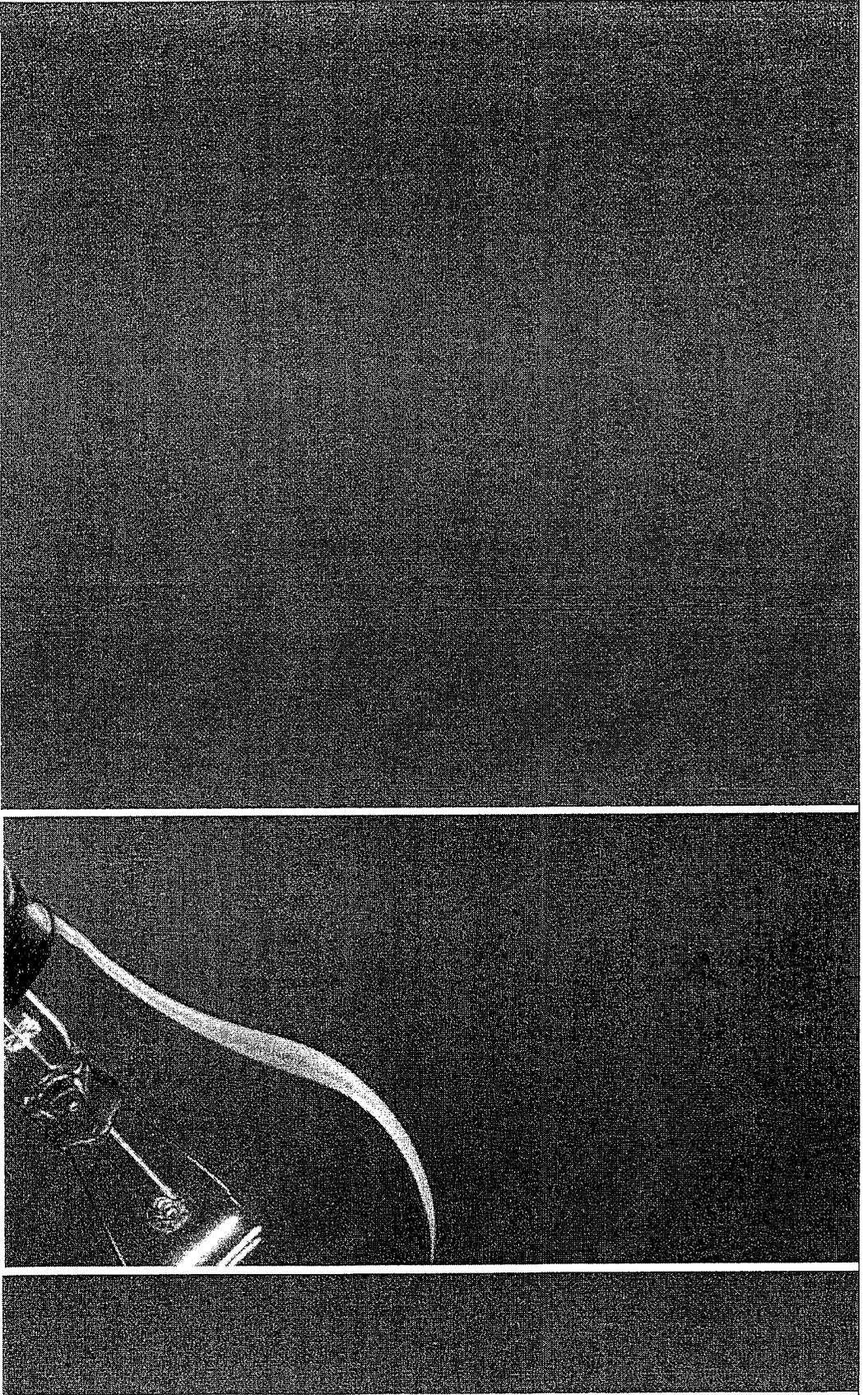
APPROVED AND ACCEPTED THIS 15th DAY OF MARCH 2011 AS THE OFFICIAL COPY OF THE JUNCTION CITY CITY COMMISSION MINUTES FOR MARCH 1, 2011.



