MINUTES
SPECIAL COUNCIL MEETING
CITY OF NICEVILLE, FLORIDA
SEPTEMBER 13, 2012

The Niceville City Council met in special session at 6:00 PM, September 13, 2012 in the Council Chambers, 208 N Partin Drive. All council members, except for Councilwoman Boudreaux, and the Mayor was present. Also present were City Clerk Dan Doucet; City Manager Lannie Corbin; Director of Public Works Bruce Price; Water and Sewer Superintendent Jerry Regans; a member of the press, and 5 visitors in the audience. Mayor Wise called the meeting to order at 6:00 PM.

PUBLIC HEARINGS

Consulting Engineer Briefing - Mr Glenn Stephens, Polyengineering

Mr Glenn Stephens, Polyengineering, Inc. briefed the council concerning his report on Debt Service Coverage Analysis and proposed water and sewer rates for the City of Niceville as required by bond covenants. He explained that bond covenants require that our net revenues be 1.15% of the debt service amount. Mr Stephens explained that our coverage is adequate for FY 2013, however, he recommended a 2.45 % rate increase for water and a 4.51 % rate increase for sewer in FY 2013 to prevent a higher increase in FY 2014 since his statistics project a shortfall beginning in FY 2014 thru 2016. He stressed the importance of meeting the coverage test every year to prevent the city from defaulting on current bond issues, SRF and other loans that have coverage requirements. Discussion followed.

Financial Advisor - Mr Bill Fray, Fray Municipal Securities

Mr Bill Fray, our finance advisor, presented an overview of his written report to the council regarding our Annual Debt Management, our Investment Program and our Stormwater Program. He advised that the purpose of his report was to review policies and initiatives to help insure efficient and effective management of the City's debt and investments. He advised the City's Debt and Investment Management covers a year of substantial disruption in the economy in general and in the credit and investment markets specifically. He advised the City has taken action to reduce debt cost and to maximize investment returns with investment security a highest priority. He stated the City historically has ratcheted down interest cost for debt when interest rate cycles allowed. Refunding City outstanding debt to lower interest rates has saved the City many hundreds of thousands of dollars in Present Value terms and even more in gross dollars. He stated the City Debt Management and investment Program is serving its intended purpose. The City policies provides a proactive approach. This includes minimizing cost and maximizing investment return with safety the priority consideration. Whether its long term planning to maintain high bond ratings,

immediately refunding debt to reduce interest cost or addressing economic disruption to protect the City from negative impact, the City teams serves the City well. Mr Fray provided an overview of the Stormwater Management Program. He advised the City Storm Water Utility $1,500,000 grant has been included in the various capital improvement plans, rate adjustments and projected revenue and expense assumptions. He advised the City is considering a new loan of approximately $900,000 for System improvements. He stated the existing loan of $1,100,000 plus the proposed $900,000 equals $2,000,000 total loan(s). He advised the current debt service is $135,000. New annual debt service estimate for initial planning purposes would be approximately $100,0000 for a total of $235,000. A 3% annual System rate adjustment will generate approximately $85,000 more net revenue by the seventh year with operating expenses constant at $175,000 a year. He advised the system operating results for 2011 and 2012 were used to establish a base year for projections. Discussion followed. Mr Fray answered several questions from the Council.

Resolution 12-09-06- A resolution amending Section 1, Table 1 of the City of Niceville Florida, municipal waterworks system rate Resolution No. 11-09-01 dated September 15, 2011 to provide for a rate adjustment and providing for an effective date.

Mr Doucet read Resolution 12-09-06 by title. Councilman Smith moved approval. Councilman Rominger seconded. Mr Ronald Swafford, 506 Matthew Street stated the City has raised his water and sewer rates every year for the last 10 years. He acknowledged that he is retired military and a senior citizen. He inquired about a possible senior discount especially for low income people. Mr Stevens explained our tiered rate structure takes this into consideration with low consumption users paying less and high usage customers paying much more. Mr Raymond Cole, 106 Dartmouth Way advised that he is retired military and lives alone. He explained his opposition to the rate increase stating that rates go up every year but his pay doesn't. Mr Doucet explained that water bills for a 7,000 gallon customer (average user) will increase $ .68 a month over last year's rate. Discussion Followed. Council Vote: Henkel-yes; Schaetzle-yes; Rominger-yes; Smith-yes. Motion Passed.

Resolution 12-09-07 - A resolution amending Section 1, of the City of Niceville Florida, Municipal Sewer System Rate Resolution No. 11-09-02 dated September 15, 2011, to provide for a rate adjustment and providing for an effective date.

