

The regular meeting of the Lake Wales City Commission was held on June 5, 2012 at 6:00 p.m. in Commission Chambers at the Municipal Administration Building. The meeting was called to order by Mayor Michael S. Carter following the Invocation and Pledge of Allegiance at 6:02 p.m.

INVOCATION

The invocation was given by Fire Chief James Brown.

PLEDGE OF ALLEGIANCE

COMMISSIONERS PRESENT: Christopher Lutton; Betty Wojcik; Terrye Y. Howell; Michael S. Carter, Mayor

COMMISSIONERS ABSENT: Jonathan Thornhill

CITY REPRESENTATIVES PRESENT: Terry Leary, City Manager; Albert C. Galloway, Jr., City Attorney; Clara VanBlargan, City Clerk; Jacquie Hawkins, Deputy City Clerk;

[Meetings are recorded but not transcribed verbatim]

MAYOR

CONSENT AGENDA

**Agenda Item 5. APPROVAL OF MINUTES: May 8, 2012, Workshop Meeting
May 15, 2012, Regular Meeting**

Commissioner Howell made a motion to approve the minutes for the May 8, 2012 workshop meeting and the May 15, 2012 regular meeting. The motion was seconded by Commissioner Lutton.

By Voice Vote:

Commissioner Howell	"YES"
Commissioner Lutton	"YES"
Commissioner Wojcik	"YES"
Mayor Carter	"YES"

The motion carried 4-0.

CONSENT AGENDA

Agenda Item 6. Agreement – City of Lake Wales/Lake Wales Professional Firefighters

The full staff memo is incorporated into the minutes.

[Begin agenda memo]

RECOMMENDATION

It is recommended that the City Commission ratify the proposed amendments to the agreement between the City of Lake Wales and the Lake Wales Professional Firefighters, Local #3538.

BACKGROUND

On February 21, 2012, the City Commission approved the collective bargaining agreement between the City of Lake Wales and Local #3538, International Association of Firefighters, and "Lake Wales Professional Firefighters" for the period October 1, 2009 through September 30, 2010. The general purpose of the agreement is to provide wages, hours, and other conditions of employment for the employees in the fire department bargaining unit of which all firefighters except the chief, fire marshal, fire captain, fire prevention/ safety specialist and deputy chiefs are members.

Management staff and the Fire Department union representatives have reached an agreement for the period October 1, 2010 through September 30, 2012.

NOTE: The amendments are presented to the City Commission for ratification at this time. The change to the existing agreement is highlighted below:

PROPOSED CONTRACT CHANGES

Article 15 Wages

15.4 (a) Effective October 1, 2010 and 2011 employees shall receive a ~~one (1%)~~ zero (0) percent pay increase.

Article 38 Duration of Agreement

38.1 This Agreement shall become effective upon ratification by the bargaining unit members and approval and ratification by the Lake Wales City Commission and shall continue in full force and effect until midnight of September 30, ~~2010-12~~ with a wage and pension benefit re-opener annually. ~~Re-openers shall be for fiscal years 2004-2005 and 2005-2006.~~

FISCAL IMPACT

None

OTHER OPTIONS

Don't ratify the contract

[End agenda memo]

Commissioner Howell made a motion to ratify the proposed amendments to the agreement between the City of Lake Wales and the Lake Wales Professional Firefighters, Local #3538. The motion was seconded by Commissioner Lutton.

By Voice Vote:

Commissioner Howell	"YES"
Commissioner Lutton	"YES"
Commissioner Wojcik	"YES"
Mayor Carter	"YES"

The motion carried 4-0.

Agenda Item 7. Audit Engagement Letter, Fiscal Year Ending September 30, 2012

The full staff memo is incorporated into the minutes.

[Begin agenda memo]

SYNOPSIS

The City Commission will consider approval of the Audit Engagement Letter submitted by Purvis, Gray & Company for auditing services for fiscal year ending September 30, 2012.

RECOMMENDATION

It is recommended that the City Commission authorize the City Manager to execute the Audit Engagement Letter submitted by Purvis, Gray & Company for the audit of the City's financial statements for Fiscal Year Ending September 30, 2012.

BACKGROUND

On September 9 2009, the City Commission selected the accounting firm Purvis, Gray & Company to audit the City's financial statements for the fiscal year ending September 30, 2009 with an optional renewal for the four subsequent fiscal years.

