

# CITY COUNCIL MINUTES SPECIAL MEETING

APRIL 11, 2011

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Mayor Joe LaCascia called the meeting to order at 5:00 p.m.

## **ROLL CALL**

Mayor Joe LaCascia, Vice Mayor Trudy Block, Councilor Nancy Adorno-absent, Councilor Mike Blethen, Councilor Don Kimsey, City Attorney Thomas Cloud, and City Clerk Jackson. Also present was Gerry Hartman, GAI Consultants.

A quorum was established.

## **NEW BUSINESS**

### **Water and Wastewater Operation Optimization Plan / Water and Wastewater Financial Optimization, Revenue Sufficiency and Rate Study**

Mayor LaCascia turned the meeting over to Jerry Hartman.

Mr. Hartman gave an overview of the reports, and advised he would like City Council to accept and approve the reports (a copy of the reports will be on file in the City Clerk's Office for review). Some of the items highlighted in Mr. Hartman's overview are as follows:

#### **Report #1 – Water and Wastewater System Operation Optimization Plan**

- Discussion of the two wastewater treatment plants – the Mt. Olive WWTP reached its available usage before the City took it over; he then went over the usage at each plant.
- Ability to shut down the Mt. Olive System and make it a reclaimed water system
- Two pump stations at Mt. Olive are substandard; additional upgrades in the Mt. Olive system; have met with FDEP and they are happy with the future concept of seeing the Mt. Olive WWTP being decommissioned.
- Water Production Facility has a need for three new raw water meters
- CDBG Grant in the amount of \$650,000 for water project
- Mapped out meters in the system
- In the open forum discussed between the County and City; the County expressed their wishes that those users outside of the city limits not being charged the 25% surcharge (the ones not part of the Mt. Olive System); they would like for everyone outside of the city being treated same as those inside the city limits. This is one of the conditions the County would like to impose
- Have plenty of wastewater capacity – can serve more with transmission system

- Water Interconnects with Auburndale and Lakeland; if we have a problem with our system, we can purchase water from them. This also assists with any disaster preparedness measures
- Pressure sustaining valves for interconnects-- \$50,000 provision (Section 4, page 4.1)
- Total cost estimates for water and wastewater improvements is \$1,370,000
- Water and Wastewater Capital Needs – Mt. Olive WWRF and Pump Station, Mt. Olive Street Pump Station, Cardinal Hill WWTF and Pump Station, Preliminary Design Report and Permit for water and Wastewater System Improvement, retrofit three (3) pump stations
- Operational and Maintenance Savings
- Regulatory Review – City is compliant
- Implementation Schedule of Proposed Projects
- Ultimate Wastewater utility Configuration Summary
- These reports delineates new monies, requirements, capital improvement and Savings

Mr. Hartman then had discussion with Council as follows:

- Councilor Blethen asked about the expense – Mr. Hartman advised approximately 1.3 million, which could possibly come from County/State/Federal Government; Mr. Hartman also advised for the interconnects, they will submit for a grant. Mr. Hartman and Councilor Blethen also discussed the bond monies, and having sufficient funds to do some of the projects – the City would have to look for other grants and/or loans if no bond money. Discussion then took place regarding the Mt. Olive WWTF, and what would happen if it wasn't shut down – the plant would have to be repaired, which would cost about the same and shutting it down.
- Mayor LaCascia then discussed infrastructure and repairs to pipes, etc. Mr. Hartman advised if it is in the right-of-way, that would be the city's responsibility; however, if it is on private property, that would fall to the property owner. Discussion took place regarding pipes (sewer) having cracks, root problems, and also regarding water lines. Mr. Hartman advised we may be able to do additional CDBG programs if the integrity of the pipelines is suspect.
- Councilor Kimsey questioned the cost estimate that was given by Mr. Kniffin of two million dollars regarding the replacement of sewer lines in the Golden Gate area; he was advised Mr. Hartman's assessment is more accurate. Mr. Hartman also suggested the lines be televised. Mayor LaCascia advised he has seen some of the videos. Vice Mayor Block advised Mr. Kniffin had a plan that was speculative, but it has been reworked. Mr. Hartman advised with the videos you can see locations. Discussion then took place regarding the backed-up sewer lines and damage that was done to customers' homes; Councilor Blethen advised some of that were root problems. More discussion took place regarding the collection lines and costs involved in repair/replacement.

