

MINUTES
SPECIAL COUNCIL MEETING
CITY OF NICEVILLE, FLORIDA
SEPTEMBER 8, 2022

The Niceville City Council met in special session at 6:00 PM, September 8, 2022 in the Council Chambers, 208 N Partin Drive. All council members and Mayor were present. Also present were City Manager Lannie Corbin; City Clerk Dan Doucet; Finance Director and Deputy City Clerk Stephen Rausch; Chad Morris Technology Department; Police Department Chief Popwell; Fire Department Chief Mayville, Ammy Hanson, CRA Director, and 3 visitors in the audience. Mayor Henkel called the meeting to order at 6:00 PM.

PUBLIC HEARINGS

Consulting Engineer Briefing - Mr Michael Evans, Poly-Inc

Mr Michael Evans thanked the City Council for allowing us to come before you to brief our Coverage Analysis Report. He stated that the Water and Sewer fund is an enterprise fund and the system is required to have rates in place to support it. He referred to our most recent Master Water and Sewer Bond Issue Ordinance 21-03-03 rate covenant. The issuer will fix, establish, revise from time to time whenever necessary, maintain and always collect such fees, rates, rentals and other charges for the use of the products, services and facilities of the system which will always provide net revenues in each Fiscal Year sufficient to pay one hundred fifteen percent (115%) of the Debt service requirement on all outstanding bonds in the applicable Bond Year. He stated that “Net Revenues” of the System shall mean the gross revenues or revenues, after deduction of the Cost of Operation and Maintenance. “Gross revenues” or “revenues” shall mean all income and earnings, including meter installation fees, late fees, penalties, reconnection fees and credit card fees received by the Issuer or accrued to the Issuer from the ownership, use or operation of the System... “Cost of Operation and Maintenance” of the System shall mean the Issuer’s then current expenses, paid or accrued, in the operation, maintenance and repair of the System, but shall not include capital expenditures, any reserve for renewals and replacements, any allowance of depreciation, any to the contributions to the General Fund. He then provided an update on the changes made in the most recent Master Water and Sewer Bond Ordinance 21-03-03 rate covenant. The Issuer will fix, establish and revise from time to time. This is why we come every year to set those rates (if required) that will help the City meet those covenants. 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. Mr Evans provided statistical data via a PowerPoint presentation. He stated that there is a requirement to raise water and sewer rates in FY 23, at a rate of 2.50 percent for both rates. This will insure we meet coverage requirements in FY23

and provided projections for future years. He provided an overview of the Capital Improvements Plan and their funding sources. He referred to a survey of 13 surrounding utilities stating that Niceville's combined rates are less than the average rates for water and sewer. The Council asked several questions regarding the presentation. Discussion followed.

Steve Rausch, the City of Niceville Finance Director briefed the Council on the City Investment Program:

Mr. Rausch provided a brief update regarding the City's investment program. Referring to an onscreen 3-page document, which was also distributed to the Council, he explained the City is currently doing business with five banks and has funds invested in bank certificates of deposit (CDs), business checking accounts, and U.S. Treasury Notes. Mr. Rausch said the City only invests funds not needed to meet operating cash needs. Mr. Rausch explained the City complies with 218.415 (17), F.S., which covers authorized investments for municipalities without a written investment policy. Mr. Rausch said the City prioritizes safety of principal first, liquidity requirements second, and competitive return on investment as a third priority. Mr. Rausch said the City's cash is currently earning between 0.1% and 3.13% interest, depending on when it was invested and the type of investment.

Mr. Rausch said the statute permits investments in U.S. Treasury Notes, and as of August 31, 2022, the City currently has \$1,147,700 invested in U.S. 2-Year Treasury Notes, which are considered the most secure investment in the world because they are backed by the full faith and credit of the United States government. The City also has about \$4,503,800 invested in CDs. The remainder of the City's cash is in business checking accounts, separated into the differing funds which limit the way each fund or restricted "pot" of money can be spent.