Tyler Ficken, City Clerk



Mike Rhodes, Mayor



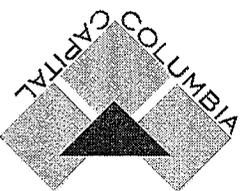
Partnering for Financial Improvement

Columbia Capital Management, LLC • March 2011



Jeff White
Managing Director

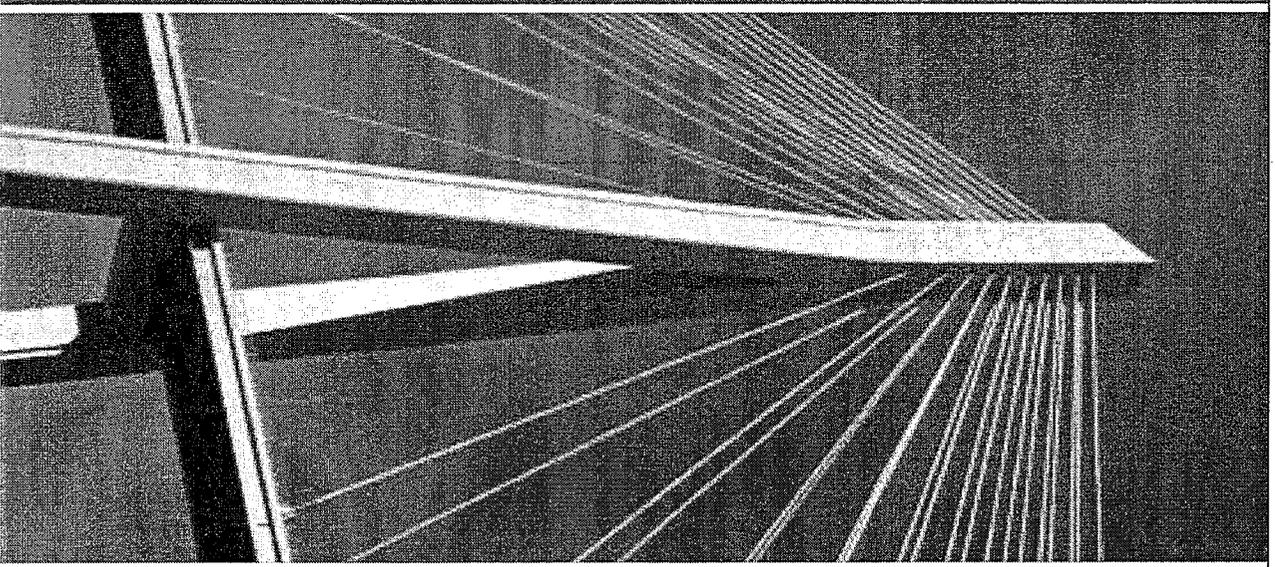
Kelsi Powell
Managing Director

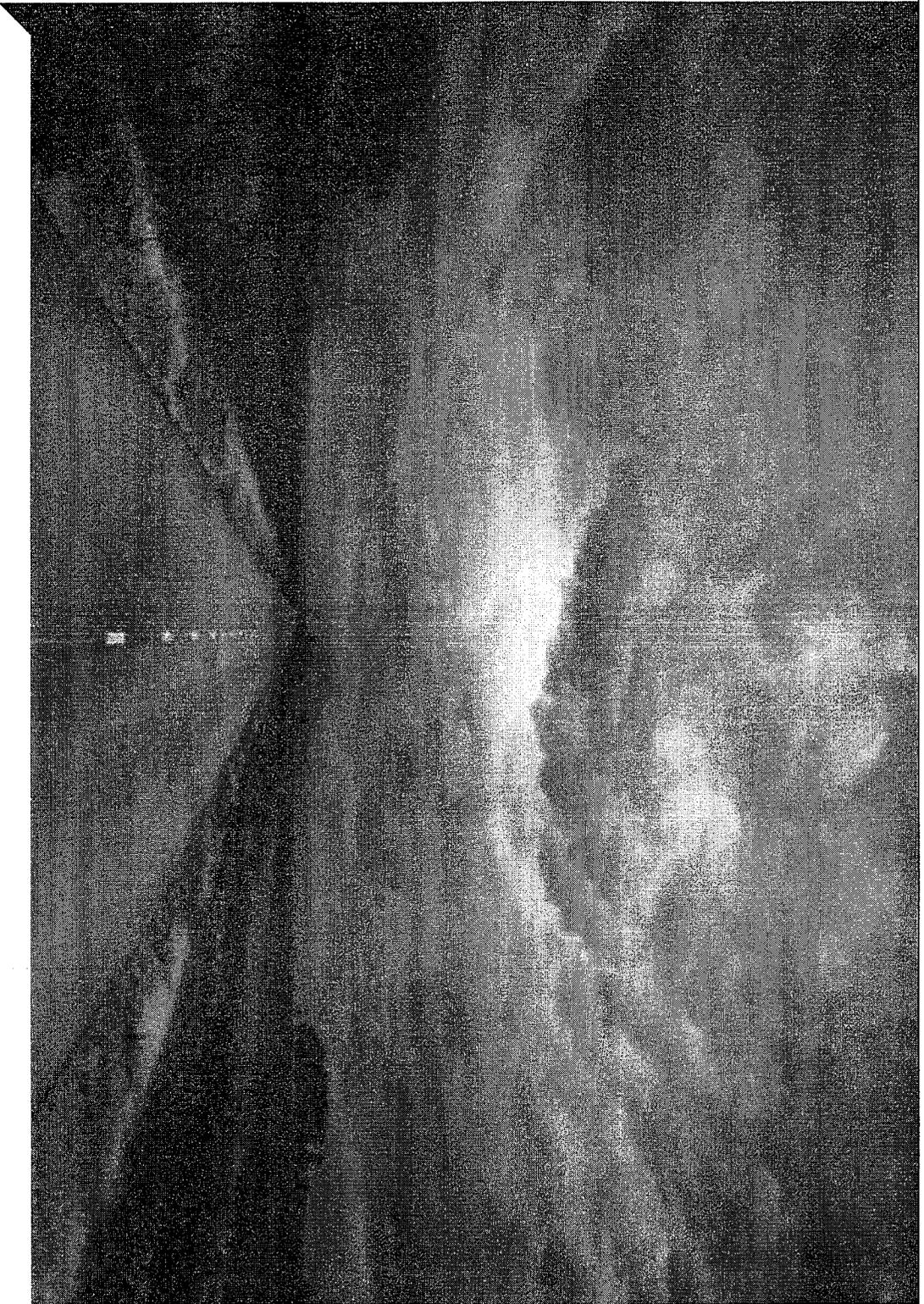


Columbia Capital Management, LLC
Independent Municipal Advisors
Overland Park

Discussion

- The Case for Action
- Joint Approach
- Importance of Independent Advice
- Columbia Capital Introduction
- Your Questions





The Case for Action

City's Financial Challenges

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- Very significant outstanding indebtedness
- City credit support of underperforming developments
- Strained operating budget
- Continued impacts of Great Recession
- Challenge of statutory debt limit