Mr. Hartman then went over Report #2 – Water and Wastewater System Financial optimization, Revenue Sufficiency and Rate Study as follows:

- Existing rates and charges
- Financial Optimization (Section 4) – Table 4-1, Debt Service Comparison Before and After Optimization Refinancing (page 4.3)
  - In pro-forma looking into the future
  - Removal of outside city surcharge for 169 water-only customers
  - Looked at meter sizes and usage – certain larger meters are using significantly more water and under the Capital Recovery Charges when that situation occurs, the City can charge by ERC's; as it stands, other customers are subsidizing the loss. Councilor Blethen asked for that to be explained, and Mr. Hartman explained how the ERC's worked. It will impact those using a tremendous amount of water i.e. Polk City Elementary
  - Additional Base Charges for Actual Usage – base charges based on meter size; however, some customers use more ERC's in actual practice. Two major commercial water users in the City that fall into this category are Fantasy of Flight and Lelynn RV Resort
  - Update and additions to miscellaneous charges – some will be increased and new ones will be put into place
  - RV Septic Tank Dumping – discussed putting a dumpsite at plant for RV's – they create higher levels of treatment at the Wastewater Treatment Plant
  - Went over Escalation factors after optimizations through Fiscal Year 2016
  - Miscellaneous Charges
  - Revenue Sufficiency after optimizations (Water and Wastewater) -- 10% revenue growth in about six years, which is small; have not included growth – looked at growth as being stagnate. Attorney Cloud mentioned some of the older studies that have been done; Mr. Hartman advised those projections were off significantly; however, these are solid projections. He mentioned the \$5,000,000 errors and omissions policy, and he stands by these projections.
  - Mr. Hartman briefly discussed looking at a refinancing program and debt service and interest rates. Councilor Kimsey asked at what interest rate; Mayor LaCascia referred to pages 6-5, second paragraph whereby it is recommended to leave the current rates unchanged. The sewer cap will be reduced from 12,000 to 11,000 gallons.
  - Mayor LaCascia read from that paragraph. Mayor LaCascia also referred to page 7-2 and the number of options – leaves rates at current rates, and also recommends the 25% outside city surcharged be dropped; he also mentioned the reserve and replacement accounts. Mr. Hartman will be working with staff and give the city a financial model. Mayor LaCascia advised the city can implement, monitor and adjust as we go along. Mr. Hartman advised a comprehensive review would be

done every three years. Mayor LaCascia asked if Option #4 – R&R relates to the bond issue summary regarding the \$600,000; Mr. Hartman advised no. Mr. Hartman then briefly discussed the debt service and bond covenants. Renewal and Replacement is different. Councilor Blethen asked what the legal side in keeping the reserve amount. Attorney Cloud advised legally, no for the renewal and replacement fund; however, it is highly recommended that every utility have a renewal and replacement account – you have something put away for a raining day. When Pam Lawson was questioned, she advised she is working with the Auditors and financial person to get where we need to be. We currently have nothing in renewal and replacement. Pam advised we are in a better place this year.

Mr. Hartman suggested that Council accept both reports. Vice Mayor Block made a motion to accept the Water and Wastewater Operation Optimization Plan Report and the Water and Wastewater Financial Optimization, Revenue Sufficiency and Rate Study Report; the motion was seconded by Councilor Blethen. There was not discussed, but Councilor Kimsey clarified it is just to accept the reports.

Roll Call: Councilor Blethen-aye, Councilor Kimsey-aye, Mayor LaCascia-aye, Vice Mayor Block-aye

4-ayes  
0-nays

The motion carried.

