

Regular/Public

June 4, 2007

President Handwerk called the meeting to order. President Handwerk offered the prayer. The Pledge was recited by all.

Roll call: Purdy, Landaw, Baker, Corfman, Weaver, and Leathers were present. Miller was excused.

Baker moved and Corfman seconded that the May 21, 2007 minutes be approved. Roll call vote. Ayes all. Motion carried.

**Public Comment:** None.

**Standing Committee Reports:**

A. Finance – Mr. Miller was absent.

B. Utilities – Mr. Landaw had no report, but welcomed the representative from AMP-Ohio. Director Preising introduced Pam Sullivan, Vice President of Marketing, American Municipal Power – Ohio. Ms. Sullivan was asked to speak as a result of Resolution 21-07. Ms. Sullivan's presentation was regarding AMP-Ohio's hydro electric program.

C. Health & Safety – Mr. Corfman had no report, but informed that they were moving forward with the gaming legislation and advised he would not be present at the next regular council meeting.

D. Parks and Recreation – Mr. Weaver had no report.

E. Transportation – Mr. Baker had no report.

F. Planning – Mr. Purdy had no report. Commented that the hanging baskets in downtown really look nice and encouraged the members of the community to get out and take a look at just how much that beautifies their downtown area.

G. Ordinance & Personnel – Ms. Leathers had no report.

**Special Committee Reports:** None.

**Administrative Reports:**

A. Mayor - Mayor Steiner was absent.

B. Safety Service Director- Director Jewell had no report.

C. Utilities Director – Director Preising advised that Ms. Sullivan left a copy of her slide presentation should anyone like one please let him know. Just to reiterate one point she made, they are trying to tie this project up and get it going so they can start spending money, they are spending it on their line of credit, they don't have the authorization to spend any monies until all communities that are going to be in the project close it up. That is the reason this legislation was asked to be passed on emergency and that was to allow enough time for three reading. It looks like the number is outside the number I gave you.

Handwerk: Mr. Preising you kind of touched on this at the last meeting, there will be people in Orrville that would be a little nervous about a project like this based on our past history with the Pike Island, what would you consider being the major difference here now compared with what we were involved with before?

## Regular/Public

June 4, 2007

Preising: Probably the major difference is time. These projects now are looking very favorable if you project the cost of how they are going to be some of the lowest energy costs available. They are not base load power available, but the availability is about fifty some percent which is pretty high. That in itself makes them very viable projects. These are projects that go 40 and 50 years and once they are paid for the price just drops to very little, just operating costs. If our Pike Island project had been built back in the time we did it and we figured out a way to pay for it, we would be approaching the time when we would be having some very cheap power. We would be in a really good situation.

Handwerk: I remember you saying the last time that we tried to do that project ourselves and there just wasn't enough money available then; whereas now, we are partnering.

Preising: We are partnering for up to 5.9 of 109. Quite a few cities are involved. Probably the biggest one is Cleveland and I think they are wanting around 25. This is something we are looking down the road. Our load has approached at times close to our maximum during peak periods and down the road we are going to need power. It looks like some of the cheapest types of power down the road, it is a small quantity, and it will allow us to get our feet into it. AMP-Ohio asks to develop further ones down the line we might be interested in more. There is a limited number of these and once they are taken and gone, they're gone.

Handwerk: And you say once in awhile we get close to our peak right now, is this something that we could use if we need it and yet if we don't we are able to sell it.

Preising: With the price of the power, we should be able to turn around and sell it at a very reasonable price – either at market or below market.

Leathers: If I remember correctly you had once mentioned that this type of power is something that the EPA is something going to require us to look at in a few years.

Preising: There are different legislations. Whether a city is going to be required to look at that is questionable because it borders on thin rule issues. We don't know how that is going to go. There could be something out there that we could use to trade for something if we have to have CO2 credits – which currently we have to have CO2 credit – we might be able to trade this power for CO2 credits. Which may be very expensive.

Leathers: So it is something the EPA would look upon as favorably for doing.

Preising: Yes. The only thing is that in the past some hydro projects have gotten a bad name because of environmental. These are small units, they are not the gigantic hydro electric dams.

D. Finance Director – Director Leggett had a couple items. First, I would like to talk about the handout I passed out prior to the meeting. Briefly, this is a schedule that some of you may or may not have seen before. This is actually a debt surface requirement schedule for the electric utilities. Currently the electric utility has about \$8.2 million in debt. At the end of 2010 that number will drop to about \$1.5 million. The highlighted areas you see make there up that \$1.5 million. Those highlighted amounts or principals are all bonds that are callable. We have the option to call those bonds this September and pay them off on December 1<sup>st</sup>. If we do that, then we when we get to 2010 and have paid off the major portion of the debt, that would basically be due fees and the electric utility would not have to operate under the bond indenture any longer. There is a lot of advantages to not operating under the bond indenture. I won't go through all of these tonight. There are a lot of things. It would have a positive impact on us. Especially if we get down the road and have to issue additional debts and this bond indenture was not paid off, we have to try to get it under this old indenture or try to do a new one which would be second in line for payment. There are a lot of complicated things that could happen down the road if we have to borrow money for whatever reason – to meet EPA requirements, equipment, or whatever. There are also restrictions on what we can do currently under the bond indenture. The reason we are bringing this up is that we just wanted council to be aware of it. This Wednesday at our meeting with the Finance Committee and the Public Utility we are going to assess this to see if the Utility Board wants to recommend that we call these bonds in the Fall. If they do, we will bring legislation to council at your first meeting in July. So sometime between now and then or after we at least bring this for first reading you may want to have a little workshop or short committee meeting to explain the pluses and minuses to doing this. I just

