

## SEPTEMBER 30, 2019

A Special Called meeting was held at the M.S. Bailey Center at 5:00 PM with Mayor Bob McLean presiding with Councilmembers Cook, Jenkins, Kuykendall, Neal, Roth, and Walsh. The City Attorney and the City Manager were present. Local news media present were Judith Brown from the Laurens Advertiser, Vic McDonald from the Clinton Chronicle, and Monty Dutton from GoClinton.com. Notice was emailed to all local news media on September 27, 2019.

**INVOCATION**                    The invocation was given by Councilmember Roth.

**PLEDGE ALLEGIANCE**        Mayor McLean asked Council and the audience to stand and recite the Pledge of Allegiance.

**PRESENTATION**  
**LAWRENCE FLYNN**  
**POLICE/FIRE BLD**

Mayor McLean stated that the first item on the agenda is a presentation by Lawrence Flynn from Pope Flynn regarding the City of Clinton bond issuance. Mr. Flynn stated that the reason for the meeting was to go over with Council the options for the new Police and Fire buildings. Mr. Flynn stated that he would go over the funding options for these projects. Mr. Flynn stated that by State law the Constitution lays out how local governments can borrow money which is General Obligation Bonds and Utility Revenue Bonds. Mr. Flynn stated that the General Obligation Bonds are a tax or levy and the Utility Revenue Bonds is funded through a revenue stream such as revenues from the Water System to fund a project. Mr. Flynn stated that the Hospitality Funds are limited by State law in how the City may use these funds. Mr. Flynn stated that he would discuss the various ways to fund the City's projects. Mr. Flynn stated that a General Obligation Debt is subject to the City's debt limit of 8% of assessed value of property. Mr. Flynn stated that the assessed value of property is not the same as the market value of property. Mr. Flynn stated that if a home is the primary residence of a citizen then the assessed value on the property is 4% and if a citizen owns a vacation home in Clinton then his assessed value is 6%. Mr. Flynn stated that if each home has an assessed value of \$100,000 then the primary home's taxes would be \$4,000 and the vacation home's taxes would be \$6,000. Mr. Flynn stated that the assessed value of property in Clinton is \$12,000,000. Mr. Flynn stated that the City would take 8% of the total assessed value in order to determine the debt the City could borrow which is about \$950,000. Mr. Flynn stated that the City could not build new facilities for \$950,000. Mr. Flynn stated that the City already has General Obligation Debt which is counted against the potential borrowing amount. Mr. Flynn stated that currently the City's debt limit is \$950,000 but the City's current debt payment is \$100,000 which leaves the City's potential debt at \$853,000.

(Page 2)

Mr. Flynn stated that within a ten year period the City has not increased their tax growth. But the construction costs have increased. Mr. Flynn stated that the new Police and Fire building would cost approximately \$7,000,000. Mr. Flynn stated that an Installment Purchase Revenue Bond may be the solution that enables the City to build the Police and Fire Building. Mr. Flynn stated that this type of borrowing method has been used by the Public School System in order to fund their public facilities. Mr. Flynn stated that the first step toward this type of funding is the City creates an independent non-profit Public Benefit Corporation. Mr. Flynn stated that this corporation has the same rights as any corporation has by State law. Mr. Flynn stated that this corporation could have a board, assets, operational expenses and borrow money. Mr. Flynn stated that the City would take the existing Police and Fire Building and tear it down then the City would ground lease that property to the Public Benefit Corporation. Mr. Flynn stated that the corporation takes the lease and borrows \$7,000,000 from a local bank or the Capital Market for the Police and Fire Building. Mr. Flynn stated that in order to secure the loan the Public Benefit Corporation would lease the Police and Fire Building Project back to the City in the amount of the lease payments that would cover the debt. Mr. Flynn stated that the City would create a non-profit corporation to borrow funds on the City's behalf. Mr. Flynn stated that that the banks would loan the funds because the City would have an obligation to budget funds every year in order to make the lease payments to the Public Benefit Corporation which in turns pays the loan payment to the bank. Mr. Flynn stated that the City would have to determine which sources of revenue the City would budget in order to make the lease payments. Mr. Flynn stated that the Recreation Complex would qualify for Hospitality Funds. Mr. Flynn stated that the City could fund the Recreation Complex as a stand alone project or combine the Recreation Complex with the Police and Fire Building. Mr. Flynn stated that the City could combine all of the projects and borrow the funds through the Public Benefit Corporation. Mr. Flynn stated that one issue with combining all of the projects is that banks consider a Police and Fire Building essential but a Recreation Complex is not. Mr. Flynn stated that the total for the projects along with a \$1,000,000 cash contribution from Hospitality taxes is \$14,500,000. Mr. Flynn stated that the breakdown for the projects is \$7,000,000 for a Recreation Complex, \$7,000,000 for a Police and Fire Building, and \$500,000 for City Hall. Councilmember Walsh asked if City Hall would be under the Public Benefit Corporation. Mr. Flynn stated that the City would still own the building but would be granting a Lease Hold Mortgage as security to the bond holders.