## **PUBLIC HEARINGS**

**Ordinance 2011-1276, an Ordinance of the City of Polk City, Florida; amending Sections 74-36, 74-37, 74-61, and 74-202, Polk City Code; ratifying and modifying the Polk City Exclusive Service Area; making certain findings; defining and designating the City’s exclusive retail water and wastewater service area; ratifying and modifying requirements for mandatory connection to City Utility Systems; providing for severability; providing an effective date**

Mayor LaCascia read Ordinance 2011-1276 in short title and turned it over to the City Attorney for explanation of what this Ordinance is about. Attorney Cloud advised the way the current code is written there are two pieces – water from 2002 and sewer from 2008 and they don’t match. This ordinance is clarifying what the requirements are. Attorney Cloud made it very clear that under no circumstances does it require Stevens Road to connect; however, on page 7 (d) (2) there will be a clause added that says “but shall not include water mains providing fire and industrial service only. Attorney Cloud also advised another point of concern was the service area overlaps; the service area was redrawn to exclude what Lakeland is current serving.

Mayor LaCascia opened the Public Hearing.

Helen Heffner, 10479 Steven Drive, wanted to confirm it was not mandatory. She then asked about the Cardinal Hill plant being the permanent wastewater facility; Mr. Hartman advised we are going to utilize that facility; the permit his revised every five years, and the City will be renewing it.

Jim Abbott, 605 Lakeshore Drive, advised he is not a resident and asked if he would be impacted by this. He has a well and is not currently on city water. After brief discussion, Attorney Cloud advised it is not the City's intention to cause anyone to connect. Councilor Kimsey then asked about WAC and SAC; Attorney Cloud advised that has been reorganized. Mr. Hartman advised when the City took USDA funding, these are the standard connection provisions – it does not require irrigation, but it does require potable water; if not connected, it would have to pay for availability.

George Push, 1111 Magnolia, mentioned that Winter Haven had a similar situation. Mr. Hartman advised he was involved with that; Garden Grove was not a USDA funded project, which is not the case here (this is a Federal Government Funded Project).

Dwight Kitchens, 410 Travelers Drive, commented the City should provide a letter to every well owner; Mr. Hartman and Attorney Cloud explained provisions.

Mr. Abbott, 605 Lakeshore Drive, suggested the working be retooled regarding intent. Attorney Cloud will work on.

Alice "Two Feathers", 10488 Steven Drive, appreciates the stipulated that will be added. She then mentioned the environmental impact and the turtles that are protected, and also discussed the possibility of using the line for other housing and what guarantee was not having to hook up to City. Attorney Cloud advised there are no guarantees; he can only speak to what the intent is. Vice Mayor Block advised she can come to the City Manager's Office.

Lisa Shifflett, 234 Bayberry Drive, referred to Page 2, Item #8 and asked about any risk of contamination – does it mean all water wells will be forced on city water. Attorney Cloud advised this is about cross-contamination. Mr. Hartman explained that contamination is when private un-chlorinated water goes into public chlorinated water. If you have a private well, you cannot run a line to the city system and connect. When Lisa asked why people do that; Attorney Cloud advised that we have that happening; it requires a backflow.

Mayor LaCascia closed the Public Hearing. Councilor Kimsey wanted to clarify that the City is not going to be requiring anyone with a well to hook up. Mr. Hartman advised we do not want someone who has a well to tap it onto the potable system because of contamination issues. We do not allow cross-connections.

Vice Mayor Block made a motion to accept Ordinance 2011-1276 with the amendment; the motion was seconded by Councilor Blethen.

Roll Call: Councilor Kimsey-nay, Vice Mayor Block-aye, Councilor Blethen-aye, Mayor LaCascia-aye.

3-ayes  
1-nay

The motion was carried.