Mr. Joseph Welch of Purvis, Gray & Company has provided an Audit Engagement Letter for the fiscal year ending September 30, 2012. The letter provides a detailed description of the services that will be provided through the audit process. The audit will be conducted in accordance with generally accepted auditing standards.

FISCAL IMPACT

The audit fee, including expenses, will not exceed \$71,100. Based on efficiencies achieved, Purvis Gray & Company is leaving the fee unchanged from 2011.

[End agenda memo]

Commissioner Howell made a motion to authorize the City Manager to execute the Audit Engagement Letter submitted by Purvis, Gray & Company for the audit of the City's financial statements for Fiscal Year Ending September 30, 2012. The motion was seconded by Commissioner Lutton.

By Roll Call Vote:

Commissioner Howell	"YES"
Commissioner Lutton	"YES"
Commissioner Wojcik	"YES"
Mayor Carter	"YES"

The motion carried 4-0.

OLD BUSINESS

NEW BUSINESS

Mayor Carter requested that Agenda Item 14 be discussed first.

Agenda Item 14. Presentation by the Economic Development Partnership (EDU) – Update on Strategic Plan Activity

The full staff memo is incorporated into the minutes.

[Begin agenda memo]

SYNOPSIS

Mr. Richard Thompson representing the EDP will provide a verbal update and review of the broad scope of activities and undertakings that the EDP is working on. He will also express EDP various roles and what the main intent of the EDP are for the City of Lake Wales.

RECOMMENDATION

There are no recommendations required or requested at this time.

BACKGROUND

The Economic Development Partnership is a broad based organization that is representative of the business, education (primary and secondary institutions), finance sector, governmental, Chamber of Commerce, Main Street Businesses, cultural organizations, and citizens of the community. It formed to generate a wider engagement of interested people for the betterment of the City. The EDP developed from a consensus a working Strategic Plan that is being used in all segments of the development of the community. This Plan was formerly adopted by the City Commission in March 2011.

FISCAL IMPACT

To be identified

OPTIONS

None

[End agenda memo]

Rick Thompson, representing the Economic Development Partnership (EDP), a broad, diverse coalition of people that have been meeting for almost two years to provide advice, encouragement and support to new businesses, and to support the growth and development of existing business in the community, gave a status report including the history and purpose of the organization and listing the participating organizations.

The following are activities from the 2011 created plan that they have been involved with:

- Community clean-up days, improving city gateways, and beautification efforts from the Community Appearance Action Plan
- Starting a farmer's market downtown
- Setting up Polk Works monthly visits
- Developing Charter School academies and apprenticeship programs.

Mr. Thompson thanked city staff for their support.

Agenda Item 8. Resolution 2012-10, Heartland Communities, LLC – Public Hearing

The full staff memo is incorporated into the minutes.

Begin agenda memo]

RECOMMENDATION

That the City Commission approves Resolution 2012-10 after consideration of it following its presentation and a public hearing. The required notice for the public hearing has been properly published.

BACKGROUND

Resolution 2012-04 was previously approved authorizing the City of Lake Wales to serve as the "conduit" issuer of a series of bonds for financing of a senior housing project to be located on Buck Moore Road within the corporate limits of the City. Heartland Communities, LLC, has requested the City to revisit the matter in order to increase the bond issue from not exceeding \$22 million to not exceeding \$27 million.

FISCAL IMPACT

The proposed development will add to the City's tax base and will provide construction and permanent jobs. The developer continues to bear the costs associated with the bond issue.

OPTIONS

The City may decline to increase the amount of the bond issue, but might lose this development opportunity if Heartland Communities, LLC, cannot secure the necessary financing for this senior housing development.

[End agenda memo]

City Clerk Clara VanBlargan read Resolution 2012-10 by title only.

A RESOLUTION AMENDING RESOLUTION NO. 2012-04 OF THE CITY OF LAKE WALES, FLORIDA WITH RESPECT TO THE ISSUANCE OF PROPOSED BONDS FOR SENIOR CARE FACILITIES TO BE OWNED BY HEARTLAND COMMUNITIES, LLC OR AN AFFILIATE; INCREASING THE NOT-TO-EXCEED PRINCIPAL AMOUNT OF SUCH BONDS; AND PROVIDING AN EFFECTIVE DATE.

City Attorney Chuck Galloway reviewed Agenda Item 8.