Mr Doucet read Resolution 12-09-07 by title. Councilman Smith moved approval. Councilman Rominger seconded. Mr Doucet explained the base rate for sewer will be increased from $ 17.60 per month to $18.40 and the per 1,000 gallon cost will be increased from $ 2.46 to $ 2.58 not to exceed 16,000 gallons per unit. Mr Doucet stated that Sewer bills for a 7,000 gallon customer (average user) will increase $ 1.64 a month over last year's rate. No one spoke for or against. Council Vote: Henkel-yes; Schaetzle-yes; Rominger-yes; Smith-yes. Motion Passed.

Resolution 12-09-08 - A resolution amending Resolution No. 11-09-03 September 15, 2011 of the City of Niceville, Florida, increasing the Stormwater Utility Rates and providing for an effective date.

Mr Doucet read Resolution 12-09-08 by title. Councilman Smith moved approval. Councilman Rominger seconded. Mr Doucet explained that the rate increase is a 3% increase. He stated the rate for residential customers is increasing from $4.38 to $4.51 a month and the rate for commercial and industrial facilities is increasing from $8.77 to $9.03. Discussion followed. No one spoke for or against. Council Vote: Henkel-yes; Schaetzle-yes; Rominger-yes; Smith-yes. Motion passed.

Resolution 12-09-09- A resolution increasing the Sanitation Tipping Fee and providing for an effective date.

Mr Doucet read Resolution 12-09-09 by title. Councilman Smith moved approval. Councilman Rominger seconded. Mr Doucet stated effective October 1, 2012 the county is increasing their tipping fee for garbage by 2%. To accommodate this increase we must raise our residential tipping fees from $13.37 to $13.64 per month and also raise our Commercial Tipping by 2 %. The above rate changes are included in our proposed budget for FY-13. The rate increase is estimated to be $17,200 for residential and $ 9,500 for commercial. No one spoke for or against. Council Vote: Henkel-yes; Schaetzle-yes; Rominger-yes; Smith-yes. Motion passed.

Ordinance 12-09-02 - An ordinance of the City of Niceville, Florida levying the AD Valorem Property Tax millage rate for municipal purposes on all taxable property within the City for the Fiscal year beginning October 1, 2012 and ending September 30, 2012 stating the percentage by which the millage to be levied exceeds the rolled-back rate; and providing for an effective date. (First Reading)

Mr Doucet read ordinance 12-09-02 in it's entirety. Councilman Smith moved approval on first reading. Councilman Rominger seconded. Mr Doucet stated the percentage by which this millage rate to be levied exceeds the rolled-back rate of 3.6278 (computed pursuant to Florida law) is 1.99 %. Mr Doucet advised that the revenues received will be used to defray budgeted General Fund Expense. Mr Cole, 106 Dartmouth Way stated he lives alone and explained his opposition to the tax increase. Mr Corbin provided insight to the tax increase stating that an average homeowner's tax would increase approximately $10 as compared to the current year. Councilman Schaetzle pointed out several cost saving measures the City has taken stating that this action has helped to prevent a higher tax increase. Discussion followed. Mayor Wise asked for a roll call vote: Council Vote: Henkel-no; Schaetzle-yes; Rominger-yes; Smith-yes. Motion passed. Councilwoman Boudreaux joined the council meeting at this time.

Ordinance 12-09-03- An ordinance adopting the final budget for the City of Niceville for the fiscal year commencing October 1, 2012 an ordinance adopting and approving the appropriations set forth in said budget for the fiscal year commencing October 1, 2012 and providing for an effective date. (First Reading)

Mr Doucet read ordinance 12-09-03 by title. Councilman Smith moved approval on first reading. Councilman Rominger seconded. No one spoke for or against. Council Vote: Henkel-no; Schaetzle-yes; Boudreaux-yes; Rominger-yes; Smith-yes. Motion passed.

SENIOR CITIZEN ADDITIONAL EXEMPTION: REQUIRES UPDATING

Mr Doucet stated that the Niceville City Council adopted an ordinance several years ago to allow an additional homestead exemption of up to $50,000 for any person who has the legal or equitable title to real estate and maintains thereon the permanent residence of the owner, who has attainted age **65**, and whose household income does not exceed the current adjusted income limitation of **$27,030** for 2012. As of today, there are **102** Niceville residents who have applied for the Senior's Exemption. The additional senior exemption could potentially save a property owner up to **$ 182.50**. Thus, it was a good decision by the council to approve this provision for our lower income seniors.

Mr Doucet advised that the next budget hearing is scheduled for September 18, 2012 at 6:00PM.

The meeting adjourned at 7:05 PM.

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MAYOR

ATTEST:

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CITY CLERK