**Ordinance 2011-1277, an Ordinance of the City of Polk City, Florida; amending Sections 74-69, 74-91, 74-94, 74-97, 74-122, 74-222, 74-224, 74-226, 74-255, 74-257, 74-259, 74-263 and 74-264, Polk City Code; repealing Section 74-260, Polk City Code, as superfluous; creating new Section 74-260, Polk City Code, entitled “Other Rates, Fees & Charges”; modifying certain water and sewer rate regulations; providing findings; updating certain miscellaneous charges; modifying the basis for billing base monthly charges from meter size to ERCs; modifying ERC value to 300 gpd for Water ERC and 250 gpd for Sewer ERC; modifying and renaming the Water and Sewer Availability Charges as Readiness to Serve charges; providing for severability; providing for conflicts; providing an effective date**

Mayor LaCascia read Ordinance 2011-1277 in short title, and opened the Public Hearing.

Mr. Eigenbrodd, 4913 Shoreline Drive, asked how the City proposed to apply the RV dumping fee. Mr. Hartman advised you would drive to the Wastewater Treatment Plant and dump; if you don't want to dump, there would be no charge. Mt. Olive Shores has a dump station at their house and there would be no charge for that. Mr. Hartman advised there are those that do not have facilities.

Tom Crowley, 636 Meandering Way, thanked Mr. Hartman for the clarification. He then referred to page 6, Section 74-69B, Note #4, it should be .67 not 1; he was advised this will be corrected.

Lisa Shifflett, 234 Bayberry Drive, asked about residents who do not have sewer and does not have an irrigation meter as it pertains to ERC's with a household of four to five people who also waters their grass and the usage exceeds 9,000 gallons. Attorney Cloud advised it could be applied only if it exceeds 18,000 gallons a month on an average basis. Attorney Cloud and Mr. Hartman then went over the ERC's and how they apply. A question was then asked about Section 74-226 – Calibration. Mr. Hartman advised the City will look at the meter without a fee; however, if the meter has to be removed and sent to a different location, the cost will be \$150; the City was losing money and this fee is cost-recovery. Mrs. Shifflett advised some of the issues were just not meter related, but interfacing. Vice Mayor Block addressed that; she also went over what some of the other cities were charging. The calibration provision deals with meter testing and calibration.

Dwight Kitchens, 410 Travelers Drive, commented on the purpose of impact fees – they cover future capacity; he commented the sewer connection fee (hook-up fee) seems high. Mr. Hartman advised the impact/capacity fee is for capacity utilizing buy-down capitalization cost. It was also noted that Section 74-263 the cost of living should be stricken from the rate increases. The readiness to serve charge was also discussed – his concern is most places charge to current customers, not those that are not currently hooked up to the system. He asked if other jurisdictions were looked at; Attorney Cloud advised he has.

Jim Hill, 302 Broadway, asked about ERC's --300 gpd and 250 gpd.

Jeff Lynn, 1513 State Road 559, addressed ERC's – until the City gets to this point, what will it do to their water bill. Mr. Hartman explained the historical aspect – until the City has 12 months of history, it is hard to say; they will go off the previous 12 months. Mr. Lynn then asked about the fire line; Attorney Cloud advised the only change to this was taking off the outside city rates. The fire line fees were very low and the City was under-covering cost. Councilor Kimsey commented about the meters giving faltering reading. Discussion took place regarding meters were originally installed by the City of Lakeland, they were changed out about two years ago to a radio read and went from a 1" to 2" meter and the bills may not have been correct. The meter was changed once again in February by Woodard and Curran; Mr. Lynn would like an Engineer to sign off to say it was done properly. Councilor Kimsey advised Frank was looking into some of the problems. Pam Lawson, Finance Director, advised the billing program had no billing errors. Vice Mayor Block advised the City has updated the readers and software; as meters are changed, they are changed from Master Meter to Neptune. Vice Mayor Block also advised we are having less issue now than in the past. Troy, who is with Woodard and Curran, addressed the issue with LeLynn RV Resort. Mayor LaCascia asked if they are working together; Troy advised they are, and he will get an Engineer in.

