MINUTES
BOARD OF COMMISSIONERS' MEETING
Tuesday, September 23, 2014 6:00 P.M.

A MEETING of the Board of Commissioners of the City of Covington, Kentucky, was opened by Mayor Carran, on Tuesday, September 23, 2014, at 6:00 p.m., in Commission Chambers, 20 West Pike Street, Covington, Kentucky.

Mayor Carran presiding with Commissioners Chuck Eilerman, Steve Frank, Mildred Rains, Michelle Williams, City Manager Larry Klein, and Assistant City Manager/City Solicitor Frank Warnock, present.

MOTION of Commissioner Rains, seconded by Commissioner Williams to dispense with the reading of and approve the minutes of the September 9, 2014, meeting minutes.
Passed. 5 Yeas. Commissioners Eilerman, Frank, Rains, Williams, and Mayor Carran.

PRESENTATIONS:

- Larisa Sims gave an update on the year-end performance of the Programs and Strategic Projects Division of the Department of Development.

NEW BUSINESS – FIRST READING OF ORDINANCES

GENERAL OBLIGATION BOND - The City's two old pension systems, previous to joining the state's pension system (CERS) for cities and counties at least two decades ago, are the Police and Fire Pension System and the Non-Uniformed City Employee Pension fund. All current City employees belong to the state's CERS system. Both old pension systems are funded in most part by bonds issued by the City in 2004 but both pension funds remain underfunded similar to CERS and many public employee pension funds across the nation. The City currently pays about $1,151,626 annually from its General Fund for debt service on these bonds. The 2004 bond issue included an "interest rate swap" financing mechanism which expires in December 2014 at which time it is financially advantageous to the City and both pension funds to refinance the bonds which will reduce the annual interest expense by approximately $80,000. This annual interest expense savings will reduce the overall unfunded liability in both old pension systems by about 25%, from about $4,203,324 to $3,037,058. In FY 14 and 15 the City began making additional direct contributions from the General Fund to the unfunded liability of both old pension systems with a goal over time of making both systems fully funded.

COMMISSIONERS' ORDINANCE NO. O-24-14

AN ORDINANCE OF THE CITY OF COVINGTON, KENTUCKY AUTHORIZING THE ISSUANCE OF CITY OF COVINGTON, KENTUCKY TAXABLE GENERAL OBLIGATION REFUNDING BONDS, SERIES 2014B IN THE APPROXIMATE AGGREGATE PRINCIPAL AMOUNT OF $10,960,000 (SUBJECT TO A PERMITTED ADJUSTMENT INCREASING OR DECREASING THE PRINCIPAL AMOUNT OF SERIES 2014B BONDS BY UP TO $1,095,000) FOR THE PURPOSE OF CURRENTLY REFUNDING THE OUTSTANDING CITY OF COVINGTON, KENTUCKY VARIABLE RATE GENERAL OBLIGATION FUNDING BONDS, SERIES 2004, THE PROCEEDS OF WHICH WERE USED TO FUND UNFUNDED LIABILITIES OF THE CITY OF COVINGTON, KENTUCKY FOR THE POLICE AND FIREMEN'S PENSION FUND AND THE EMPLOYEES' RETIREMENT FUND; APPROVING THE FORM OF BONDS; AUTHORIZING DESIGNATED OFFICERS TO EXECUTE AND DELIVER THE BONDS; AUTHORIZING AND DIRECTING THE FILING OF NOTICE WITH THE STATE LOCAL DEBT OFFICER; PROVIDING FOR THE PAYMENT AND SECURITY OF THE BONDS; CREATING A BOND PAYMENT FUND; MAINTAINING

THE HERETOFORE ESTABLISHED SINKING FUND; AUTHORIZING ACCEPTANCE OF THE BIDS OF THE BOND PURCHASERS FOR THE PURCHASE OF THE BONDS; AND REPEALING INCONSISTENT ORDINANCES.

First Reading, No Vote

OLD BUSINESS – SECOND READING OF ORDINANCES

AMEND ORDINANCES – The City Operations Director is a new position and job description, recommended to be filled by Lisa Desmarais, our Information Technology and Data Manager, that will retain the responsibilities of her existing position, but add functional areas of responsibility that include purchasing and procurement, facilities maintenance, contract management and compliance, and certain elements of risk management, not currently covered by any department or position in the city. These "gaps" and the inefficiencies and risks they create are noted in the State Auditor's report, and have been identified and discussed by the Mayor's Task Force to Restore Public Confidence. It is highly recommended that the City consolidate these various tasks and functional areas of responsibility that are currently not being performed or are very fragmented, into one new position of City Operations Director, rather than establishing several new positions and hiring several new employees. The recommended salary is $88,300. Also in this ordinance amendment is creating the position of "Interim City Solicitor" with the recommended salary of $78,500.

