

**Board of Mayor and Aldermen Meeting
February 19, 2019
Dyersburg Municipal Court Room**

(1) **Call to Order:** The Board of Mayor and Aldermen met in regular session on Tuesday, February 19 2019 in the Dyersburg Municipal Court Room at 7:00 p.m. Mayor John Holden presided over the meeting. The meeting opened with prayer by Alderman Willie Cole. Mayor Holden noted all Aldermen were present.

(2) **Approval of Minutes:**

Mayor Holden called for a motion to approve the minutes from the February 4, 2019 meeting. Alderman James Baltimore made a motion to approve the minutes. Alderman Wille Cole seconded the motion. The minutes were approved. Alderman Edward Burks mentioned Treasurer Steve Anderson had provided an update of the 2017-2018 fiscal audit, which was not listed in the February 4, 2019 minutes. Mayor Holden stated that not all discussions are recorded in the minutes but he noted the February 4, 2019 minutes would make reference to the discussion for the record.

(3) **Unfinished Business:** None presented.

(4) **New Business**

a. Attorney Invoice.

Mayor Holden presented an invoice from the City Attorney's office to be approved for payment. The December 1, 2018 – January 31, 2018 invoice totaled \$ 4,570.86. Alderman James Baltimore made a motion to approve the payment, with a second by Alderman Ricky Hammond. The motion passed by full Board approval. Alderman Edward Burks mentioned he noticed that about 30 percent of the invoice concerned the Pension Plan lawsuit (which was \$1,312.50). He asked if the newly elected board could be updated on the status of the lawsuit.

Mayor Holden stated that he had spoken with the City attorney John Lannom, and was informed that because it's a pending lawsuit with attorney-client privilege, the Board members may meet to discuss the status of the law suit. He further added that the lawsuit is set for trial in late July (beginning on July 29) in Judge Lee Moore's courtroom.

b. Bids – Greg Williams. No bids were presented.

c. Resolution 02192019 – A resolution authorizing the issuance, sale and payment of up to \$2,750,000 in aggregate principal amount of Electric System Revenue Bonds of the City of Dyersburg, Tennessee.

The Aldermen Board was presented the following documents of information as applicable to the approval of the presented resolution:

1. Letter from the Tennessee Comptroller of the Treasury
2. Report of the Director of the Office of State and Local Finance
3. Report on debt Obligation

Mayor Holden called for any discussion regarding this resolution.

There was significant discussion that included the following:

- review of a letter from the Tennessee Comptroller of the Treasury, a report of the Director of the Office of State and Local Finance, and a report on debt obligation.
- issue bonds are at the request of Dyersburg Electric System because the City is the taxing authority, and DES doesn't have the authority to issue bonds. The City has issued bonds on behalf of DES in the past.
- DES will repay these bonds in full themselves
- Questions as to compliance and to establish a minimum for the acceptable savings threshold and the report of the Director of the Office of State and Local Finance discussing the refunding portion of the Series 2019 Bonds that removes a covenant in the Series 2007 Bonds, thus "requiring a mandatory debt service fund and replace it with a 'springing' debt service reserve fund."

Alderwoman Venedda Webb asked about the benefit of choosing a 'springing' reserve. Treasurer Anderson noted he believed it all referred to DES and not to the City.

Mr. Scott Gibson, Cumberland Securities Company, which is the company DES is using for the transaction, noted the City's debt management policy also covers the electric system, since the City is the issuing body.

He stated the following: "The debt management policy does not reference a savings threshold. This is the first time, and I've been doing this for over 20 years, that the state has mentioned having a savings threshold. I will be following up with the state on that. If they do want to start that, not only will Dyersburg have to change their policy, but just about everyone in the state will."

Alderwoman Webb mentioned that it appears if the City did not amend its policy, then the City would not be in compliance with the Comptroller's Office.

Mr. Gibson further noted his opinion that he did not think this to be the circumstance. He felt that there was no requirement under the guidelines that there should be a savings threshold. However, there is a recommendation that there be one. He noted that he would follow up on the savings threshold.

Mr. Gibson recognized that the action is only refunding a piece of debt that only goes out 3 more years, and to not refund the debt the savings will not be realized. He noted an approximate \$6,081 in savings just on the interest costs. "There are also some costs that aren't measured. Mr. Gibson stated that there will be annual fees that DES will have to pay to have this debt outstanding. The range of fees will be from approximately \$2,500-\$3,000 a year, added to the \$6,081.00 over the next 4 years, which may be \$10,000-\$12,000 on top of the \$6,000.