Debt Burden Poses Long-Term Challenge

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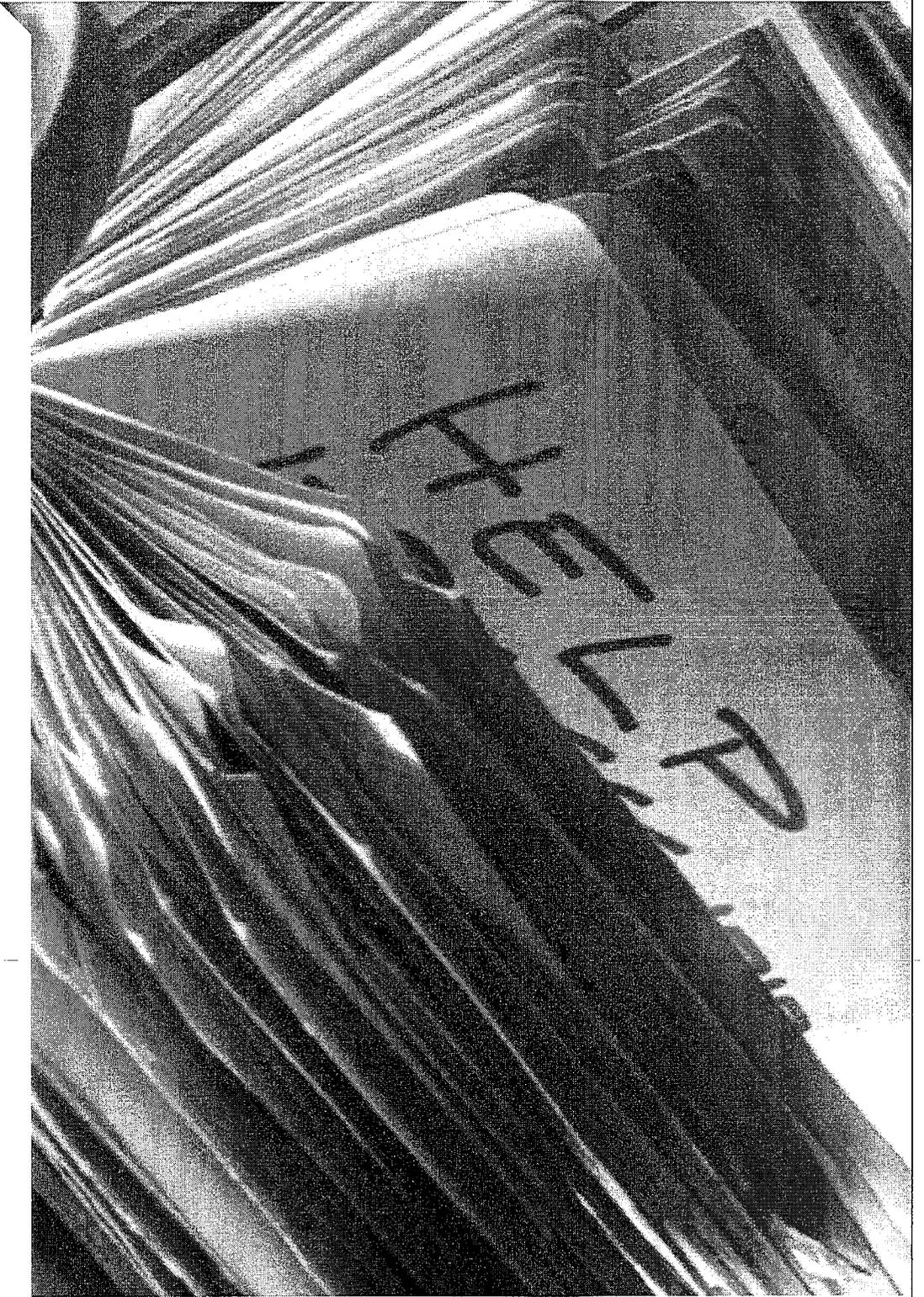
[outstanding debt chart here]



Impact of 2011 and 2012 Payments

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[FY10-12 d/s due]



