



CITY OF BROOKLET

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L.W. (Nicky) Gwinnett, Jr. Mayor
Rebecca Kelly, Mayor Pro-Tem
Bradley Anderson, Councilman
Hubert Keith Roughton, Councilman
James Harrison, Councilman
Johnathan Graham, Councilman

City Attorney
Cain Smith

City Clerk
Lori Phillips

**SEPTEMBER 14, 2023
WORK SESSION
MINUTES
6:30 PM**

- 1. Call to order and welcome** - Mayor Grooms, III
Invocation

- 2. Consideration of a motion to approve the agenda**

Motion to Approve

Motion: Brad Anderson

Second: Johnathan Graham

Ayes: Brad Anderson, Nicky Gwinnett, Rebecca Kelly, James Harrison, and
Johnathan Graham

Nayes: None

Motion carried 5-0

- 3. DISCUSSION ITEMS:**

3.1. Trey Monroe with Stifel - Discuss a resolution for the bond issuance for the Sewer Project.

Initially, it was discussed about going through the PFA with Bulloch County, it cannot happen, but as a fallback, Trey Monroe has some other mechanisms to go through, and they look pretty good. Trey Monroe is with Stifel Nicolas, a public finance firm out of Atlanta. They have offices all over the country but he is in Atlanta. Trey has been working in Georgia for the past 25 years with cities, counties, and school systems helping with financing their capital projects. As Matt Morris mentioned, they did look at utilizing the Bulloch County Public Facilities Authority as what they call a conduit issuer for bonds to fund this project, but as it turns out, the enabling legislation that created that authority prohibits it from being used for any project that is not specifically for the Bulloch County so that that was quickly ruled out, but Brooklet does have the ability to issue its own water and sewer revenue bonds and those can be structured in a variety of ways. You maintain quite a bit of flexibility with them and kind of speaking with Matt and Lauren about this project and having looked at the city's financials briefly for the

past few years, it looks like what may fit best is a water and sewer bond that you can stretch out over a long period, but have the option to pay off early or refinance when the situation allows, so that's what they initially looked at and what is contemplated in the draft intent resolution, that would seem to be the best and most cost-effective path forward is to be to do those water and sewer revenue bonds. The way they have initially looked at it based on the city financials and the customers the city expects to bring on, they have structured it as a 30-year bond, so the bond would be outstanding for up to 30 years, but you would have the ability to pay it off early or refinance it when the interest rate environment allows you to do so. They also in that structure, assume that it's going to take two years to get the project built and so there would be no payments. They structured it with no capitalized interest so that the city would have no payment obligations for the first two years of the bond and that is generally done in these kinds of projects, such that you can get the project built, bring your customers online and start producing the revenue that you expect to have to pay the bond debt service. Based on where the market is right now, that type of 30-year bond, they think would result in an annual payment once this payment start, about \$285,000 a year would be the payment, that again is based on the current market where interest rates are today, and if it were the Council's pleasure in order to get to that type of financing and closing and fund the project in that way, we will have to go through a series of steps with city. The first would be the intent resolution that is in the packets, which simply that states the cities intent to issue water and sewer revenue bonds, it does not obligate the city to issue them, so if a better option comes along before they get this put together, the city is certainly within its right to pursue a different path. It does not obligate the city to issue all the bonds that are in the intent resolution, and he thinks that they used just as a plug number, a high number that was probably more than the city needs, but that would be just for this intent resolution. Once the project came into better focus in terms of the scope and cost, after this intent resolution, they would start drafting the documents and such, and then they would come back to the city with an actual bond resolution that would have the specific final amounts in it. So, Mr. Monroe thinks that intent resolution with a number of \$4.7 million in it, but again, it does not require the city to issue any of those bonds or to issue all of them. It is just a kind of placeholder that allows the city attorney and themselves to start working on putting the documents together that are necessary to offer those kinds of bonds. Generally, with these revenue bonds, all of the fees are capitalized into the bond itself, so they're all payable from the bond. The city wouldn't have any direct out-of-pocket expense to issue these types of bonds and just for sizing purposes, it's usually around the neighborhood of 150 to \$200,000 for everything, so that would include all of the attorneys, the bond ratings that are required to market these kinds of bonds, the official statement that is put together to market the bonds to investors so that kind of an all in number if you will and again, those are, factored into the debt service number that he mentioned to the mayor and council so that \$285,000 a year would have already included the costs that are associated with doing this kind of bond.

Councilman Anderson asked, "What do we anticipate the bonds being?"