COMMISSIONERS' ORDINANCE NO. O-22-14

AN ORDINANCE AMENDING § 34.50 AND O-27-13, OF THE COVINGTON CODE OF ORDINANCES, NON-UNIFORMED, NON-CIVIL SERVICE EMPLOYEES, CREATING THE POSITIONS OF CITY OPERATIONS DIRECTOR AND INTERIM CITY SOLICITOR, AND ESTABLISHING THE SALARY FOR THOSE POSITIONS.

MOTION of Commissioner Frank, seconded by Commissioner Eilerman.
Passed. 4 Yeas. Commissioners Eilerman, Frank, Williams, and Mayor Carran.
1 Nay. Commissioner Rains.

AMEND SECTION 96.01 – The City's ordinance do not allow merchants to place merchandise on sidewalks for sale. This ordinance would allow the placement of merchandise on sidewalks with restrictions. An annual $25.00 will be required for a revocable license.

COMMISSIONERS' ORDINANCE NO. O-23-14

AN ORDINANCE AMENDING SECTION 96.01 OF THE CITY OF COVINGTON CODE OF ORDINANCES TO ALLOW THE PLACEMENT OF MERCHANDISE ON SIDEWALKS.

MOTION of Commissioner Eilerman, seconded by Commissioner Williams.
Passed. 5 Yeas. Commissioners Eilerman, Frank, Rains, Williams, and Mayor Carran.

NEW BUSINESS – ORDER/RESOLUTIONS

HOLY CROSS ELEMENTARY SCHOOL – The Holy Cross Elementary School building is celebrating its 100 year anniversary this year.

COMMISSIONERS' ORDER/RESOLUTION NO. O/R-218-14

AN ORDER/RESOLUTION RECOGNIZING AND CELEBRATING THE 100 YEAR ANNIVERSARY OF THE HOLY CROSS ELEMENTARY SCHOOL BUILDING.

MOTION of Commissioner Eilerman, seconded by Commissioner Frank.

Passed. 5 Yeas. Commissioners Eilerman, Frank, Rains, Williams, and Mayor Carran.

COMCAST CORPORATION TRANSFER – There are 16 cities who are part of the Telecommunications Board of Northern Kentucky (TBNK) and who must approve the transfer of control of its cable system franchisee of Comcast Corporation to Charter Communications.

COMMISSIONERS' ORDER/RESOLUTION NO. O/R-219-14

AN ORDER/RESOLUTION OF THE CITY OF COVINGTON, KENTUCKY APPROVING THE TRANSFER OF CONTROL BY COMCAST CORPORATION OF INSIGHT KENTUCKY PARTNERS II, L.P. (THE FRANCHISEE) TO CHARTER COMMUNICATIONS.

MOTION of Commissioner Williams, seconded by Commissioner Rains.
Passed. 5 Yeas. Commissioners Eilerman, Frank, Rains, Williams, and Mayor Carran.

TASK FORCE TO RESTORE PUBLIC CONFIDENCE – The Mayor's Task Force that was established in August of 2013 by the City Commission to monitor and review remedial actions by the City in response to the Kentucky Auditor's report regarding the improvement of the City's financial systems, determined at its last meeting in September that its work is concluded and that it "...strongly believes the City's financial affairs have been greatly strengthened by the remedial action and improvements adopted by the Board of Commissioners and staff", and further believes that "...the conditions existing previously have been corrected, and the financial controls and affairs of the City are greatly strengthened", and thereby is requesting that the Task Force's tenure be concluded and its Final Report accepted.

COMMISSIONERS' ORDER/RESOLUTION NO. O/R-220-14

AN ORDER/RESOLUTION ACCEPTING THE FINAL REPORT OF THE MAYOR'S TASK FORCE TO RESTORE PUBLIC CONFIDENCE AND DISBANDING THE TASK FORCE AS ITS MISSION IS COMPLETE.

MOTION of Commissioner Frank, seconded by Commissioner Eilerman.
Passed. 5 Yeas. Commissioners Eilerman, Frank, Rains, Williams, and Mayor Carran.

830-840-850 HIGHWAY AVENUE – Mr. Meredith Lawrence owns the property that is necessary for the City to construct the portion of the Riverfront Commons multi-use path that runs along the north side of Highway Avenue. The City has allocated money to extend the existing sidewalk and to construct this portion of the Riverfront Commons project. The City offered to purchase the parcels from Mr. Lawrence at the appraised value of $81,000. Mr. Lawrence countered with $1 million. The City's only option at this time is to obtain the property through eminent domain.