(Page 3)

Mr. Flynn stated that the City has to find a way to fund these projects through various revenue sources. Mr. Flynn stated that Hospitality Funds would support part of the debt and General Fund would also have to support the debt. Mr. Flynn stated that Hospitality Taxes could not be used to fund the Police and Fire Building. Mr. Flynn stated that the annual debt payment would be about \$1,000,000. Mr. Flynn stated that \$450,000 would come from the Hospitality Taxes but how would the City fund the balance. Mr. Flynn stated that the City could contribute \$150,000 per year to the debt and an additional \$52,000 from the current General Obligation Bond retirement which leaves a balance of \$320,242. Mr. Flynn stated that the City could fund the shortfall with a General Obligation Bond. Mr. Flynn stated that the City could issue a General Obligation Bond every year to fund the shortfall which would be under the 8% cap the City must keep. Mr. Flynn stated that issuing the bond is just one way to fund the shortfall. Mr. Flynn stated that the value of 1tax mil is \$15,000 so the City could increase property taxes to 25 mils in order to fund the shortfall. Mr. Flynn stated that a 25 mil tax increase on a \$100,000 house at 4% Assessed Value would be an \$89 increase and a \$120 increase on a house with a 6% Assessed Value. Mayor McLean asked if the City had the funds to do the Recreation Complex and Mr. Flynn stated yes. Mayor McLean stated he would like to see the projects separated. Mayor McLean stated that the City would not have to raise taxes in order to build the Recreation Complex and Mr. Flynn agreed. Mr. Flynn stated that the Recreation Complex could be funded by a stand alone Revenue Bond. Mr. Flynn stated that the City needs to keep in mind the Recreation Complex is a new City facility and the City does not know how much it would take to maintain the property. Mr. Flynn stated that the City may want to set aside funds to help maintain the complex as well as additional expenses for the project. Councilmember Cook asked if the Public Benefit Corporation the City creates has any say in the projects and Mr. Flynn stated no, the corporation is a pass through entity. Mr. Flynn stated that under State law the Installment Purchase Revenue Bonds are not considered debt the City would carry. Mr. Flynn stated that a General Obligation bond is easier to secure than the Installment Purchase Revenue bonds. Mr. Flynn stated that the City could borrow the funds for a 30 year loan with a total debt service of \$800,000 which would make the shortfall \$217,718 for the General Fund. Mayor McLean asked how much the City would have to raise the tax millege and Mr. Flynn stated about 25 mils. Mayor McLean asked if the City could legally raise the millege rate that much and Mr. Flynn stated yes. Mr. Flynn stated that the General Obligation Debt is exempted from the limit.

(Page 4)