Mr. Rausch said about 6 months ago, with Mr. Doucet and Mr. Corbin's approval, the City began investing \$150,000 per month of Water and Sewer funds into 2-year U.S. Treasury Notes. The plan is to keep investing monthly as long as it makes sense, and once the notes begin maturing each month, in about 18 months from now, a decision will be made about whether to reinvest in U.S. Treasuries, invest in bank CDs, or allow the funds to mature for operational needs if required.

CITY OF NICEVILLE

CASH AND INVESTMENT UPDATE - FINANCIAL INSTITUTIONS - As of August 31, 2022

All Funds	Investment Types			8/31/2022	Protection of Principal Invested				Percentage of City Funds Protected by FDIC, QPD, or Full Faith of the US Gov't
	Bank Name	Bank CDs	Business Checking Accounts		U.S. Treasury Notes (2-Year)	Total Investments (Book Values)	Not Protected by FDIC	Protected by FDIC Insurance	
Interest Rate Range:	0.1% to 0.5%	0.70%	1.51% to 3.13%						
The First, A National Banking Association	\$3,199,961			\$3,199,961	\$2,949,961	\$250,000	\$2,949,961	\$0	100.00%
Synovus Bank		\$36,713,646		\$36,713,646	\$36,463,646	\$250,000	\$36,463,646	\$0	100.00%
Synovus Securities, Inc.			\$1,147,699	\$1,147,699	\$1,147,699	\$0	\$0	\$1,147,699	100.00%
CCB Community Bank	\$522,785			\$522,785	\$272,785	\$250,000	\$272,785	\$0	100.00%
FNBT Bank	\$781,049			\$781,049	\$531,049	\$250,000	\$531,049	\$0	100.00%
GRAND TOTAL	\$4,503,795	\$36,713,646	\$1,147,699	\$42,365,140	\$41,365,140	\$1,000,000	\$40,217,441	\$1,147,699	100.00%
For Comparison:									
September 2, 2022 US 1-Yr Treasury Note	3.47%								
September 2, 2022 US 6-month Treasury Note	3.27%								
September 2, 2022 Synovus Bank Pooled Cash Rate	0.70%								

Note: Pooled cash interest rate has been 0.1% to 0.7% in FY22; will be 1.0% beginning on 10/1/2022.

Mr. Rausch said the first chart shows the bank names along the left side of the chart, and the investment type, and type of protection for the funds invested in each bank, as a heading for each column. He said 100 percent of the City’s funds are protected by either the Federal Depositor’s Insurance Corporation (FDIC), the Florida Qualified Public Depositor’s (QPD) program, or the full faith and credit of the United States government with regard to the U.S. Treasury Notes. Mr. Rausch said \$1 million of the City’s funds are protected by the FDIC, \$1,147,700 is protected by the full faith and credit of the U.S. government, and the remaining City funds of about \$40.2 million are protected by the FL QPD program. Mr. Rausch explained how the FDIC and the FL QPD systems protect City funds.

Mr. Rausch said, the second chart rearranges the information to show how the funds are distributed between funds, by type of investment. The City uses fund accounting like most governments. the funds delineate the intended restrictions and allowable uses.

CITY OF NICEVILLE
CASH AND INVESTMENT UPDATE - AS OF AUGUST 31, 2022

FUND	Fund Code	Investment Types		Operating	As of 8-31-2022
		Bank CDs	US Treasury Notes	Business Checking Accounts	Total Investments (Book Values) and Cash
General Fund	001	\$0	\$0	\$7,089,166	\$7,089,166
CRA Special Revenue Fund	115	\$0	\$0	\$702,436	\$702,436
Discretionary Sales Surtax Special Revenue Fund	125	\$0	\$0	\$4,011,474	\$4,011,474
Water & Sewer Fund- Operating Account	400	\$0	\$0	\$5,221,092	\$5,221,092
Water & Sewer Fund- Reserves	400	\$4,503,795	\$699,420	\$6,191,364	\$11,394,579
Water & Sewer Fund- Water Extension	400	\$0	\$149,622	\$6,291,395	\$6,441,017
Water & Sewer Fund- Sewer Extension	400	\$0	\$298,657	\$3,276,874	\$3,575,531
Sanitation Fund	420	\$0	\$0	\$1,156,530	\$1,156,530
Stormwater Fund	430	\$0	\$0	\$2,369,283	\$2,369,283
Katie Moody Estate Fund	700	\$0	\$0	\$404,032	\$404,032
GRAND TOTAL		\$4,503,795	\$1,147,699	\$36,713,646	\$42,365,140