In conclusion to Mr. Gibson's discussion regarding the debt service reserve fund, he noted that:

- it is a pot of money set aside in case bond holders could not be paid, and
- the bond was bid out to local banks in the community, all of which returned bid requests, and pending approval, the debt would be placed with Security Bank at a rate of 3.29 percent.

With no further discussion, Mayor Holden called for a motion for approval of the resolution. Alderman James Baltimore motioned for approval, with a second made by Alderman Dennis Moody. The motion passed by a roll call vote with the full Board's approval of Resolution 02192019.

d. Joe Enoch – request to discuss status of audit.

Mr. Joe Enoch, representing the firm of Cowart Reece Sargent, came before the Board to discuss the audit report for the 2017-2018 fiscal year period. Joining Mr. Enoch was Audit Manager Chloe Humphrey. Mr. Enoch noted that the main reason for his request to come before the Board was to clarify any miscommunications or misunderstandings in the firm's ability to perform the audit. He noted the following discussion of actions and timelines:

- His firm received the final draft of the city's audit from City Treasurer Steve Anderson on Tuesday, February 19, 2019 at 4:55 p.m.
- He mentioned Cowart Reese Sargent presented the City an engagement letter on June 13, 2018, following board approval, and preliminary work began in August, 2018.
- The field work took place in the first 3 weeks of October 2018.
- Emails from his firm were sent to Dyersburg Mayor John Holden and Steve Anderson with the progress of the audit.
- In November 2018, Ms. Humphrey inquired as to the status of the City Schools audit.
- The school audit was not available to the audit team as of November 29, 2018.
- The audit team received an email on the December 4, 2018 from Steve Anderson asking the team to regroup some line items, subsequently sent the following day.

- December 11, 2018, Mr. Anderson finished the allocations to the Internal Service Fund and Communications Fund, but there was still no indication when the school audit would be available.
- Noted the Pension Audit was completed in November, 2018, and that Cowart Reese Sargent requested and did not receive the Pension Audit numbers from the 2016-2017 audit from the firm who previously conducted the City's audit.
- Noted Cowart Reese Sargent contracted the City's pension audit to Whitehorn Tankersley & Davis, PLLC, who has offices in Covington and Memphis.
- The audit team received the school system's audit in December, 2018.

Alderman Edward Burks asked if the firm has all the information they need to finish. Ms. Humphrey noted that having been provided the draft sent from Mr. Anderson on today's date, it should be finished very quickly. She hoped to be at the next Board meeting to present the document to the Board.

Both Mr. Enoch and Ms. Humphrey complemented the service provided by Mr. Anderson in the audit process and the significant money saved to the city due to his efforts.

Both Alderwomen Mary Claire Hopper and Meghan Gilbert asked pertinent questions for improvement on the part of the City to better the audit effort. Again, Steve Anderson and City Hall Staff were acknowledged for their positive effort to provide all the audit had asked for to prepare the audit report.

Mr. Enoch noted the City School's post-retirement footnote is approximately 6 or 7 pages long, referring to it as monstrous.

Reports from Aldermen Board:

Alderman James Baltimore: complimented the street and police department with traffic control of the recent rain/ flooding that has occurred in the city. He thanked the fire department for supplying free smoke detectors to any resident in Dyersburg and Dyer County. Alderman Baltimore also thanked Mayor Holden for updating board members and community members during the recent flooding.

Alderman Edward Burks: No report.

Alderman Wille Cole: thanked Scott Ball and Mike McCulloch for their assistance on some water issues on Cedar Street and Bowen Lane.

Alderwoman Meghan Gilbert: No report.

Alderman Ricky Hammond: No report.

Alderwoman Mary Claire Hopper: No report.

Alderman Dennis Moody: asked Mayor Holden if there were any updates on potential flooding in South Dyersburg with the incoming rain.

Mayor Holden mentioned the forecast was for 4-8 in. of rain, beginning Tuesday afternoon and hopefully tapering off Thursday. However, rain is projected over the weekend. He recommended citizens read and stay informed through the City Facebook page where a great deal of information is provided, especially from Ms. Gloria Spence, EOC Director

He mentioned on Tuesday, February 12, 2019 the City began monitoring the weather and the rising waters around town. In conjunction with TDOT, South Main Avenue was closed Wednesday, February 13, 2019. He also acknowledged the DPD, street department, traffic safety, gas department, the waste water treatment plant, water/sewer department, and EOC, who were on board to make everyone aware of the flooding.

Alderwoman Vanneda Webb: No report.

Communications from the Mayor:

- Announced a community tour for Board members and other appropriate city staff on Wednesday, February 20, 2019 beginning at 11 a.m. at City Hall.

With no further business, the meeting adjourned at 7:40 p.m.

John Holden, Mayor

Robert C. Jones, City Recorder