Councilmember Roth stated that the recommendation is to pay the shortfall by increases from the millage rate on taxes and Mr. Flynn stated yes. Mr. Flynn stated that the City would issue a General Obligation bond every year to pay the shortfall and use the property tax increase to pay off the bond. Mayor Mclean stated that the City does have the funds to move forward with the Recreation Complex but the City does not have the funds to move forward with the Police and Fire Building. Mr. Flynn stated the City may have additional General Fund revenues to pay the shortfall other than the \$200,000 already pledged. Mr. Flynn stated that Council would have to decide at what level or if at all Council would be comfortable with raising taxes. Councilmember Walsh asked Mr. Flynn to go over how the Recreation Complex is funded. Mr. Flynn stated that currently the City has about \$5, 000,000 in Hospitality Reserves and out of these reserves the City would use \$2,000,000 for the YMCA Splash Pad and \$1,000,000 toward the Recreation Complex which leaves \$2,000,000 in Hospitality Tax reserves. Mr. Flynn stated that the City would have to finance \$6,000,000 to construct the Recreation complex. Mr. Flynn stated that the payments to finance the Recreation Bond would be about \$420,000 per year and the City receives about \$580,000 per year in Hospitality revenues. Mr. Flynn stated that the City would have about \$160,000 in surplus Hospitality Tax funds to use toward the maintenance of the Recreation Complex. Councilmember Walsh asked if the Hospitality Tax funds be used toward salaries and Mr. Flynn stated yes. Mr. Flynn stated that the City would have to determine how much funds are needed to maintain the Recreation Complex as well as other tourism projects. Mr. Flynn stated that if Council decided to go with a 30 year loan then the annual payments would drop to \$340,000 per year. Mr. Cannon, City Manager, asked what would be cost between the Capital Market and a bank. Mr. Flynn stated that the up-front cost would be more expensive to enter into a Capital Market because more entities are involved but payments are lower on a 30 year loan. Mr. Flynn stated the City's financial advisors could construct several models so Council could decide which type of loan to take out and for how long. Mr. Cannon stated that if the City went into the Capital Market it would make sense to combine all of the projects and seek the \$14,000,000 loan. Mr. Bob Damron from Compass stated that they would look at different scenarios to see which direction would fit Council's needs. Mr. Damron stated that the funds to finance the Installment Purchase Revenue bonds do not have to come from a certain source where the Hospitality Tax Funds must finance a Hospitality project.

- EXECUTIVE SESSION** Motion was made by Councilmember Cook to go into executive session to discuss one contractual matter relating to the sale and purchase of real property and one contractual matter relating to the Gillam Center and return to open session on the call of the chair and seconded by Councilmember Neal. The vote was unanimous.
- OPEN SESSION** Mayor McLean declared Council back in open session. Mayor McLean stated that two contractual matters were discussed and no action was taken.
- GILLAM CENTER** Motion was made by Councilmember Roth to extend the existing contract between the City of Clinton and Thornwell regarding the Gillam Center until June 30, 2020 and seconded by Councilmember Walsh. The vote was unanimous.
- FIRST READING  
ORDINANCE  
SURPLUS PROPERTY** Mayor Mclean stated that the City would combine the next two Ordinances. Mayor McLean stated that Council has been asked to consider a first reading of an Ordinance for the disposition of City owned real property on the southeast side of N Adair Street within the corporate limits of the City of Clinton being a portion of Laurens County Tax Map numbers 901-09-01-006 and 901-31-01-033 approximately two acres more or less being a rectangle parcel of 350 feet by 250 feet on the southeast side of Adair Street commencing at the southeast corner of tax map number 901-09-01-006 and run along North Adair in a northeast direction in a distance of 350 feet more or less and turning and running in a southeast distance of 250 feet more or less and turning in a southwest distance of 350 feet more or less and turning and running a distance of 250 feet more or less to a point of beginning also included property located on a vacant lot on Redline Laurens County Tax Map number 901-06-07-020 and property located at 316 Davidson Street Laurens County Tax Map number 901-06-07-044 and Laurens County Tax Map number 901-12-04-014 parcel B & C on a Plat of Survey recorded in Plat Book #67 and page 309 in the Office of the Clerk of Court in Laurens County. Motion was made by Councilmember Kuykendall to approve the first reading and seconded by Councilmember Cook. The vote was unanimous.
- WORKSHOP  
SALES TAX  
COMMISSION** Mayor McLean stated that the next item on the agenda is for Council to discuss dates for a workshop relating to the Capital Improvement projects to be submitted to the Sales Tax Commission. After some discussion Council decided to meet on Thursday, October 17, 2019 at 5:00 PM to discuss the projects.

(Page 6)

**ADJOURN**

With there being no further business before Council motion was made by Councilmember Jenkins to adjourn and seconded by Councilmember Cook. The vote was unanimous.

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CITY CLERK

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**MAYOR**