Mr. Rausch said that ends my briefing on investments so now I'd like to give you a brief summary of the City's debt. Investments and debt are somewhat related because you either use the cash you have or you borrow. On the flip side, with debt you are paying interest instead of receiving it, but you are spreading out the payments for the asset's useful life over the term of the debt, which allows each generation to pay for benefits they're receiving from the asset.

CITY OF NICEVILLE - FY23 DEBT SUMMARY

LOAN INFORMATION									
Lender	Loan Type (Bond, Bank Loan, Lease-Purchase)	Loan Purpose	Grand Total Amount Financed	Loan Date	Loan Maturity Date	Interest Rate	Fund	FY23 Loan Balance B4 FY23 Payments	FY23 Loan Balance after FY23 Payments
Truist Bank	Bank Loan - Loan 2021A	07-15-22-2520-001B-0030	\$260,000	3/31/2021	10/1/2025	1.40%	GF	\$208,000	\$156,000
							GF		
							GF		
Beach Community Bank	Bank Loan - Loan 2021B	07-15-22-2520-0003-0011 07-15-22-2520-0003-0012 07-15-22-2520-0003-0020	\$435,000	4/1/2021	10/1/2025	3.25%	GF	\$348,000	\$261,000
							GF		
							GF		
PNB Community Bank	Bank Loan	Library Generator	\$190,000	9/3/2020	9/30/2025	1.95%	GF	\$114,000	\$76,000
							GF		
							GF		
PNB Community Bank	Bank Loan	Melich Property	\$315,000	9/3/2020	9/30/2025	1.95%	GF	\$189,000	\$126,000
							GF		
							GF		
CCB Community Bank	Bank Loan	Land Purchase 112 - 114 Edge Avenue	\$600,000	3/22/2019	3/31/2026	2.50%	GF	\$359,200	\$273,700
							GF		
							GF		
Trustmark Bank	Lease-Purchase	Fire Department Ladder Truck	\$852,000	12/2/2015	10/1/2022	1.75%	GF	\$128,000	\$0
							GF		
Dell	Lease-Purchase	Network Refresh	\$635,998	10/1/2019	10/1/2023	4.04%	GF	\$259,213	\$132,220
							GF		
Dell	Lease-Purchase	End Point	\$160,877	11/1/2020	11/1/2024	3.73%	GF	\$96,422	\$65,568
							GF		
Regions Equipment Finance Corporation	Lease/Purchase	Water Meter System Lease/Purchase	\$1,340,000	5/24/2013	4/1/2023	1.77%	WS Fund	\$145,000	\$0
							WS Fund		
							WS Fund		
Regions Equipment Finance Corporation	WS Refunding Revenue Note, Series 2021	Refund WS Revenue Bond, Series 2011B and 2013C; WS Revenue Note, Series 2012B, and WS Revenue Note, Series 2014; and 6 WS State Revolving Fund loans	\$9,008,612.17	4/1/2021	10/1/2032	1.57%	WS Fund	\$8,452,149.76	\$7,328,826.29
							WS Fund		
							WS Fund		
							WS Fund		
State Revolving Fund (SRF)	Loan	Wastewater treatment funding	\$440,188	8/15/2014	8/15/2034	2.96%	SW Fund	\$228,458	\$212,418
							SW Fund		
							SW Fund		
							SW Fund		
GRAND TOTAL:								\$10,527,442	\$8,631,732

Mr. Rausch said the third and final chart was a debt summary for FY23. It shows the lender bank name, the loan purpose, the total financed, the loan origination date, the interest rate, the fund, and the projected loan balance before and after the FY23 loan payments are made. Mr. Rausch said two of the loans will be paid off in FY23. The Fire Department’s ladder truck loan final payment will be on October 1, 2022, and the final payment for the 2013 loan to purchase water meters will be paid on April 1, 2023. The debt interest rates vary from as low as 1.4 percent to about 4 percent for some of the Dell Financial services debt. We have one more State Revolving Fund loan in the Stormwater fund, which we did not pay off with the Water and Sewer debt refinancing in 2021. That one is going to be paid off in 2034, but it’s just a small payment of about \$16,000 per year. Are there any questions about debt or anything I covered, asked Mr. Rausch? Mayor Henkel said, I see no questions, so thank you.

