

MINUTES OF SPECIAL SESSION
OF THE CITY COUNCIL OF HUNTSVILLE, ALABAMA,
HELD TUESDAY, JUNE 14, 2016

The Honorable Council of the City of Huntsville, Alabama, met in Special Session on Tuesday, June 14, 2016, at 3 p.m., in the Council Chambers of the Municipal Building, there being present:

President:	Culver
Councilpersons:	Russell, Robinson
Absent:	Kling, Showers
Mayor:	Battle
City Administrator:	Hamilton
City Attorney:	Riley
City Clerk-Treasurer:	Benion

President Culver called the Special Session of the Council to order, stating that he had called the meeting to consider an ordinance to authorize the issuance and delivery by the City of some or all of its General Obligation Warrants, Series 2016-A; General Obligation School Warrants, Series 2016-B; General Obligation Refunding Warrants, Series 2016-C; and General Obligation School Refunding Warrants, Series 2016-D; to call for Redemption and Payment of certain outstanding obligations of the City; and to authorize various agreements, instruments, and actions in connection with the foregoing; and, also, to consider any other business that might come before the Council.

President Culver asked that the record reflect that

Councilman Kling and Councilman Showers were both absent from the meeting, but that they did have a quorum, with Councilwoman Robinson, Councilman Russell, and himself.

Councilman Russell read and introduced an ordinance to authorize the issuance and delivery by the City of some or all of its General Obligation Warrants, Series 2016-A; General Obligation School Warrants, Series 2016-B; General Obligation Refunding Warrants, Series 2016-C; and General Obligation School Refunding Warrants, Series 2016-D; to call for Redemption and Payment of certain outstanding obligations of the City; and to authorize various agreements, instruments, and actions in connection with the foregoing, as follows:

(ORDINANCE NO. 16-432)

President Culver recognized Mr. Phil Dotts, the City's Financial Advisor.

Mr. Dotts stated that they were still waiting for some documents to pass out to the Council members, but that in anticipation of those being available in a few moments, he would go ahead and talk about the economics of the above ordinance.

Mr. Dotts stated that they had been working on this for the better part of a year, and specifically over the prior five to six months. He stated that as a result of the authorization the Council had passed at its prior Regular Council Meeting on June 9, 2016, they had gone forward with a series of public sales on the current morning, and there had been some fairly

good results from this.

Mr. Dotts stated that he had passed out a summary of the bids for Series 2016-A, B, C, and D, and that he would go through these briefly.

Mr. Dotts stated that Series 2016-A was for the City's 1990 and 2014 Capital Plan. He stated that as one could see, there had been six bidders on this, with very tight bids. He stated that the lowest bid was from CitiGroup Global Markets, at 2.6391. He continued that J.P. Morgan Securities was next, at 2.6394, so that they were very close. He stated that this was a sign of a very good sale.

Mr. Dotts stated that Series 2016-B was for Schools, the Schools Capital Plan, all new money, mostly for Morris Elementary. He stated that, again, they were very tight bids, and that one could see the winner was PNC Capital Markets, at 2.7568. He stated that one would notice that the bid was slightly higher than for Series 2016-A, and stated that that was because the average life on Series B was somewhat longer.

Mr. Dotts stated that the next two were refundings, Series C and Series D. He continued that Series C was for the City. He stated that they refunded portions of Series 2007, 2009, and 2011. He stated that, again, they had gotten very good bids, with 1.73 from PNC Capital Markets being the best bid. He stated that the present value savings for the City in this transaction, without any extension of final maturities, was approximately \$3.4 million, which he noted was a good

result.

Mr. Dotts stated that they had a similar result on Series D, which he noted was for the Schools. He continued that this was also a refunding. He stated that they were refunding portions of Series 2009, 2011-A, and 2011-B, and that the present value savings was \$3.3 million. He continued that in the aggregate, there were refunding savings of close to \$7 million.

Mr. Dotts stated that on this date, in the aggregate, the Council would be authorizing the issuance of new Warrants in the amount of \$133,195,000, which was the sum of the four Series. He continued that they would be refunding some of the prior maturities he had just mentioned. He stated that, all in all, he would say that it was a very good day for the City.