Mr. Topolski, 416 Travelers Drive, asked for clarification about the dumping station and the "Readiness to Serve Charge." Attorney Cloud advised the "Readiness to Serve Charge" is more appropriate than WAC & SAC. Mr. Topolski then questioned why it would apply to him – he has looked at other jurisdictions and doesn't believe it is legal (he did not look in the State of Florida). Attorney Cloud advised Florida has a lengthy 40-year history of validating the charge (Mr. Topolski asked for a list). Brief discussion followed between Attorney Cloud and Mr. Topolski.

Cindy Hofeditz, 314 Nolane Lane, feels the only way to make this right is to vote no (she had sent an email).

Susan Borsjé, 210 Bayberry Drive, addressed the disconnection fees and late fees; feels the due date on the water bills should be changed. Pam Lawson, Finance Director, advised the due date was changed to make money; the City used to have a two month window, and the Auditors advised the City needed to tighten down on the cut-offs. The utility bill goes out on the 10<sup>th</sup> of the month and a customer has until the

25<sup>th</sup> of the month before a late fee, and then another 10 days to pay before the service is cut-off. Councilor Blethen asked about people coming in and the City working with them; Pam advised customers can come in up until the day of cut-off. Mayor LaCascia questioned if the City was working with people that are having problems, but it seems that we are. Councilor Kimsey asked how much revenue was generated this month by cutting off and turning back one. The City will also do a one time waiver fee; the revenue was about \$2,000; Councilor Blethen asked if there are repetitive customers, and Pam advised they are.

Ms. Hice, 1214 Motorcoach Drive, advised she hasn't received her water bill and it is due on the 25<sup>th</sup>. Pam Lawson advised the City tries to get the bills out around the 10<sup>th</sup> of the month; if they are sent out late, the City will give extra time to pay. Mayor LaCascia asked Ms. Hice to come in.

Dwight Kitchens, 410 Travelers Drive, asked for references from Florida. He then questioned vacant property being billed (Readiness to Serve Charge).

Mayor LaCascia closed the Public Hearing.

Councilor Blethen clarified that the rate increase (CPI) will be taken out.

Vice Mayor Block made a motion to approve Ordinance 2011-1277 with the deletion of language on the CPI; the motion was seconded by Councilor Blethen.

Roll Call: Mayor LaCascia-aye, Vice Mayor Block-aye, Councilor Blethen-aye, Councilor Kimsey-nay

3-ayes  
1-nay

The motion carried.

**Ordinance 2011-1278, an Ordinance of the City of Polk City, Florida, authorizing the issuance of not exceeding \$9,000,000 Water and Sewer System Revenue Bonds, Series 2011 to finance the costs of certain improvements to the system and to refund certain outstanding obligations; pledging a lien on the net revenues of the combined Water and Sewer System to secure the payment thereof; providing for the rights of the holders of such Bonds; Ordinance No. 1001 and Resolution 98-27; providing certain other matters in connection therewith and providing an effective date**

Mayor LaCascia read Ordinance 2011-1278 in short title, and opened the Public Hearing (Vice Mayor Block left the meeting at 7:26 p.m.)

There being no comments or questions from the public, Mayor LaCascia closed the Public Hearing.

Councilor Kimsey advised he requested a couple of months ago to have referendum; we as a body will do what we want to do. He believes if we sign the loan package to further the sewer system that the County's says we cannot afford to pay, a referendum should be scheduled (Vice Mayor Block returned to the meeting at 7:30 p.m.).

Councilor Kimsey advised he would vote against the Ordinance. Vice Mayor Block asked Councilor Kimsey what thoughts he had to make him vote against this Ordinance; Councilor Kimsey advised the fact this would put the City in more debt than what they have now -- \$2,000,000 more. Vice Mayor Block then asked if what he is saying to the citizens he represents is he would prefer to have an assessment in the amount of \$2,000 to \$4,000 a year rather than have a loan which will decrease the amount. Councilor Kimsey advised the citizens should be able to speak. Vice Mayor Block then asked if this had been discussed at a previous meeting, and Council did not take action. Councilor Kimsey advised he made a motion and it died for a lack of a second. Councilor Kimsey advised he would vote against the Ordinance and the fact this Council will not take the necessary steps to bring it to a referendum (he feels Council is afraid of what this referendum will do).