OPENED PUBLIC HEARING

There were no public comments.

CLOSED PUBLIC HEARING

Commissioner Howell made a motion to adopt Resolution 2012-10 after public hearing. The motion was seconded by Commissioner Wojcik.

By Roll Call Vote:

Commissioner Howell	"YES"
Commissioner Wojcik	"YES"
Commissioner Lutton	"YES"
Mayor Carter	"YES"

The motion carried 4-0.

Agenda Item 9. Fair Housing Meeting for the General Public and Elected Officials – Public Hearing

The full staff memo is incorporated into the minutes.

[Begin agenda memo]

SYNOPSIS

The CDBG program requires the City to hold a fair housing activity on a quarterly basis. A Fair Housing Public Hearing for the General Public and Elected Officials will be the City's fair housing activity for the 2nd quarter of 2012.

RECOMMENDATION

Hold a Fair Housing Public Hearing for the General Public and Elected Officials. The following is a recommended agenda:

1. Open Fair Housing Public Hearing

The purpose of this public hearing is to provide information about fair housing regulations and practices to the General Public and Elected Officials and to receive comments from the public and elected officials on fair housing issues. Please sign the attendance sheet for this public hearing.

- a. Provide overview of the Fair Housing Act (see Fair Housing Act Overview)
- b. Provide examples of housing discrimination (see housing discrimination examples)
- c. Describe information sources to learn more about fair houses (see attached Fair Housing Information Sources).

2. Ask for comments and questions and then close meeting.

[End Agenda Memo]

The public Hearing meeting began at 6:20 p.m. and ended at 6:27 p.m.

Economic Development Director Harold Gallup reviewed Agenda Item 9. Grant Administrator Andy Easton explained the reason for the public hearing, explained the Fair Housing Act and the procedure for registering a complaint. He opened the public hearing and said information was presently available to hand out to interested residents or they could ask the City Clerk for a copy in the future.

Commissioner Howell made a motion to open the public hearing. The motion was seconded by Commissioner Wojcik.

By Voice Vote:

Commissioner Howell	"YES"
Commissioner Wojcik	"YES"
Commissioner Lutton	"YES"
Mayor Carter	"YES"

The motion carried 4-0.

OPENED PUBLIC HEARING

There were no comments from the public.

CLOSED PUBLIC HEARING

Agenda Item 10 Community Development Block Grant, Economic Development Category (CDBG-ED) Program – 2n Reading & Public Hearing

The full staff memo is incorporated into the minutes.

[Begin agenda memo]

SYNOPSIS

The CDBG-ED rules require that the City hold a second public hearing to allow the public to comment on CDBG-ED grant applications prior to being submitted to the grant agency for consideration of funding. A CDBG-ED grant application is proposed that will fund water and sewer line extensions and an access road to a proposed ALF so that it can begin operations. The private investment associated with this grant application is \$28 million for development of the ALF facility and the creation of up to 46 new jobs to staff the ALF. A first public hearing was held to obtain comments from the public on the overall community and economic development needs of the City. This hearing was held on June 27, 2011. A Citizen Advisory Task Force meeting was scheduled for May 20, 2012 for review of the application by the Task Force.

RECOMMENDATION

Conduct a Second Public Hearing to consider views from the public on the proposed grant application. The following is the recommended agenda procedure:

1. Provide an Overview of the Grant Application

The City of Lake Wales is considering applying for CDBG funds to be used for the construction of a 1,150 LF water line extension (plus 1,900 of water line looping to maintain water pressure and reliability), a 3,600 LF sewer line extension and a 575 LF access road. The project will also include a lift station and relocation of electrical power poles that are in the path of the sewer line. The access road will be built to City standards which includes a 66 foot right of way. The project will also involve the acquisition of land from OHC by the City for road and water/sewer. Acquisition costs will include surveys, appraisals and a title search. Other project costs include engineering and grant administration. The public infrastructure will serve a proposed Assisted Living Facility (ALF) called ViaVita on the Ridge, which requires the infrastructure so that it can begin operations. The ALF will be owned and managed by One HC – Lake Wales, LLC (“OHC”) which is a Florida limited liability company.

