

**MINUTES OF THE COUNCIL MEETING  
OF THE CITY OF PAOLA, KANSAS  
6:00 O’CLOCK P.M.**

**March 27, 2012**

**HELD AT THE PAOLA JUSTICE CENTER  
805 North Pearl Street in Paola**

The Governing Body of the City of Paola, Kansas, met with Mayor Stuteville presiding.

**Councilmembers present:** Mayor Stuteville and Council Members Pritchard, Wilhoite, House, and Clouse.

**Council Members absent:** None.

**Also present:** City Manager Wieland, City Clerk Droste, City Attorney Tetwiler, Police Chief Smail, Public Works Director Browning, City Planner Gotfredson, Richard Lentz, Janet McRae, Jay Hastert, Mary Carson, Greg Vahrenberg, and Brian McCauley with the Miami County Republic.

**Agenda Item 1 - CALL TO ORDER:** The regular council meeting was called to order by Mayor Stuteville.

**Agenda Item 2 - ROLL CALL:** Mayor Stuteville and Council Members Pritchard, Wilhoite, House, and Clouse were all present. No one was absent.

**Agenda Item 3 - PETITIONS, REMONSTRANCES, AND COMMUNICATIONS**

Mayor Stuteville asked the audience if anyone desired to address the Council about any issue that is not an agenda item.

Miami County Economic Development Director Janet McRae addressed the Council and presented information on the Miami County Microloan Fund. The fund provides loans to new or existing businesses that have trouble obtaining traditional financing.

**Agenda Item 4 - CONSENT AGENDA**

- a. Approval of minutes of the meeting of March 13, 2012.
- b. Approval of Salary Ordinance 12-06.
- c. Approval of Appropriation Ordinance No 723.
- d. Renewal of the Retail Liquor License for In Good Spirits at 1001 N Pearl.

Councilmember Wilhoite made a motion to approve the Consent Agenda as presented and authorize the Mayor to sign. The motion was seconded by Councilmember Pritchard and all voted aye. The motion passed 4 to 0.

**Agenda Item 5 - REPORTS OF OFFICERS, BOARDS AND COMMITTEES**

**Agenda Item 5a – Consider the renewal of the City’s liability/property/auto insurance policies.**

Clerk Droste introduced Jay Hastert with Elliott Insurance Group who presented a summary of the renewal of the City’s insurance policies. Mr. Hastert explained that in recent years the insurance market was very competitive and the City has experienced a decline in premiums. However, with recent severe storms in the area such as Joplin, MO and Harveyville, KS, the insurance companies have taken on some substantial claims. The renewal premium for the 2012-2013 policy year is broken down as follows:

<u>Coverage</u>	<u>Current Premium</u>	<u>Renewal Premium</u>	<u>Premium Increase</u>	<u>Percent Increase</u>
Property	\$ 47,704.00	\$ 51,510.00	\$ 3,806.00	7.98%
General Liability	\$ 6,629.00	\$ 7,635.00	\$ 1,006.00	15.18%
Inland Marine	\$ 3,914.00	\$ 3,928.00	\$ 14.00	0.36%
Auto	\$ 12,516.00	\$ 13,191.00	\$ 675.00	5.39%
Umbrella	\$ 7,455.00	\$ 7,771.00	\$ 316.00	4.24%
Linebacker	\$ 4,953.00	\$ 5,202.00	\$ 249.00	5.03%
Law Enforcement	\$ 5,207.00	\$ 5,471.00	\$ 264.00	5.07%
<b>Total Premium</b>	<b>\$ 88,378.00</b>	<b>\$ 94,708.00</b>	<b>\$ 6,330.00</b>	<b>7.16%</b>

Mr. Hastert went on to explain that the majority of the increase in premiums was the result of higher rates and higher values on real property

Councilmember Pritchard asked what the Linebacker policy covered. Mr. Hastert explained that the Linebacker policy is a professional liability policy. Councilmember Clouse inquired about the amount of the liability limits. Mr. Hastert explained that the Kansas Tort Claims Act limits the City’s liability exposure and that the limits in the policy are typical of most cities in Kansas.

After additional discussion, Councilmember Pritchard made a motion to approve the renewal of the City’s liability/property/auto insurance policies through EMC Insurance Companies in the amount of \$94,708.00. The motion was seconded by Councilmember Clouse and all voted aye. The motion passed 4 to 0.