Resolution 22-09-01 – A resolution amending Section 1, Table 1 of the City of Niceville, Florida, Municipal Water Works System Rate Resolution No. 17-09-01, dated September 7, 2017, to provide for a rate adjustment and providing for an effective date.

Mr. Doucet read Resolution 22-09-01 by title. He stated that our consulting engineers recommended a 2.50 percent increase to meet coverage requirements and requested

approval by the Council. He referred to page 2 of the Coverage Analysis report and covered a series of rate changes for water users as they apply to a 4000 gallon customer and a 6,000 gallon customer which is an average water user in our system. He stated that the rates for a 4,000 gallon customer will increase to \$0.55 and a 6,000 gallon customer will increase to \$ 0.69 per customer. He explained increases for other users of the system and how rates affected those categories of users. Councilman Schaetzle moved approval. Councilman Nodjomian seconded. Mayor Henkel asked if anyone in the audience wanted to come forward and speak on this item? No one spoke for or against. Council Vote: Nodjomian-yes; Schaetzle-yes; Alley-yes; Donahoo-yes; Williams-yes. Motion passed

Resolution 22-09-02 – A resolution amending Section I, of the City of Niceville, Florida, Municipal Sewer System Rate Resolution No. 20-09-03, dated September 10, 2020, to provide for a rate adjustment and providing for an effective date.

Mr. Doucet read Resolution 22-09-02 by title. He stated that our consulting engineers recommended a 2.50 percent increase to meet coverage requirements and requested approval by the Council. He referred to page 2 of the Coverage Analysis report and covered a series of rate changes for sewer users as they apply to a 4000 gallon customer and a 6,000 gallon customer which is an average user in our system. He stated that the rates for a 4,000 gallon customer will increase to \$0.88 and a 6,000 gallon customer will increase to \$ 1.04 per customer. He explained increases for other users of the system and how rates affected those categories of users. He further stated that sewer rates are capped at 16,000 gallons of water usage. Councilman Nodjomian moved approval. Councilman Schaetzle seconded. Mayor Henkel asked if anyone in the audience wanted to come forward and speak on this item? No one spoke for or against. Council Vote: Nodjomian-yes; Schaetzle-yes; Alley-yes; Donahoo-yes; Williams-yes. Motion passed

Resolution 22-09-03 - A resolution amending the Commercial Sanitation Tipping Fee Rate Resolution No. 21-09-03, dated September 9, 2021, to provide for a rate adjustment and providing for an effective date.

Mr. Doucet read Resolution 22-09-03 by title. He stated that effective October 1, 2022 the County is increasing their tipping fees by 3.66%. Mr Doucet stated that this rate increase is passed on to our customers which is a CPI increase for the cost of doing business. The rates differ based on the size of dumpsters and the frequency of pickup. Councilman Donahoo moved approval. Councilman Williams seconded. Mayor Henkel asked if anyone in the audience wanted to come forward and speak on this item? No one spoke for or against.

Council Vote: Nodjomian-yes; Schaetzle-yes; Alley-yes; Donahoo-yes; Williams-yes. Motion passed

Resolution 22-09-04 - A resolution amending the Residential Sanitation Tipping Fee Rate Resolution No. 21-09-04, dated September 09, 2021, to provide for a rate adjustment and providing for an effective date.

Mr. Doucet read resolution 22-09-04 by title. He stated that effective October 1, 2022 the County is increasing their tipping fees by 3.66%. Mr Doucet stated that this rate increase is passed on to our customers which is a CPI increase for the cost of doing business. The rate is increasing from \$14.25 to \$14.77 which is \$.52 cents increase per customer. Councilman Schaeztle moved approval. Councilman Donahoo seconded. No one spoke for or against.