## Regular/Public

June 4, 2007

wanted to make you aware of that once we get to 2010 there is a good possibility to get the electric utility out from under the bond indenture that we have been under since 1979 and renewed in 1987. It has been a long time that debt has been restricting our utility. You will see more information on that. I also wanted to tell you that probably at your first meeting in July as well I will bring you legislation for the precipitator improvement note. This is the note we currently have out that we pay off a \$100,000 each year. We started with \$1.4 million and now we are down to \$700,000. It is in the budget and will be in the budget for next year for \$600,000. These are actually bond anticipation notes. These bond anticipation notes are the same as the bond anticipation notes we use to pay off the precipitator project. If you are familiar with that process, paying off these bonds would be the same thing. I will probably bring that to you at your July 1<sup>st</sup> meeting. We try to do that process as early as we can, even though that note is not due until the end of September, but we like to get that legislation out of the way before the August break. We already have a special meeting schedule for the second reading of the budget legislation and we will probably add these two items on to that special meeting. The third thing I would like to mention is that under new business you have a resolution for the purchase of real property. I believe you received a memo from me concerning that item and we will discuss that purchase in executive session at the end of the meeting. However, I do want to mention that we will be hopefully issuing economic development bonds or industrial development bonds which are issued under Chapter 165 of the Ohio Revised Code to finance that purchase. These are bonds that are issued by the general city and purchased by our Wastewater Utility. This is an internal function very similar to what we do with our special assessment bonds. If you remember the ones for the downtown improvement project or the special assessments for sidewalks, the general fund has purchased those bonds. Makes us easier for us. You will receive more details on that. I did want you to know since we cannot discuss the finances in executive session I wanted to let you know that is how we plan to finance it.

E. Law Director - Director Lutz had no report.

F. President of Council – President Handwerk congratulated the Orrville track team, both the boys and girls, coaches. I don't think a lot of people realize what a job it is just to get down to a state track meet. If you get down there you are already in the top 16 in the State of Ohio in your Division.

Secondly, this Wednesday at 2:30 p.m. there will be a meeting in Council Chambers with the Northeast Ohio Sourcing Organization. We have representatives from the City of Orrville, City of Wooster, Orrville City Schools, and Wooster City Schools who are going to meet with this group to see if this will be a viable way to save some money with things that we order during the year, supplies wise and things like that. Lastly, I would like to thank Mr. Lutz for doing such a wonderful job at the Memorial Day services last week. I heard many good comments about your speech and I think you did a wonderful job and I appreciate that.

### **Old Business:**

#### **Resolution 21-07**

Leathers moved and Landaw seconded that Resolution 21-07, a resolution authorizing the Director of Utilities of the City of Orrville to execute a hydro developmental cost sharing agreement with American Municipal Power-Ohio, Inc., and declaring an emergency, be placed on second reading. Roll call vote. Ayes all. Motion carried.

Handwerk: This was the presentation we had tonight. I don't think we are looking to take any action here. We have lots of information. Does anybody have anything else to add right now?

#### **ORDINANCE I-07**

Leathers moved and Weaver seconded that Ordinance I-07, an ordinance amending Section 151.01 of Chapter 151 of the codified ordinances of the City of Orrville, Ohio relating to employee bonds, be placed on second reading. Roll call vote. Ayes all. Motion carried.

Regular/Public

June 4, 2007

Leggett: I can speak to that since Mr. Miller is not here. This is the fidelity bond and surety bond issue that we had the workshop and Finance Committee meeting on several weeks ago and brought to you at the last meeting. I don't know if there are any questions.

Leathers moved that the rules, regulations, and statutes requiring the reading of a resolution on three separate dates be suspended, Purdy seconded. Roll call vote. Ayes all. Motion carried.

Leathers moved and Corfman seconded that Ordinance I-07 be adopted as read. Roll call vote. Ayes all. Motion carried.

**New Business:**

**Resolution 23-07**

Leathers moved and Corfman seconded that Resolution 23-07, a resolution authorizing the Board of Control to enter into a contract and/or contracts for the purchase of real estate to develop a new industrial park located in the City of Orrville, Ohio, be placed on first reading. Roll call vote. Ayes all. Motion carried.

Handwerk: Mr. Purdy, any comments? I know we are going into executive session, but anything on this planning wise right now?

Purdy: Not at this time.

**Good of the Order:** None.

Purdy moved and Baker seconded that council go into Executive Session to discuss purchase of real property. Roll call vote. Ayes all. Motion carried.

Council entered into Executive Session at 8:20 p.m.

Landaw moved and Miller second that the Executive Session be adjourned. Ayes all. Motion carried. Executive Session was adjourned at 8:58 p.m.

Corfman moved and Weaver seconded that the council meeting be adjourned. Ayes all. Motion carried. Council was adjourned at 8:38 p.m.

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Tamra Peppard, Clerk of Council

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Date

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Dave Handwerk, President of Council