Joint Approach

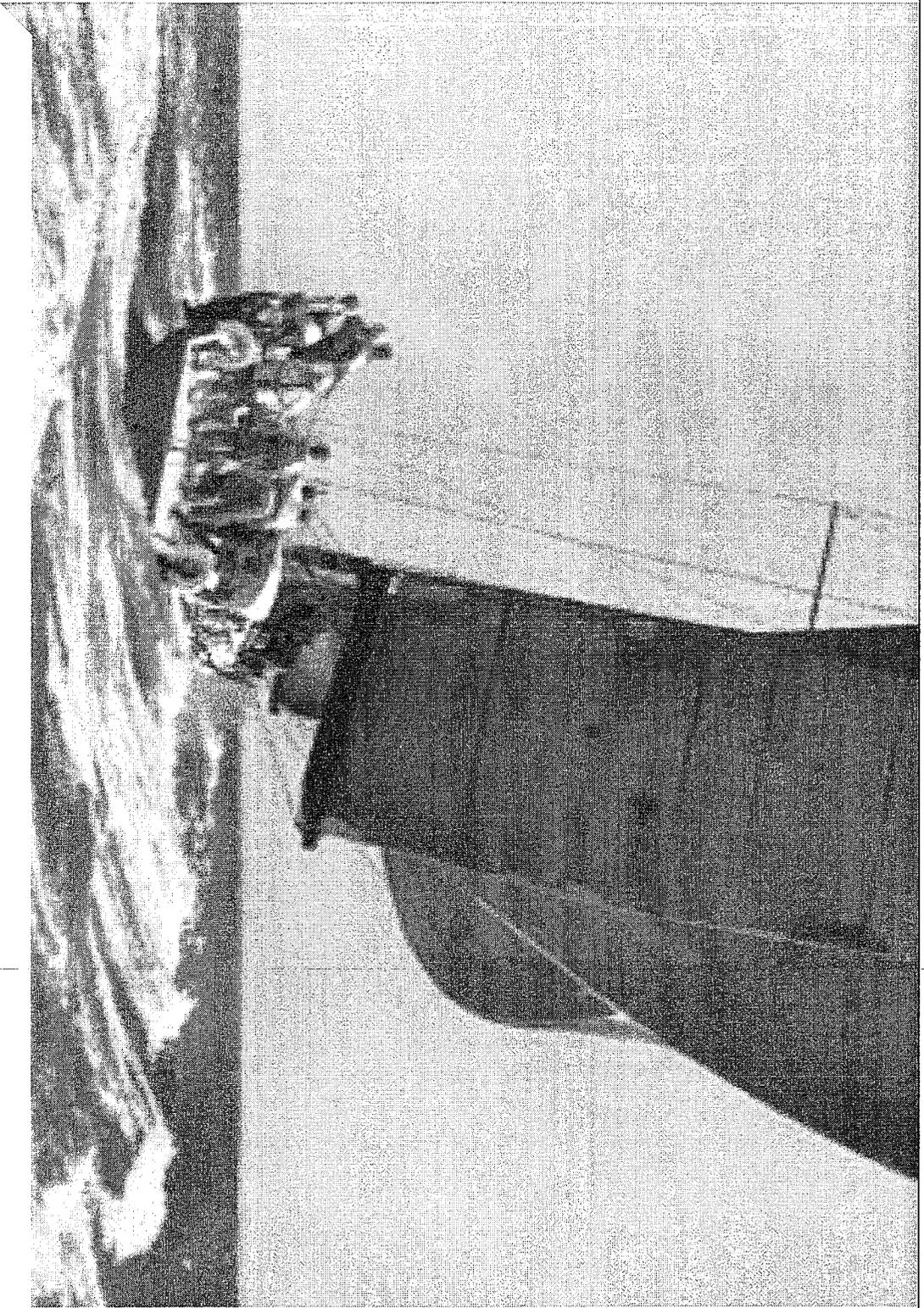
Working Together on a Long-Term Plan

- City staff has done an outstanding job developing a long-term operating budget model
- Columbia Capital will build on this work, collaborating on development of a long-term capital investment and debt management strategy
- We will also work jointly with the City on approaches to involve other partners in the long-term plan
 - Rating agencies, state agencies, US government

Dealing with Tactical Issues

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- Columbia Capital will analyze and recommend an approach to address debt service demands in FY10 and FY11
- Approach will consider
 - Impact on future flexibility
 - Minimizing costs of borrowing
 - Protection of the City's credit rating
- Appropriate method of sale



The Importance of Independent Advice

Avoiding Conflicts of Interest

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“Financial Advisers should be prohibited from resigning as financial advisor to an issuer, and then underwriting that issuer’s bonds..Right now, a financial professional advising a municipality can guide the municipality towards securities tailored to his firm’s advantage, then resign and act as underwriter. This is a classic example of conflict of interest.”

—Mary L. Schapiro, Chairman, US Securities and Exchange Commission
<http://www.sec.gov/news/speech/2010/spch050710mls.htm>

“In the conduct of its municipal advisory activities on behalf of municipal entities, a municipal advisor shall be subject to a fiduciary duty, which shall include a duty of loyalty and a duty of care.”