**Agenda Item 5b – Consider adoption of a Tax-exempt Obligation Post-issuance Compliance Policy.**

Manager Wieland presented a Tax-Exempt Obligation Post-Issuance Compliance Policy for the consideration of the Council. He explained that the policy is the procedure that city staff and professional advisors follow to comply with IRS regulations relating to the issuance of tax-exempt bonds.

After a discussion, Councilmember Wilhoite made a motion to approve the TAX-EXEMPT OBLIGATION POST-ISSUANCE COMPLIANCE POLICY as presented. The motion was seconded by Councilmember House and all voted aye. The motion passed 4 to 0.

**Agenda Item 5c – Consider approval of an Ordinance authorizing the issuance of General Obligation Refunding Bonds Series 2012.**

Manager Wieland introduced Greg Vahrenberg with Piper Jaffray and Mary Carson with Triplett, Woolf and Garretson to present the results of the General Obligation Refunding Bond offering that went to market earlier today.

Mr. Vahrenberg presented a report on the results of the bond offering. He noted that the interest rates on municipal bonds set new record lows in January, but in recent weeks these rates have increased slightly. He indicated that earlier the rates for the City's bond issue were estimated at 2.62%, then rates increased in early March to 2.84%, but the market improved and the bonds were sold today at a true interest cost of 2.766%.

Mr. Vahrenberg presented a cash flow analysis of the Wastewater Fund before and after the refinancing. The current KDHE State Revolving Fund Loan has a graduated payment schedule that creates cash flow and rate pressures on the fund for the remaining term of the loan. The new refunded bonds eliminate the larger increases in the payments and provide for a gradual increase over the term of the bonds. By increasing the term of the financing by 5 years, the City will be able to keep the debt service payments much more manageable.

Mr. Vahrenberg indicated that two smaller outstanding general obligation bonds were also included in the refinancing that also provided some additional interest savings to the City.

A report on the sources and uses of the bond funds was presented. The total of the bonds that were sold amounted to \$7,525,000.00 with a net premium paid of \$110,227.70 for a total source of funds of \$7,635,227.70. Mr. Vahrenberg went on to explain all of the costs associated with the bond issue and the final pricing summary.

Mary Carson, with Triplett, Woolf and Garretson, presented a summary of the Bond Ordinance and the Bond Resolution for the issue.

After additional discussion, Councilmember Pritchard made a motion to approve AN ORDINANCE OF THE CITY OF PAOLA, KANSAS, AUTHORIZING ISSUANCE OF THE CITY'S GENERAL OBLIGATION REFUNDING AND IMPROVEMENT BONDS, SERIES 2012, IN THE AGGREGATE PRINCIPAL AMOUNT OF \$7,780,000, FOR THE PURPOSE OF REFUNDING CERTAIN OUTSTANDING GENERAL OBLIGATION BONDS OF THE CITY, FINANCING THE COSTS OF CAPITAL IMPROVEMENTS IN THE CITY AND PREPAYING AND REFUNDING CERTAIN LOANS ENTERED INTO TO PAY COSTS OF SUCH IMPROVEMENTS; PROVIDING FOR THE LEVY AND COLLECTION OF AN ANNUAL TAX TO PAY THE PRINCIPAL OF AND INTEREST ON THE BONDS; AUTHORIZING CERTAIN OTHER DOCUMENTS AND ACTIONS; AND MAKING CERTAIN COVENANTS WITH RESPECT THERETO. The motion was seconded by Councilmember Wilhoite and all voted aye. The motion passed 4 to 0 and the Ordinance was assigned No. 3043.

**Agenda Item 5d – Consider approval of a Resolution prescribing the details of General Obligation Bonds, Series 2012.**

After additional discussion, Councilmember House made a motion to approve A RESOLUTION PRESCRIBING THE FORM AND DETAILS OF GENERAL OBLIGATION BONDS, SERIES 2012, IN THE PRINCIPAL AMOUNT OF \$7,780,000, OF THE CITY OF PAOLA, KANSAS, AS AUTHORIZED BY ORDINANCE NO. 3043 OF THE CITY; MAKING COVENANTS AND AGREEMENTS AND AUTHORIZING CERTAIN OTHER DOCUMENTS

REGARDING THE BONDS. The motion was seconded by Councilmember Pritchard and all voted aye. The motion passed 4 to 0 and the Resolution was assigned No 2012-003.