Vice Mayor Block asked what sewer system Councilor Kimsey was speaking about; Councilor Kimsey advised the same one the City wants to purchase from the County; Vice Mayor Block advised that was a done deal, and it happened a while ago. Councilor Kimsey also mentioned the same sewer system where the City wants to buy a piece of property at Cardinal Hill, and the last time it was discussed, the City didn't know how much it was going to pay for it. Vice Mayor Block advised we now know the price, and that was going to be discussed tonight. Vice Mayor Block then asked Councilor Kimsey if he was representing the Polk City citizens – what is the solution if we give the system back; Mr. Kimsey advised his suggestion would be to have a referendum and let the citizens decide.

Mayor LaCascia would like to look at the amount; it is not to exceed \$9,000,000 – look at how is the City going to pay the \$531,000, how to we get rid of the loan with 11% interest rate. Mayor LaCascia then went over what the proceeds of the Bond would be used for: 1.370 million for capital needs as established in the report, \$801,500 associated with Cardinal Hill, \$3,785,878 to refinance the short-term loan with SunTrust, refinance the Polk County loan which is at 11% interest rate, \$531,199 to pay Polk County for impact fees, and if we go forward \$600,000 will go into a reserve fund, and there would be approximately \$50,000 annual debt service cost savings. Mayor LaCascia asked would we be able to we pay these if we do not go forward with the Bond Issue; where would we get the money to do all of this, which has been projected and recommended by all of the reports we had today. Councilor Kimsey commented if we were a good credit risk, SunTrust would have loaned the City the money to begin with.

Vice Mayor Block, Council was elected to lead – we represent the people of Polk City; her experience is there is change in the citizens of Polk City. A lot of decisions we have made since taking over from the previous administration have not been that popular; we need to have the vision and experience and the background in finance to be able to

make these tough decisions, and that is what we are elected for. These are not popular decisions and they are very difficult to make; Vice Block has gone to a Church and some of the citizens to try and explain, but this will be the most cost effective and successful activity we can do – not only to help Polk City, but to keep the cost as low as possible to the citizens, because there is no assessment and no increase in rates for the next five years. We have to make tough decisions; she believes the citizens are willing to keep the City. Councilor Kimsey commented that Vice Mayor Block should have no problem at all having a referendum; Vice Mayor Block feels a referendum is a “cowards way out” it’s not making a decision.

Mayor LaCascia asked how we can pay these things if we don’t go forward; Councilor Kimsey asked how we have paid it in the past.

Vice Mayor Block made a motion to accept Ordinance 2011-1278 in its entirety; at this time Attorney Cloud explained this Ordinance authorizes the City to sell Bonds; it does not require you to, but to consider, if you will, the City has debts it has to pay, and if you don’t pay them this way, he thinks there is every likelihood you will lose the profitability – the break even ability of your water and sewer system. That will not bode well for the citizens of Polk City; frankly, it’s not going to bode well with anybody because under the State Statute the debt that exists doesn’t go away. You have the ability to enhance your ability to pay back what you owe, you have the ability to shoot yourself in the feet and take that authority away from yourself; that’s all you really have at this point in time. This Ordinance gives you the ability to be in control of your destiny and the City’s destiny and to pay back the lawful debt that’s owed; at the end of the day that is one of the reasons why you become elected to public office, is to make sure that public debt is appropriately paid in the most cost-effective way possible, and that is what this Ordinance does.

Councilor Blethen asked if we were still in discussion; he was advised there would need to be a second to the motion. Councilor Blethen seconded the motion to accept Ordinance 2011-1278 in its entirety.