Per Trey Monroe, "So we put these numbers together on September 5th, and on that day we were projecting these bonds would carry a yield of about 4.55% and that would again be the 30-year structure, that's a fixed rate until you refinance it or pay it off. "

Councilman Anderson asked Matt Morris, "What things does Mr. Monroe anticipate to establish that bond rating with, so to speak, what things would Brooklet, need to be considered?"

Mr. Monroe stated, "To get a bond rating, we would have to have the city's financial statements, which I think are generally available, but at this point, you would not be expected to have June 30, 2023 financials available, but we would probably need at least some unaudited information for the year-end 2023 and then we look back five years, so we take the last five years of the cities audits, there's quite a bit of economic and demographic information that is pulled together. Most of that is information that we can get either from the Census Bureau or the state. So, there is some information that we can obtain readily ourselves. The bulk of the information in a bond like this typically is found and we lean on the engineers a good bit because there would be an in-depth report on the water and sewer system or the improvements that we're going to be constructing and we look at things like the historical customer counts, the historical water flows, your permits to make sure they're all in good standing, things like that. So, there is a deep dive into the system. But again, I would expect your engineer probably have a good bit of that information already. So, there's quite a bit, but we try to be as user-friendly as possible and obtain all the information to the best that we can from those kinds of sources and so from there once we compile all that, we submit a package to one of the national rating agencies generally, we find, I think Moody is probably to be the most friendly these days for this type of bond, but we would put together a package and send that to Moody's the bond rating. It usually takes them a couple of weeks to look at the information and then they go to their committee to ultimately assign the rating. For this bond, I would also expect it to be cost-effective to look at getting bond insurance from one of the national bond insurers. Bond insurance boosts the rating on the bond to AA and that allows it to be marketed at a lower interest rate than probably the rating you could obtain on your own, the city has good financials, but the city is small and sometimes the rating, it looks at all of that, so it looks at not only how you run your city, but all the economic and demographic statistics associated with it. So, if the rating was, a little bit lower than that AA category we would probably look to purchase bond insurance to boost the rating and market the bonds at a lower rate."

Mr. Monroe also stated that the insurance is a one-time premium that they pay out of the pawn proceeds. They projected it for this type of issue to be about \$35,000, again it is already included in those numbers that the mayor and council may have already seen and payable from proceeds of the bond. Generally, depending on which insurer they use, you could get a refund or a credit on the cost of that policy if refinance the bonds before the maturity.

The next step is the resolution next week and that resolution getting adopted allows Mr. Monroe to get this bond issued this year, and get that interest rate locked in perhaps late October or early November.

3.2. Proposed Sewer Ordinance

After a brief discussion, there needs to be a general overview of the proposed ordinance, and then from there, members of the council, need to read it and email any questions, concerns, or changes to City Clerk Phillips, she will email Matt Morris, City Consultant, the comments and he can make the changes requested and submit the new proposed ordinance to the attorney, the mayor, and members of the council to be reviewed by October.

3.3. Invoice# W3023 from RCR Services received on 08/19/2023, in the amount of \$1,866.81 to repair the 2008 Ford F-650

Add to the consent agenda to be approved at the September City Council meeting.

3.4. Invoice# PF00842 from Low Country JCB received on 08/18/2023, in the amount of \$3,018.09 to repair the Hydro Dig

Call about the warranty and add to the consent agenda to be approved at the September City Council meeting.

3.5. Leaning Pine Tree on West Lee Street at Winnie Way entrance

This tree is on private property per Councilman Gwinnett, no action will be taken by the city, it is the responsibility of the property owner.

3.6. Walking Trail

Councilman Graham wanted to revisit this matter, he reached out to Attorney Hugh Hunter and stated that he was interested in commissioning his professional legal services to assist in drafting a ballot measure that would propose the creation of a walking trail along the right of way designated for the aforementioned sewer pipe. This trail would serve to enhance the community's recreational opportunities and promote pedestrian connectivity in our area. Attorney Hunter replied, "There may be other ways to similarly address the walking trail matter that you inquire about, but it is my opinion that it would not be a proper matter for referendum. First this is not a subject matter that the legislature has authorized for a referendum such as a referendum for the package sale of distilled spirits that is required by state statute. Second, the City of Brooklet owns that portion of the right-of-way in the city limits of Brooklet under a deed from the Statesboro Telephone Company, a.k.a. Frontier Communications of Georgia, Inc. dated September 7, 1995, Deed Book 1039, page 137, Bulloch County Records. Section 1-4 (19) vests power in the City Council to administer the use of City property by the public. Thus, the decision regarding how the property is used by the public must be made by the City Council and is not the proper subject for a referendum. See *Patterson v. City Council of Sparta*, 175 Ga. App. 819, 334 S. E. 2d 725 (1985). "Acts which are simply advisory or an expression of public opinion generally are not subject to referendum. 42 Am. Jur. 2d, Initiative and Referendum, §12. It would, in my opinion, be an improper expenditure of public funds to seek an advisory opinion from the public by referendum. Having stated the foregoing, it would not be improper to bring the matter back before the Council. It would also not be improper to initiate a petition to be circulated among citizens of the town in support of or against the walking trail and present the same to the Council for whatever consideration Council may give it."