**Agenda Item 5e – Consider approval of an Ordinance amending water utility rates.**

Manager Wieland reported that the Marais Des Cygnes Public Utility Authority (MDCPUA) Board of Directors met on March 14, 2012 to review the MDCPUA budget for 2012 and to set water rates for the 2012 fiscal year. The new rate adopted for the cities buying water from the MDCPUA will be \$0.615 per 100 gallons. This reflects an increase of \$0.073 per 100 gallons over the 2011 purchase price. The “take or pay” for both Louisburg and Paola were also adjusted per the joint operating agreement and bond covenants. Both cities were also informed that they would be receiving a “true up” rebate due to the exceeding of “take or pay” totals. For Paola the “true up” amount is \$52,987.97. The main reason for the significant increase in the water rate from the MDCPUA is the scheduled increase in bond indebtedness payments for 2012-2013.

Manager Wieland reported that staff has been working for a number of days on various rate considerations and ways to minimize the increase that will be needed to the city’s water rate structure. After looking at several scenarios staff is recommending an adjustment to the city’s water rate for 2012 to \$0.615 per 100 gallons. This proposed rate is the same as the rate for water the city is purchasing from the MDCPUA. The proposed adjustment reflects an increase of \$0.025 per 100 gallons over the current rate of \$0.59 per 100 gallons. For a water customer using 6,000 gallons of water per month, the proposed new rate would translate into a \$1.50 per month increase. It should be noted that no increases are being made to the debt service charge or the base service charge. It should also be noted that the proposed new rate is equal to the rate for water being purchased from the PUA.

Manager Wieland presented three other options that included different combinations of volume rates and base charges. However, he recommended adoption of the proposed ordinance that provides only for an increase in the metered volume rates to \$0.615 per 100 gallons for service in the City limits and \$0.815 per 100 gallons for service outside the City limits.

After a discussion, Councilmember Wilhoite made a motion to approve AN ORDINANCE AMENDING TITLE VII UTILITIES, CHAPTER 700 WATER DEPARTMENT, ARTICLE II WATER RATES, SECTION 700.250 METERED VOLUME RATES, SECTION 700.260 SERVICE CHARGES, AND SECTION 700.267 WATER PLANT DEBT SERVICE CHARGE, TO THE MUNICIPAL CODE OF THE CITY OF PAOLA, KANSAS as presented. The motion was seconded by Councilmember House and all voted aye. The motion passed 4 to 0 and the Ordinance was assigned No. 3044.

**Agenda Item 5f – Consider approval of the purchase of two new mowers for the Public Works Department.**

Public Works Director Browning presented bids for 2 new front mount mowers as follows:

Heritage Tractor:	Equipment did not meet specifications.
Blue Valley Tractor:	\$13,744.00 per unit
Weisman Lawn Equipment:	\$13,581.45 per unit
Family Center:	Equipment did not meet specifications.
Moridge Manufacturing:	\$13,954 per unit

Public Works Director Browning stated that the funding for the new equipment would come from the Special Parks Budget, the Municipal Equipment Reserve Fund and from the proceeds of the sale of the old mowers that were approved at the last City Council meeting.

After a discussion, Councilmember Pritchard made a motion to approve the bid from Wiseman in the amount of \$27,162.90 for two 2012 Grasshopper mowers. The motion was seconded by Councilmember Wilhoite and all voted aye. The motion passed 4 to 0.

#### **Agenda Item 6 – NEW BUSINESS**

Manager Wieland reported on the status of the property located at 14 S Silver. He indicated that the City was called to this property last Friday evening to investigate severe settling of the foundation and exterior walls. Silver Street was temporarily closed until the situation could be evaluated and the building has been temporarily reinforced until a structural engineer can fully evaluate the situation. No decision had been made on the future of the building.

Councilmember House asked about planting grass seed along the new sidewalks on Peoria Street. Public Works Director Browning reported that his staff would be planting the areas with hydro-seed in the next few days.

Councilmember Clouse reported that he has received a complaint about all of the plastic bags that blow from Walmart to neighboring properties. Manager Wieland stated that he would contact the Manager at Walmart to discuss the situation.

Mayor Stuteville asked about the status of the yard waste collection site. Manager Wieland indicated that this issue would be discussed at the next work study meeting.

#### **Agenda Item 7 – ADJOURNMENT**

With no additional business to come before the Council, Councilmember Wilhoite made a motion to adjourn. Councilmember House seconded the motion and all voted aye. The motion passed 4 to 0.

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Artie Stuteville, Mayor

ATTEST: [seal]

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Daniel G. Droste, City Clerk