COMMISSIONERS' ORDER/RESOLUTION NO. O/R-221-14

AN ORDER/RESOLUTION AUTHORIZING THE CITY TO PURSUE EMINENT DOMAIN OF THE PROPERTY LOCATED AT 830-840-850 HIGHWAY AVENUE, OWNED BY MEREDITH LAWRENCE.

MOTION of Commissioner Eilerman, seconded by Commissioner Frank.
Passed. 3 Yeas. Commissioners Eilerman, Frank, and Mayor Carran.
2 Nays. Commissioners Rains and Williams.

FAÇADE GRANT – In April, Pike Street Associates presented a proposal for $50,000 in grant funding from the Covington Economic Development Program for the rehab of 220 West Pike Street. The project was presented to the Covington Economic Development Authority who voted to recommend that a grant in the form of a forgivable loan be awarded to Pike Street Associates to assist in the renovations of the façade. The

developer has also secured financing from the Catalytic Fund, Historic Tax Credits and a grant from Duke Energy.

COMMISSIONERS' ORDER/RESOLUTION NO. O/R-222-14

AN ORDER/RESOLUTION APPROVING A FAÇADE GRANT IN AN AMOUNT NOT TO EXCEED $50,000.00 TO PIKE STREET ASSOCIATES FOR PROPERTY LOCATED AT 220 PIKE STREET, PAYABLE FROM THE COVINGTON ECONOMIC DEVELOPMENT PROGRAM FUNDS.

MOTION of Commissioner Eilerman, seconded by Commissioner Frank.
Passed. 5 Yeas. Commissioners Eilerman, Frank, Rains, Williams, and Mayor Carran.

12-14 WEST PIKE STREET – In October 2013 the Commission approved O/R-298-13 allowing the Mayor and City Manager to enter into a development agreement providing $80,000 forgivable loan to facilitate the redevelopment of 12-14 Pike Street by CHAKO LLC. The Developer has not been able to secure a primary lender for the project nor has the Developer secured a tenant for the commercial space, which was a condition of the award of the funds. Approving this O/R will free up $80,000 in the Economic Development Fund.

COMMISSIONERS' ORDER/RESOLUTION NO. O/R-223-14

AN ORDER/RESOLUTION REPEALING O/R-298-13 WHICH APPROVED A FORGIVABLE LOAN TO CHAKO, LLC FOR PROPERTY LOCATED AT 12-14 WEST PIKE STREET AND APPROVING THE REALLOCATION OF THOSE FUNDS TO THE COVINGTON ECONOMIC DEVELOPMENT FUND.

MOTION of Commissioner Rains, seconded by Commissioner Williams.
Passed. 5 Yeas. Commissioners Eilerman, Frank, Rains, Williams, and Mayor Carran.

TEXT AMENDMENT – The City's ordinances do not allow merchants to place merchandise on sidewalks for sale. This text amendment will now allow this with restrictions.

COMMISSIONERS' ORDER/RESOLUTION NO. O/R-224-14

AN ORDER/RESOLUTION AUTHORIZING THE FILING OF AN APPLICATION TO THE KENTON COUNTY PLANNING COMMISSION FOR A TEXT AMENDMENT TO THE CITY OF COVINGTON ZONING ORDINANCE AMENDING SECTION 9.04 OUTDOOR STORAGE/DISPLAY REGULATIONS.

MOTION of Commissioner Rains, seconded by Commissioner Frank.
Passed. 5 Yeas. Commissioners Eilerman, Frank, Rains, Williams, and Mayor Carran.

SETTLEMENT AGREEMENTS – Settlement agreements have been negotiated with certain parties that the City has filed lawsuits against to recover City funds that were misappropriated. The present value of the "hard dollars" recovered is $702,500. There are additional claims to settle and funds to recover. A judgment in the total amount of misappropriated funds will be obtained, $793,127.22 plus costs and fees.

COMMISSIONERS' ORDER/RESOLUTION NO. O/R-225-14

AN ORDER/RESOLUTION APPROVING SETTLEMENT AGREEMENTS BETWEEN THE CITY OF COVINGTON AND FORMER FINANCE DIRECTOR ROBERT J. DUE, AND OTHER PARTIES.

MOTION of Commissioner Eilerman, seconded by Commissioner Frank.

Passed. 5 Yeas. Commissioners Eilerman, Frank, Rains, Williams, and Mayor Carran.

ADJOURNMENT

MAYOR CARRAN adjourned the meeting at 7:50 p.m.

MAYOR

ATTEST:

CITY CLERK

APPROVED: 10-7-14