The ALF will create at least 46 jobs within 24 months of grant award. At least 51% of the jobs created will be made available to low and moderate income persons. The private investment cost to develop the ALF is approximately \$28,000,000. The construction cost of CDBG funded public facilities needed to serve the site is estimated at \$619,560. The following is the project budget for the grant application:

Project Costs Lake Wales ALF Project (One HC- Lake Wales, LLC)			
Item	CDBG-ED	One HC - Lake Wales, LLC	Totals
CDBG Water Lines and Related	\$221,540		\$221,540
CDBG Sewer Lines and Related	\$289,318		\$289,318
CDBG Access Road	\$108,702		\$108,702
Acquisition	\$30,440		\$30,440
CDBG Engineering	\$40,000		\$40,000
General Site Work (including streets)		\$1,950,000	\$1,950,000
Land		\$1,650,000	\$1,650,000

Fixtures, Furniture and Equipment		\$1,000,000	\$1,000,000
Architectural/Eng Design and Related		\$851,000	\$851,000
Building Construction		\$14,088,464	\$14,088,464
Underwriter and Legal Fees		\$768,500	\$768,500
Debt Service Fee/Bond Interest & Fees		\$4,600,000	\$4,600,000
Soft Costs , Contingency and Other Fees		\$3,257,575	\$3,257,575
Sub Total (CDBG Eng+CDBG Const. + ALF Costs	\$690,000	\$28,165,539	\$28,855,539
CDBG Grant Administration	\$60,000		\$60,000
Project Total	\$750,000	\$28,165,539	\$28,915,539

2. Request comments from the public on the proposed application
3. Close Second Public Hearing

[End agenda memo]

Economic Development Director Harold Gallup reviewed Agenda Item 10.

OPENED PUBLIC HEARING

There were no comments made by the public.

CLOSED PUBLIC HEARING

Commissioner Wojcik noted that the memo said the grant application request was for \$28 million and in the previous memo it said \$27 million. She asked for clarification. Mr. Gallup said the bond financing is \$27 million and the cost of the total project is \$28 million.

Commissioner Howell made a motion to approve City staff to coordinate with Heartland Communities, LCC to develop a grant application that will fund water/sewer lines to serve a proposed Assisted Living Facility (ALF). The motion was seconded by Commissioner Wojcik.

By Voice Vote:

Commissioner Howell	"YES"
Commissioner Wojcik	"YES"
Commissioner Lutton	"YES"
Mayor Carter	"YES"

The motion carried 4-0.

Agenda Item 11. Resolution 2012-11, \$750,000 CDBG Grant Application for Construction of Water/Sewer/Access Road Facilities that will Serve a Proposed Heartland Communities, LLC Assisted Living Facility (ALF)

The full staff memo is incorporated into the minutes.

[Begin agenda memo]

SYNOPSIS

The CDBG-ED grant will fund public infrastructure that is needed for the ALF to begin operations. The private investment associated with this grant application is \$28 million for development of the ALF facility

and the creation of up to 46 new jobs to staff the ALF. In order to submit the CDBG-ED grant application, the City Commission will need to authorize the Mayor to sign the application by approving Resolution No. 2012-11.

RECOMMENDATION

It is recommended that the City Commission take the following action:

Approve Resolution 2012-11 that authorizes the Mayor to sign and submit a Community Development Block Grant, Economic Development Category (CDBG-ED) application that requests \$750,000 for construction of water/sewer/access road facilities that will serve a proposed Heartland Communities, LCC Assisted Living Facility (ALF). The grant application has been developed at no cost to the City.

BACKGROUND

On June 13, 2011 the City Commission was presented with an overview of the ALF project that is being proposed by Heartland Communities, LCC. The project will be developed in phases with Phase I consisting of 123 Units on approximately 15.5 acres for an ALF facility to be located east of Buck Moore Road South of Bel Ombre Circle.

One May 15, 2012, the City Commission approved staff to work with the ALF developers (Heartland Communities, LLC and their local corporation which is named One HC- Lake Wales, LLC) to develop a grant application for consideration by the City Commission for submission to the grant agency.

The grant application has been developed and can be submitted upon approval by the City Commission. The grant application requests \$750,000 for the construction of a 1,150 LF water line extension (plus 1,900 of water line looping to maintain water pressure and reliability), a 3,600 LF sewer line extension and a 575 LF access road. The project will also include a lift station and relocation of electrical power poles that are in the path of the sewer line. The access road will be built to City standards which includes a 66 foot right of way. The project will also involve the acquisition of land from OHC by the City for road and water/sewer. Acquisition costs will include surveys, appraisals and a title search. Other project costs include engineering and grant administration.