Under further discussion, Councilor Blethen had a couple of questions: 1) are the Bonds under one issuance; Attorney Cloud advised yes and Mr. Hartman advised the actual cost is what we would sell, 2) what controls do we have on the \$600,000 reserve amount – that it cannot be spent unless it is for a reserve usage. Attorney Cloud advised it would be in the Bond Purchase Agreement; Mr. Hartman advised it is a restricted fund and has a specific purpose and there is a list of situations to un-restrict those funds – you have to have a history of payment associated with it, and you can request further down the road once you built up your normal replacement fund (say 15 years) that you would reduce that amount. Those are things that can happen, but it goes through Bond Counsel and a third party, it is not a unilateral decision. 3) the lines between the Mt. Olive WWTP and Cardinal Hill – what is the possibility of getting grant money to pay for new construction. Mr. Hartman advised he would apply for grants for all new construction that we can get grant monies for, which is around \$1,000,000 of the \$1,370,000 and we will apply for those until the project is certified and closed – we are

still available to get those funds, and will still try to get those over the next period of time; if we get them you can all the principal down. Attorney Cloud asked Mr. Hartman if those would be both State and Federal Grants that we would be applying for; Mr. Hartman advised they would be. 4) The additional 1.3 million is the only additional money that is being put into this project; Mr. Hartman advised that is correct. Councilor Blethen commented the 1.3 million is on top of the current debt that has been place for some time, and he asked Mr. Hartman what the odds were of getting grant money – what is his background feeling. Mr. Hartman advised about 1 million dollars would be grant-eligible in his experience; he also advised they have been fairly successful in getting those grants and there is a person in their office that is dedicated in applying for grants. Mr. Hartman advised they would make application on the City's behalf, and if the City is successful, the principal can be called down. Attorney Cloud then gave Council some background information regarding an impossible situation that occurred in Orange County, and Mr. Hartman was successful in obtaining \$125,000,000 in grant money – he is good to have on your team to get grant money. Attorney Cloud feels that everything that can be done to obtain as much grant money as we can is going to be done. 5) Councilor Blethen commented if we don't pay the County and the rest of these bonds, each individual would have to pay a special assessment. Vice Mayor Block advised that is what the County has said; they would not assume any of Polk City's debt. Councilor Blethen then asked about the State law; Attorney Cloud advised the State law says the debt has to be repaid, and the only other way to do it is to have assessments – that's it. He advised that happened in a city in Orange County, and Attorney Cloud gave background information as to what happened in that case; however, Polk City does not have the same argument – in this case the bonds are relative new, in his opinion.

Councilor Blethen asked if this was the first reading, and any modifications could be made before the second reading; Attorney Cloud advised that is correct. Councilor Blethen then wanted to know anything that is voted on tonight is what has been discussed (read) today, and second reading will be done before we do it, then once that is done we say to go ahead and buy the bonds. Attorney Cloud advised there would be a separate vote on a Bond Purchase Agreement with an entity that was going to buy the bonds.

Mayor LaCascia advised he wanted to go back and ask Councilor Kimsey how the City would pay those amounts; Councilor Kimsey advised he doesn't have a degree, but there are those that do. Councilor Kimsey feels there other alternatives and probably more than one avenue. He advised putting another two million dollars on the backs of citizens is something he will not vote for, and they don't want him to vote for it. Vice Mayor Block asked him "the people of Polk City"? Councilor Kimsey advised they don't want him to vote for anything more that what they already have on them. Vice Mayor Block commented there would be a return on the investment of 1.4 million over six years. Most of the money is getting rid of bad debt. Councilor Kimsey commented if the City obtains a grant, then sewer would be put in; Vice Mayor Block responded there are no plans for expansion of the sewer system. Attorney Cloud recommended not

expanding the sewer. This plan gets debt paid back, and it's the right thing to do. After other discussion, Councilor Kimsey asked for the question.

Roll Call: Vice Mayor Block-aye, Councilor Kimsey-nay, Mayor LaCascia-aye, Councilor Blethen-aye

3-ayes

1-nay

The motion carried.

The meeting adjourned at 7:56 p.m.

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Patricia R. Jackson, City Clerk

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Joe LaCascia, Mayor