

MINUTES REGULAR COUNCIL MEETING

CITY OF SHEPHERDSVILLE,

MONDAY, March 14, 2011

Pastor Randy Pace with Family Worship Center gave the invocation

Pledge of Allegiance was recited

Mayor Ellis thanked called the meeting to order at 6:30 p.m.

In attendance were Council members Bernie Brown, Don Cundiff, Bonnie Enlow, Larry Hatfield, Faith Portman and Alan Wetzel.

Mrs. Enlow made motion to dispense with reading of the minutes from the March 28, 2011 Council meeting. Mrs. Portman 2nd. Motion carried 6-0 absent. Mrs. Portman made motion to approve the minutes. Mr. Cundiff 2nd. Motion carried 6-0 absent. (Mr. Hatfield requested the City Clerk listen to the CD and add more of Corky Miller's comments on the fire tax issue to the February 28th minutes.)

Old Business:

Marty Brown with Public Finance again addressed the Council on the progress being made with City and Sewer funds financial situation. He reported that the sewer construction fund was fully depleted in October of 2010 and it was known at that time that there was not enough money to pay Judy Construction per their contract. However they were kept on the job even though the City had no reasonable means of honoring the construction contract. Mr. Brown stated it was not known whether or not officials of Judy Construction were told that the construction fund was depleted and they chose to stay on the job. Mr. Brown also reported that sewer construction fund money was used to make at least three regularly scheduled payments on the \$18 million KLC lease; those payments total more than \$270,000. This is in addition to the proceeds that were transferred to the general fund from fiscal 2007 through fiscal 2010. Mr. Brown stated the KLC lease transaction was not structured properly given the sewer construction project would take place over a period of several months, or possibly years. He gave the example: payments on the lease began one month from closing. A properly structured utility bond transaction would allow for a construction period on would include as much as 3 years of capitalized interest to fund payments until the project was online and producing revenue. Mr. Brown reported that Qk4's engineers are still sorting through the disbursements but at this point we know that the portion of the project intended to be built by City employees went over budget and that bond, lease and other construction funds were used for payments of those overages. Engineers estimate that the Highway 480 project will require an additional \$2 million to complete to the satisfaction of the US EPA. Mr. Brown stated there were clear violations of the general principles that govern fund accounting. Money intended for one purpose was mingled with and spent for something else entirely, leaving the whole project short of money and incomplete. The City should have established separate funds for various parts of the sewer project. Revenues and expenses should have been allocated to those funds accordingly. That way, problems in one area of the construction project could have been visible earlier and could have been handled while they were still small. Mr. Brown reported the Beam contract is helping to cover the sewer debt burden. The company is obligated to make minimum payments totaling \$700,000 per year for five years. This leaves the sewer project approximately \$1.4 million per year short of the revenue necessary to pay debt service. Mr. Brown also stated the KLC transaction clearly prohibits additional parity borrowing without written consent from KLC. The KIA transaction that was completed subsequent to the KLC lease is subordinate to the KLC deal. If the City were in good financial condition, obtaining consent to borrow additional money would not be a problem. As things stand now this provision effectively prohibits additional sewer borrowing. Mr. Brown also reported that two weeks ago he indicated that they were close to making recommendations regarding the general fund. He stated they are still close in terms on what the general fund requires to be made whole in isolation. However, discovery that the

sewer fund is effectively shut out of borrowing additional money means we need to reevaluate how to structure one or more general obligation transactions that would support sewer operations. Mr. Brown recommended that when it is time to work on the fiscal 2012 budget each member of the Council be assigned to one City department for the purpose of developing that department's budget. This will make the budget process more transparent and increase Council involvement in and knowledge of the budgeting process. Mr. Hatfield suggested each Council make time to sit down with Mr. Brown one on one to discuss these matters.

Mr. Hatfield made motion to pay highlighted city bills (\$82,738.06); sewer bills (\$157,212.56) and MAP bills (\$5708.73). Mrs. Portman 2nd. Motion carried 6-0 absent. City Clerk Richmond stated that after researching the D & D Utility bills they were found to be legitimate charges to the City. The Council agreed to put them back on the bill list.

City Attorney Joe Wantland had second reading of Ordinance 011-793 closing alley on Highway 44 West between property of Joe and John Sohm. There was no public comment. Mrs. Portman made motion to approve. Mr. Cundiff 2nd. Motion carried 6-0 absent.

