

MINUTES OF A MEETING
OF THE GOVERNING BODY OF
THE CITY OF HAYS, KANSAS
HELD ON DECEMBER 28, 1995

1. CALL TO ORDER BY CHAIRMAN: The Governing Body of the City of Hays, Kansas, met in regular session, Thursday, December 28, 1995, at 7:30 p.m.

Roll Call: Present: Sharon Leikam
Daniel Rupp
Eber Phelps
Jayne Clarke
Errol Wuertz

2. MINUTES: Commissioner Clarke noted that the minutes failed to state that the motion made by Commissioner Rupp and seconded by herself on page 2 of the minutes, in regard to the Cable TV Franchise was later withdrawn.

Errol Wuertz moved, Daniel Rupp seconded, that the minutes of the November 21, 1995, be approved as corrected.

Vote: Ayes: Sharon Leikam
Daniel Rupp
Eber Phelps
Jayne Clarke
Errol Wuertz

3. FINANCIAL STATEMENT: Eber Phelps moved, Jayne Clarke seconded, that the Financial Statement for November, 1995, be approved.

Vote: Ayes: Sharon Leikam
Daniel Rupp
Eber Phelps
Jayne Clarke
Errol Wuertz

4. CITIZEN COMMENTS: There were no comments.

5. COMMISSION INFORMATIONAL MEMORANDUM: There were no comments.

6. CONSENT ITEMS: Eber Phelps moved, Daniel Rupp seconded, that the Cereal Malt Beverage Licenses attached hereto, be

approved.

Vote: Ayes: Sharon Leikam
Daniel Rupp
Eber Phelps
Jayne Clarke
Errol Wuertz

7. BOND ISSUE REFUNDING: City Manager Zacharias said as discussed at the last City Commission meeting, the City's Financial Advisor George K. Baum and Company, has recommended that the City proceed with a negotiated sale of the refunding bond issues. City staff believes the recommendation is a good one, and that a negotiated sale of revenue bonds, especially refunding issues, is the "norm" for the industry and has the potential to yield the most savings for the City. Therefore, staff recommends that the City proceed with the refunding issues utilizing George K. Baum and Company. If the Commission is uncomfortable with this recommendation, City staff recommends that the Commission proceed in one of two ways: one, competitive proposals for underwriting services, or two, competitive bidding.

In the first case, the City could undertake a competitive proposal process for underwriting services with the selected underwriter(s), then doing a negotiated sale of the refunding bonds. The primary advantage to this alternative would be that all interested firms would have the ability to compete for the underwriting services and the competition could result in lower underwriting fees. The disadvantage to this alternative is the City would have to pay fees for both a financial advisor and an underwriter if George K. Baum and Company is not selected as the underwriter for the issue. Also, the proposals process will delay the refunding of the bond issues which could result in a less favorable interest rate.

The second alternative would be retain George K. Baum and Company as the City's financial advisor and undertake a competitive bid process for the refunding bonds. The advantage to this alternative would be that the City should get the market

rate for competitively bid revenue bonds. One disadvantage to this alternative is that the City would incur both financial advisory and underwriting fees. Additionally, the standard practice in the industry is to negotiate refunding bond issues because market timing is critical to get a favorable rate on both the bonds themselves and on the escrow account.

It would appear that either one of these alternatives could result in less savings to the City.

David Brant, representing Bank IV/A. G. Edwards and Sons, was present and gave a proposal by which they would be underwriters or at least share as underwriters with George K. Baum and Company.

Financial Advisor Roger Edgar was also present. The issue was thoroughly debated by both firms.

Darrell Seibel, representing Edward D. Jones and Company, was also present and requested the opportunity to market 50 percent of the bonds.

Commissioner Clarke said there are issues of fairness involved in this issue. She totally supports doing business locally, but in this particular issue, she feels it would be best from the City's perspective to have one firm involved.

If you do not have one person in charge, out of fairness you would have to open it up to all interested parties, and that would not be practical. She would prefer to delay a decision, but realizes that a decision needs to be made tonight.

Financial Advisor Edgar asked the Commission if the basis for their decision was dollars, giving business to local people, or perception.

Commissioner Clarke said all three were the basis for her decision.

Commissioners Phelps and Wuertz indicated that money saving to the City would be the primary basis. Commissioner Phelps said that is the whole idea of a bid process.

Commissioner Phelps said we went through this process when we selected George K. Baum and Company as financial advisor. If we delay making a decision, there will probable be even more

firms who wish to be involved.

Eber Phelps moved, Daniel Rupp seconded, that the Commission follow the recommendation of the City staff in accepting proposals from the City's Financial Advisor George K. Baum and Company to refinance the 1992 Sales Tax Revenue Bonds and the 1992 Water and Sewer Revenue Bonds with the proviso that George K. Baum work with local brokers in placing the bonds.