Mr. Dotts stated that they had actually exceeded expectations in a couple of different areas. He stated that the spread over MMD, which he noted was the index that was commonly used in the municipal bond market, was actually a little tighter than the one that had been done in 2015. He stated that the City was selling its debt at rates that were comparable to the states of Georgia, Maryland, and other places such as that, which it should. He stated that, all in all, it had been a very good result.

Mr. Dotts stated that he believed a continuation of a combination of both negotiated and public sales made sense, and that he believed this was a good example of this.

President Culver asked Mr. Dotts if there was any further discussion of this matter on his part or on the part of Ms. Sargent, the City's Finance Director.

Mr. Dotts introduced Mr. Rod Kanter, bond counsel to the City, with the firm of Bradley Arant. He stated that he believed he would have a few words to say about the legal matters.

President Culver stated that the Council members should feel free to ask questions at their discretion.

Mr. Kanter appeared before the Council, stating that he was with Bradley Arant Boulton Cummings out of Birmingham, and, of course, in Huntsville. He stated that he appreciated the Council having him at the meeting.

Mr. Kanter stated that the ordinance in front of the Council was one to authorize the warrants Mr. Dotts had just described, and that it also authorized the refundings he had described, and, of course, the payment of General Capital Improvements and various School improvements, which was what the proceeds would be used for.

Mr. Kanter stated that the Council had adopted ordinances such as this in the past, with both new money and refunding uses. He stated that all the warrants were tax exempt. He continued that he would be rendering an opinion that the warrants were not only validly issued, but federally tax exempt as well. He stated that there would be a pre-closing prior to June 30, and that, of course, the warrants would be issued on

June 30.

Mr. Kanter stated that if there were any questions about the subject ordinance, he would be happy to entertain them.

President Culver asked if there were any questions from the Council members for Mr. Kanter.

President Culver recognized Councilman Russell.

Councilman Russell asked Mr. Kanter if it was correct that everything was legal and he was asking the Council to approve this ordinance.

Mr. Kanter replied in the affirmative.

President Culver recognized Councilwoman Robinson.

Councilwoman Robinson asked if it was correct that out of the \$133 million plus, \$65 million of that was new, and the remainder was existing debt that was refinanced.

Mr. Kanter stated that that was correct. He continued that when this was refinanced, the debt service cost would be lowered, so it was a savings to the City.

President Culver asked Mr. Kanter if he could expound on the savings, why the Council should approve this.

Mr. Kanter stated that interest rates were lower at this time than they had been at the time the refunded warrants were issued. He stated that as the City's Financial Advisor had advised them and as it had been determined best for the City, it was a good idea to refinance, noting that rates could go up. He stated that since he was somewhat late in arriving at the meeting, he was not certain what thresholds Mr. Dotts or the

Finance Director, Ms. Sargent, had described, but, generally speaking, it was a pretty significant savings, being at least 3 percent, before any maturities were refunded. He stated that it was oftentimes advantageous and advisable to go ahead and refinance, and that it was within the City's debt policies to do so.

President Culver asked if there was any further discussion of the above ordinance from the Council members.

There was no response.

President Culver asked if there was anyone who wished to address the Council on this matter.

There was no response.

President Culver moved that unanimous consent be given for the immediate consideration of and action on Ordinance No. 16-432, which motion was duly seconded by Councilman Russell, and upon said motion being put to a vote, the following vote resulted:

AYES: Russell, Robinson, Culver

NAYS: None

ABSENT: Kling, Showers

President Culver stated that the motion for unanimous consent for immediate consideration of and action on said ordinance had been unanimously carried by the Council members present.

President Culver thereupon moved that said ordinance be finally adopted, which motion was duly seconded by

Councilwoman Robinson.

President Culver called for the vote on Ordinance No. 16-432, and it was unanimously adopted by the Council members present.

President Culver stated that the ordinance had passed.

President Culver asked if there was any other business to come before the Council.

There was no response.

Upon motion, duly seconded, it was voted to adjourn.

PRESIDENT OF THE CITY COUNCIL

ATTEST:

CITY CLERK-TREASURER