3.7. Review of quotes received for purchasing a laptop to be used in court for viewing body camera videos.

Add to the consent agenda to be approved at the September City Council meeting.

3.8. BCDA Peanut Festival Sponsorship and fee for renting the Randy Newman Community Center.

It was discussed that the \$1500 fee for so-sponsorship be waived and that we currently charge BCDA \$100 per meeting to use the facility with no time limitations. A typical meeting would be 2-4 hours and the non-reduced charge is \$350. Based on that existing fee structure, the BCDA charge is 28.6% of the actual charge. If we apply that same level of discount (28.6%) to the "festival grounds" of \$1,000 the daily charge for that would be \$286. Under this structure, BCDA would pay \$100 for Friday of the Peanut Festival plus \$100 for Saturday for the use of the Community Center and \$286 for the festival grounds on Saturday plus \$100 for the Community Center on Sunday for

cleanup. The total for using the entire facility would be \$586. More discussion will follow.

3.9. Bulloch County Elections fee for renting the Randy Newman Community Center to hold the county elections in 2024

As discussed previously for Bulloch County Commissioners, we would need to lower that expense by \$14 from \$600 per election to \$586. The equipment arrives the day before the election for set up (\$100), the day of the election they have to rent the entire festival grounds for parking plus the building (\$286 (28.6% of the actual cost) plus the rent of the Community Center of \$100, plus the day after the election while waiting on the equipment to be retrieved for a total of \$586...Or, we could view it as \$100 for 3 days and not charge for the "parking" all over the festival ground...a total for each election period of \$300. Also, we need to enter a government agreement with Bulloch County on a greater level. More discussion will follow.

3.10. 2023 Rollback Mileage Rate

City Clerk Phillips received the tax digest from Leslie Deal Akins, Lori was able to put all the numbers in play in the PT 32.1 form, which determined that we would to accept if we do not want to have three public hearings. If we don't want to raise taxes, you will need to accept our proposal, the rollback rate of 6.038. Last year, the mileage rate was 6.0846 which would mean after much arguing, debating, fighting, and all of the pieces that go along with it, Brooklet has for the last four years rolled the mileage rate back each year, which is what we should do. In essence we will we will achieve or projected to achieve \$13,000 more dollars in taxes than previously, but that's because of the way you compute a mileage rate. The mills are based on the per thousand and that's at the 40% assessed value. So, in short, this number is more slightly more, not significantly more, but slightly more than what we budgeted in the tax payments of our FY24 budget. Add to the consent agenda to be approved at the September City Council meeting.

3.11. Bid Opening Result - 2023 Brooklet Street Improvements

Bids were received and opened for the 2023 Brooklet Street Improvements (PE23190) on September 14th, 2023 at 11:00 AM. Since the low bidder has adequate experience and technical ability to complete this project, Parker Engineering recommends the project be awarded to McLendon Enterprises, Inc. in an amount equal to the base bid amount of \$571,586.97. Add to the consent agenda to be approved at the September City Council meeting.

3.12. GovDeals Auction to auction off one police car and the John Deere Tractor

Due to the employees being busy preparing for the peanut festival, there has not been any time for advertising the items. Once the festival is over, we will resume this discussion.

4. ADJOURNMENT

Motion to Approve

Motion: Brad Anderson

Second: Nicky Gwinnett

Ayes: Brad Anderson, Nicky Gwinnett, Rebecca Kelly, James Harrison, and Johnathan Graham

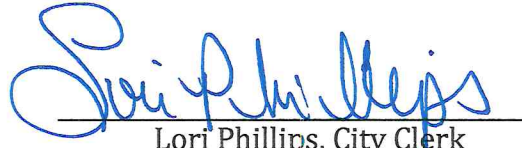
Nayes: None

Motion carried 5-0

Approved this 31 day of March, 2024.



L.W. (Nicky) Gwinnett, Jr. Mayor



Lori Phillips, City Clerk