—Municipal Securities Rulemaking Board Rule G-36
(Proposed February 14, 2011)

Best Practices

- Government Finance Officers' Association recommends cities obtain financial advice from independent firms, rather than investment banks
- The Dodd-Frank financial reform bill imposes a fiduciary duty, requiring the advice provided by financial advisors put the interests of the issuer before the interests of any other party
- Proposed regulations recently issued by the MSRB will prevent firms from serving as both financial advisor and underwriter on the same transaction

Pragmatic Considerations

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- Columbia Capital serves as an extension of City staff, allowing them to focus on other important priorities
- Columbia Capital's team advises on dozens of transactions annually, allowing us to apply our market and trend expertise to the City's benefit
- Academic study shows that the mere presence of a financial advisor improves transaction pricing

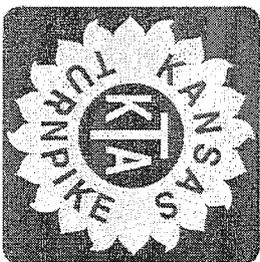
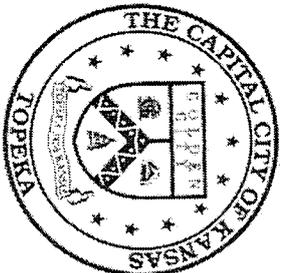


Firm Introduction

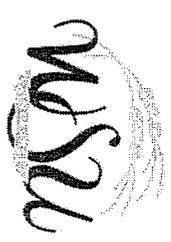
Innovative Solutions. Proven Results.

- Independent Financial and Investment Advisor
 - Registered “Municipal Advisor” with SEC and MSRB
 - No ties to investment banks
 - No debt, no outside investors, local ownership
- Advice on more than \$18 billion in bonds in 2000s
- Largest financial advisory firm in the region

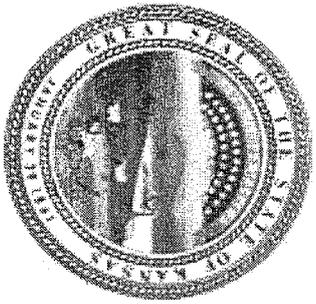
A Trusted Advisor



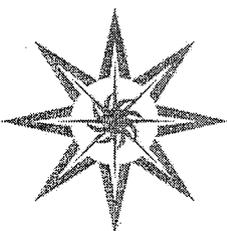
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KANSAS



EMPORIA STATE
UNIVERSITY



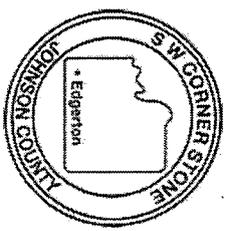
KSSTATE



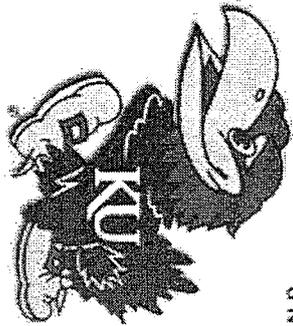
PRAIRIE VILLAGE, KANSAS



FORT HAYS STATE
UNIVERSITY



Kansas Development Finance Authority



An Experienced Team

Dennis Lloyd

President and Founder
30 years of public finance experience

Jeff White

Managing Director
10 years of public finance experience
10 years of local government management experience

Kelsi Powell

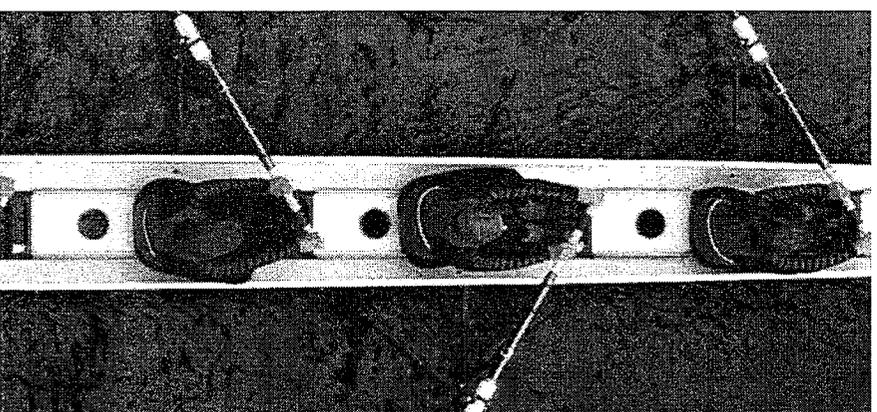
Managing Director
8 years of public finance experience
Coursework toward PhD in Economics

Cortney Boor

Senior Analyst
8 years of public finance experience

Khalen Dwyer

Analyst
1 year of public finance experience



Your Questions