Vote: Ayes: Sharon Leikam

Daniel Rupp

Eber Phelps

Errol Wuertz

No: Jayne Clarke

City Manager Zacharias asked for clarification of the motion. He questioned whether the motion directed George K. Baum to work with Edward D. Jones and Company. City Attorney Bird said the motion said local brokers, not specifically Edward D. Jones or any other firm. Commissioner Clarke said her sole reason for voting no was because she understood that the motion directed George K. Baum and Company to work with one specific local broker. She stated that she wanted to change her vote from no to yes.

The record will reflect Commissioner Clarke's change to a yes vote.

8. CABLE TV FRANCHISE: City Manager Zacharias said at the last City Commission meeting, Commissioners were leaning toward approving a Cable TV franchise fee increase to reflect leaving basic cable service at two percent, raising non-basic cable services from 3 percent to 5 percent, and creating a new rate category for data transmission services at 3.7 percent.

The Commission asked Pete Collins, Eagle Communications representative, if his company would consider amending the City's current Franchise Agreement to allow for additional reopeners on such fees in 1999 and 2002, prior to the contract expiration in the year 2006. Mr. Collins reported that his company managers appreciate the sentiments of the Commission, but choose to stay with the current Franchise Agreement. They

feel they entered into the agreement 10 years ago in good faith, and they and the City have abided by that agreement.

Daniel Rupp moved, Errol Wuertz seconded, that franchise fees for Hays Cable TV, be amended to reflect basic cable services remaining at 2 percent, raising non-basic cable services from 3 percent to 5 percent, and creating a new rate structure for data transmission services at 3.7 percent.

Mayor Leikam asked Mr. Collins if the Cable Company has a policy in place regarding offensive advertising on Channel 8. She said there have been a number of malicious and slanderous ads that have been run on Channel 8. Mr. Collins said the Cable Company has denied the airing of such ads in the past. Their policy normally is to not run such ads. One particular ad was run while he was out of town. Mayor Leikam asked Mr. Collins to take steps to eliminate such detrimental advertising.

Vote: Ayes: Sharon Leikam
Daniel Rupp
Eber Phelps
Jayne Clarke
Errol Wuertz

9. ANNEXATION ORDINANCE: Jayne Clarke moved, Eber Phelps seconded, that Ordinance No. 3357, being an ordinance annexing a portion of Country Club Estates 6th Addition, be approved.

Commissioner Wuertz said he would be abstaining from the vote since he has the property listed for sale.

Vote: Ayes: Sharon Leikam
Daniel Rupp
Eber Phelps
Jayne Clarke

Abstain: Errol Wuertz

10. KDOT RESOLUTIONS: Eber Phelps moved, Errol Wuertz seconded, that Resolution No. 185 and Resolution No. 186, being resolutions authorizing the Mayor to sign agreements with the Kansas Department of Transportation regarding median improvements on Vine Street and Improvements to Highway 183 Alternate, be approved.

Vote: Ayes: Sharon Leikam
Daniel Rupp
Eber Phelps
Jayne Clarke
Errol Wuertz

11. ENGINEERING CONTRACTS: Jayne Clarke moved, Errol Wuertz seconded, that General Engineering Agreements with Black and Veatch and Bucher, Willis and Ratliff, be approved.

City Manager Zacharias noted that the agreements are almost identical to the ones approved last year, and each agreement has a \$25,000 limit on the amount to be spent.

Vote: Ayes: Sharon Leikam
Daniel Rupp
Eber Phelps
Jayne Clarke
Errol Wuertz

12. CHANGE ORDER: Daniel Rupp moved, Errol Wuertz seconded, that Change Order No. 1 (final) to the Vine Street Micro-Surfacing Contract with Allied, Inc. which reflects a deduct of \$9,847.19, be approved.

Vote: Ayes: Sharon Leikam
Daniel Rupp
Eber Phelps
Jayne Clarke
Errol Wuertz

13. BOUNDARY RESOLUTION: Eber Phelps moved, Jayne Clarke seconded, that Resolution No.187, being a resolution re-defining the boundaries or corporate limits of the City of Hays, Kansas, as required by Section 12-517 of Kansas Statutes annotated, substituting Reservation Road for Munjor Road, be approved.

Vote: Ayes: Sharon Leikam
Daniel Rupp
Eber Phelps
Jayne Clarke
Errol Wuertz

14. SALARY ADJUSTMENTS: Errol Wuertz moved, Daniel Rupp

seconded, that the City Manager be given a 1.5 percent salary increase, and a \$300 monthly car allowance.

City Manager said the car allowance would be in lieu of a City provided vehicle and that all vehicle expenses except for gasoline for out of town trips would be covered by the monthly allowance. The vehicle currently used by himself would be given to the Police Department for use as the Police Chief's vehicle.

15. ADD-ON ITEMS: Commissioner Phelps wished the best to the members of the 388 Army Reserve Unit who have been called to active duty. The approximately 30 members of the Unit will be stationed in Germany.

Thereupon the Governing Body adjourned.

Submitted by: _____
Clerk of the Board