Council vote: Nodjomian-yes; Schaeztle-yes; Alley-yes; Donahoo-yes; Williams-yes.
Motion passed

Resolution 22-09-05 - A resolution amending resolution 21-03-02, dated March 9, 2021 to provide for a rate adjustment increasing the residential recycling processing fees and providing for an effective date.

Mr. Doucet read resolution 22-05-5 by title. Mr. Doucet stated that effective October 1, 2022 the County is increasing the processing fee by 3.66%. Mr. Doucet stated that this rate is passed on to our customers which is a CPI increase for the cost of doing business. The rate is increasing from \$ 1.12 to \$ 1.16 which is a \$.04 cent increase per customer. Councilman Donahoo moved approval. Councilwoman Alley seconded. No one spoke for or against.

Council vote: Nodjomian-yes; Schaeztle-yes; Alley-yes; Donahoo-yes; Williams-yes.
Motion passed

Ordinance 22-09-03 - 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, 2022 and ending September 30, 2023; 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 22-09-03 in its entirety. Councilwoman Alley moved approval on first reading. Councilman Schaeztle seconded. Mr Doucet stated that the percentage by which the millage rate of 3.7000 mills exceeded the rolled back rate of 3.4225 Mills (computed pursuant to Florida law) is 8.11%. He stated the projected revenues will be used to defray budgeted general fund expense. Mayor Henkel asked if anyone in the audience wanted to speak on this ordinance. No one spoke for or against.

Council Vote: Nodjomian-yes; Schaetzle-yes; Alley-yes; Donahoo-yes; Williams-yes.
Motion passed

Ordinance 22-09-04 - An ordinance adopting the final budget for the City of Niceville for the fiscal year commencing October 1, 2022; an ordinance adopting and approving the appropriations set forth in said budget for the fiscal year commencing October 1, 2022 and providing for an effective date. (First Reading)

Mr Doucet read Ordinance 22-09-04 by title and provided an overview of estimated revenues and expenditures as follows:

General Fund

Total estimated revenues and expenditures: \$ 21,559,090

Community Redevelopment Agency (CRA)

Total estimated revenues and expenditures: \$ 8,274,730

Surtax - Special Revenue Fund

Total estimated revenues and expenditures: \$ 4,675,540

Sanitation:

Total estimated revenues and expenditures: \$ 4,544,930

Water and Sewer Fund

Total estimated revenues and expenditures \$ 22,261,810

Storm Water Management

Total estimated revenues and expenditures \$ 4,039,970

Total budget is \$ **65,356,070**

Councilman Nodjomian moved approval on first reading. He recommended that management personnel should take a proactive approach regarding the full execution of this proposed budget in an effort to protect our reserves. Councilman Schaetzle seconded. Mayor Henkel asked if anyone from the audience wanted to come forward to speak on this item. No one spoke for or against.

Council Vote: Nodjomian-yes; Schaetzle-yes; Alley-yes; Donahoo-yes; Williams-yes.
Motion passed

SENIOR CITIZEN ADDITIONAL EXEMPTION:

Mr Doucet stated that the Niceville City Council adopted an ordinance years ago to provide for an additional exemption of our Senior Citizens. Later it was voted on and passed via a referendum. The exemption provides for 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 attained age **65**, and whose household income does not exceed the current adjusted income limitation of **\$32,561** for 2022. As of today, there are **86** Niceville residents who have applied for the senior's exemption. The additional senior exemption could potentially save a property owner approximately **\$185.00**. Thus, it was a good decision by the City Council to approve this provision for our lower income seniors years ago.

Mayor Henkel then asked if anyone in the audience wanted to come forward to speak and discuss this item, and if so, state your name and address. No one came forward.

The Mayor requested a motion to adjourn. Councilman Schaetzle moved to adjourn. Seconded by Councilwoman Alley.

Council Vote: Nodjomian-yes; Schaetzle-yes; Alley-yes; Donahoo-yes; Williams-yes.
Motion passed

The meeting adjourned at 6:40PM.

MAYOR

ATTEST:

CITY CLERK

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