New Business:

City Attorney Joe Wantland had first reading of Ordinance 011-(number to be assigned) providing for closing/abandoning a portion of unimproved alley formerly known as North Street/Hogland Street running southeast from Highway 44 West as a public was maintained by the City. Mr. Wantland stated the next reading will be on March 28th.

Mrs. Portman made motion to approve Layne Troutman as Chief of the Shepherdsville Fire Department. Mr. Cundiff 2nd. Motion carried 6-0 absent. City Attorney Joe Wantland swore Layne in as Chief.

Planning & Zoning update- Daryl Lee: No Report

Board of Adjustment update- Duane Price reported there was one request for a conditional use permit by Samuel and Vicki Dever to allow the applicant to create a family cemetery on their property located at 200 Koi Way in Shepherdsville. The zoning is Agricultural.

Sign-in Speakers:

Clayton Jackson addressed the council offering ways to raise revenue for the City. He suggested taking the additional 2% insurance tax from the County; selling City property; and collecting occupational taxes not being collected now. He offered his help and gave his phone number to call if we needed him.

Corky Miller addressed the Council as Chairman of the Civil Service Commission. He stated he has read the Ordinance extensively and the City needs to be aware of violating hiring applicants who do not have the correct qualifications for a job with the City.

Steven Bunch with Bunch Brothers Auctioneers again addressed the Council about auctioning off equipment no longer being used. He stated that March 18th is the deadline and the next auction is April 19th. He stated the reason for the March 18th deadline is to get advertising ready. Ads are extensive and mailed out to an in-house mailing list. Mr. Hatfield stated he would like more input before moving forward. He stated he has a lot of local contractors who would like to bid on the equipment. Mr. Hatfield asked when the next auction was. Mr. Bunch stated the next auction would not be until December. Mr. Hatfield also stated the Council needs to determine what equipment to keep and what to get rid of. The Council concurred that we would not participate in the April auction.

Jamie Weck addressed the Council regarding the fire tax. He inquired is the City was any closer to resolving the situation. City Attorney Wantland told him no, we had not been to court on the matter; but we are getting ready to go to court. Mr. Weck asked about being double taxed, when he can stop paying two fire taxes. Mr. Wantland thinks that should come off this year. The Judge said Shepherdsville has a regular fire department. It's a matter of the Judge handing down that ruling. But Mr. Wantland also stated Southeast Bullitt will probably file something to further hold up a decision.

Ronnie Akridge addressed the Council with questions for the Mayor. He inquired as to how much liability insurance the City has. The City Clerk stated \$1 million. Mr. Akridge asked if anything goes over the \$1 million coverage, who pays? Where does the money come from? He stated he wants accountability for the equipment. And he also stated that the Beech Grove Road-Highway 61 area is trashy with signs everywhere. The Mayor instructed Claude to jerk the signs down the next day.

Departmental reports:--None

Council reports:

Larry Hatfield asked about the employees who have spouses on the insurance that can get insurance through their employers. He stated we need to do this now.

Bonnie Enlow thanked the fire department for the job they did on the Moby Dick fire. Zoneton, Mt. Washington and Shepherdsville all worked together on this. It was good to see.

Mayor Ellis asked the Council what department they would like to work with on the budget. Mr. Hatfield will work with Sewer; Mrs. Enlow will work the fire; Mr. Cundiff will work with Public Works; Mr. Brown and Mrs. Portman will work with the police; Mr. Wetzel and Mayor Ellis will work with the City. The City Clerk will have budget line item breakdowns in Council boxes by end of the week.

Motion by Mrs. Portman to go into Executive Session to discuss litigation and personnel. Mrs. Enlow 2nd. Motion carried 6-0. Adjourned to executive session at 7:45 p.m.

Motion by Mrs. Portman to reconvene to regular session. Mr. Cundiff 2nd. Motion carried 6-0. Reconvened regular session at 9:04 p.m.

City Attorney Joe Wantland stated discussion was held on the scheduled for the Civil Service hearing for Mr. Puckett and that he had been directed by the Council to contact outside sources for assistance in the probe of City finances.

Motion to adjourn by Mrs. Enlow. Mrs. Portman 2nd. Motion carried 6-0. Meeting adjourned at 9:06 p.m.

R. Scott Ellis, Mayor Tammy Richmond, City Clerk