



MINUTES
SPECIAL CITY COMMISSION MEETING
THURSDAY, NOVEMBER 5, 2009
11:30 A.M.

The Special Meeting of the City Commission was held at 11:30 a.m. in the City Commission Room. Mayor Pro-Tem Bruce Snead and Commissioners James E. Sherow, Loren J. Pepperd, and Jayme Morris-Hardeman were present. Also present were the City Manager Ron R. Fehr, Assistant City Manager Jason Hilgers, Assistant City Manager Lauren Palmer, City Attorney Bill Frost, City Clerk Gary S. Fees, 2 staff, and approximately 5 interested citizens.

PLEDGE OF ALLEGIANCE

Mayor Pro-Tem Snead led the Commission in the Pledge of Allegiance.

**FIRST READING - ISSUE STAR AND TIF BONDS; RESOLUTION NO. 110509-A
- AUTHORIZE SALE - STAR AND TIF BONDS**

Jason Hilgers, Assistant City Manager, informed the public that Mayor Strawn could not attend today's Special City Commission Meeting due to a death in his family. He then presented an overview on the item including the rating agencies; TIF and STAR Bonds summary and schedule; TIF and STAR Bonds proceeds; Bond parameters; summary of North TIF Bonds closing; and, provided a summary of Downtown Redevelopment TIF Bonds flow of funds with a low and high scenario. He then responded to questions from the Commission regarding the burn off provision, associated costs with the proposed plaza, and range of scenarios for flow of funds for TIF A Bonds from \$16.8 million to \$18.4 million, depending on the market.

Joe Norton, Gilmore & Bell, provided additional information on the item and responded to questions from the Commission regarding the bonds, interest rates, available proceeds, debt factor considerations, and bond ratings and rating agencies.

Jason Hilgers, Assistant City Manager, provided additional information on the rating agencies and the voter-approved USD 383 school bond debt that was also considered by the rating agencies. He then responded to questions from the Commission regarding STAR and TIF Bonds and projected revenue sources identified in the district.

Andy Kane, D.A. Davidson, provided the Commission with additional information on the ratings provided by Moody's, Standard & Poor's, and Fitch. He informed the Commission that rating agencies consider all debt burdens and must include all indebtedness of the City in their ratings.

**FIRST READING - ISSUE STAR AND TIF BONDS; RESOLUTION NO. 110509-A
- AUTHORIZE SALE - STAR AND TIF BONDS (CONTINUED)**

Commissioner Pepperd stated that as Dial proceeds quickly on developing the North End, that it will help the South End district too.

Commissioner Sherow voiced concern with the narrative on the Discovery Center provided by Fitch.

Bernie Hayen, Director of Finance, informed the Commission that he has sent a narrative clarification to Fitch on the Discovery Center.

Andy Kane, D.A. Davidson, responded to questions from the Commission on the analysis conducted by the rating agencies and provided an overview of the current and recent bond and financial markets.

Bernie Hayen, Director of Finance, presented the Commission with information regarding the annual appropriation funding that would be part of the annual budget process. He said the City will budget \$6.7 million in sales and property tax revenues related to the Redevelopment area and, \$6.7 million in annual principal and interest payments related to the STAR/TIF Bonds issued. He stated that if a shortfall occurs in sales or property tax revenues for payment of either STAR or TIF Bonds, then, the amount needed would be made up from the following sources, as needed, including: the North TIF Fund, Security Bank (Bond Trustee), Bond & Interest Fund, and the General Fund. He said that although an annual appropriation by the City is not likely to occur according to conservative projections of Downtown Redevelopment revenues, it is anticipated that the revenue sources identified would be used should a revenue shortfall occur. He then responded to questions from the Commission regarding the timing of the budget and the annual appropriation.

Ron Fehr, City Manager, provided additional information on the annual appropriation funding and reserves.

Bernie Hayen, Director of Finance, informed the Commission of the forecasting that is being done and stated that having appropriate reserves in-place is a high priority for bond rating agencies.

Rick Kiolbasa, Dial Realty, provided the Commission with an update on the North End development and stated that he looked forward in continuing to work on this project.

Ron Fehr, City Manager, and Jason Hilgers, Assistant City Manager, provided an overview on the issuance of STAR Bonds and on the outstanding note with Key Bank for land costs that will be called. They also outlined the process for the Discovery Center and work to be completed with the Kansas Department of Commerce.

**FIRST READING - ISSUE STAR AND TIF BONDS; RESOLUTION NO. 110509-A
- AUTHORIZE SALE - STAR AND TIF BONDS (CONTINUED)**

After discussion, Commissioner Sherow moved to approve first reading of ordinances issuing STAR and TIF bonds and approve Resolution No. 110509-A authorizing the sale of STAR and TIF bonds. Commissioner Morris-Hardeman seconded the motion.

Commissioner Sherow stated that he was pleased where the project is today and with the amendments approved for the South District. He voiced his pleasure in getting the project off the ground and was looking forward to seeing construction continue apace.

Commissioner Pepperd stated that this effort has been going on for a long time and is a big step for Manhattan. He also voiced cautious concern as the City proceeds forward and stated that the City is responsible for the public interests, for its taxpayers, and needs to be good stewards of tax dollars.

Commissioner Sherow added that being good stewards of City finances is very important and that prudent steps have been taken to help ensure that that this will not fall on the property taxpayers of Manhattan. He stated that this is a very big step and was excited about the future of this development.

Commissioner Morris-Hardeman stated that she was comfortable that the City has done all that it can to protect the taxpayers of Manhattan. She said that there is a dedicated revenue source to pay for the debt and was excited to see the project moving forward and for construction to begin.

Mayor Pro-Tem Snead informed the public that it was December 1, 2006, when the City announced approval for STAR Bonds from the State of Kansas. He stated that prudent fiscal management has positioned the City to move forward with this project and that redevelopment is a difficult and challenging task. He commented about the vision, plans, and market conditions that have occurred and stated that he looked forward to selling the bonds and beginning construction.

On a roll call vote, motion carried 4-0.

ADJOURNMENT

At 12:48 p.m., the Commission adjourned.



Gary S. Fees, MMC, City Clerk