In order to qualify for grant funds the ALF owner will need to invest private funds to construct its facility and create new jobs. At least 51% of the jobs must be made available to low and moderate income persons. The proposed ALF will meet this requirement. For grant scoring purposes, the ALF is committing to create 22 new jobs (but actual job creation is expected to be about 46). Heartland will also invest up to \$28 million which will be used to purchase the land, construct the ALF facility and provide fixtures, furnishings and equipment.

The ALF project is being developed in phases. This is phase 1. The second phase will also result in the creation of new jobs (in the range of 22 to 40 jobs) and the construction of a second ALF building. The total investment for Phase 2 will be about the same as this first phase (\$28 million).

In the event that Heartland fails to meet the job creation requirements, the City shall be held harmless for repayment of the CDBG-ED Grant. This indemnification can be in the form of a security instrument such as a Bond, Letter of Credit, or other instrument that is acceptable to the City. This would be held until the Project is released by CDBG and found in compliance by the grant agency. The security instrument will be needed by the City within the next 90 to 120 days.

The grant can be applied for, but no grant funds will be spent by the City until it has the fully executed security instrument.

OTHER OPTIONS

Do not approve the proposed CDBG-ED grant application.

FISCAL IMPACT

The security instrument (which is needed within the next 90 to 120 days) will protect the City from having to pay back the grant if the participating business fails to perform as described in the grant application. Therefore, approval of the grant application will have no fiscal impact on the City.

[End agenda memo]

City Clerk Clara VanBlargan read Resolution 2012-11 by title only.

RESOLUTION OF THE CITY COMMISSION OF LAKE WALES, FLORIDA, AUTHORIZING THE MAYOR TO MAKE APPLICATION TO THE FLORIDA DEPARTMENT OF ECONOMIC OPPORTUNITY FOR APPROVAL OF A COMMUNITY DEVELOPMENT BLOCK GRANT IN THE ECONOMIC DEVELOPMENT CATEGORY SPONSORED BY THE CITY OF LAKE WALES; PROVIDING AN EFFECTIVE DATE; AND FOR OTHER PURPOSES.

Economic Development Director Harold Gallup reviewed Agenda Item 11.

For clarification, Commissioner Wojcik asked for confirmation that the \$750,000 grant did not restrict the City's pool of CDBG money, nor hinder the City from submitting its own applications because this would fall under a different category. Mr. Gallup concurred and said there would be no impact on the City's C Street Project and it would not conflict with new grants we apply for in the future as long as any existing city CDBG grant is closed out.

PUBLIC COMMENT

Nicolas Smith, 1001 Tower Blvd, recommended that Heartland Communities be required to install a reuse waster system as part of the grant.

Commissioner Wojcik said she thought there was a reuse project underway that goes out to that property and Commissioner Lutton said it was not close enough.

Mr. Gallup said it was not in the immediate area and the grant would not allow the City to install lines for a future use. Whenever the reuse water gets to the point that it lies adjacent to a part of the project, it then can be included as an approved expenditure, but they cannot lay dry lines there in anticipation of a use at some point.

Commissioner Wojcik said that the lines going to the Country Club at least open up an opportunity to tie into it in the future. Mr. Gallup concurred and said if the lines get close enough an extension could be incorporated.

Commissioner Lutton asked if the lines placed on the east side of Buck Moore could be upgraded to handle adjacent properties. Mr. Gallup said it could, but the City would have to pay the difference in upgrading the size.

Commissioner Howell made a motion to adopt Resolution 2012-11. The motion was seconded by Commissioner Lutton.

By Voice Vote:

Commissioner Howell	"YES"
Commissioner Lutton	"YES"
Commissioner Wojcik	"YES"
Mayor Carter	"YES"

The motion carried 4-0.

Agenda Item 12. Request for Qualifications for Continuing Engineering

The full staff memo is incorporated into the minutes.

[Begin agenda memo]

SYNOPSIS:

Staff is preparing to seek submittals from qualified firms to provide continuing engineering services in accordance with Florida Statutes 287.055

STAFF RECOMMENDATION

It is recommended that the City Commission approve RFQ 12 – 348, Request for Qualifications Professional Engineering and Related Services.

BACKGROUND

The City of Lake Wales' currently has three (3) engineering firms under continuing contracts. In October 2012, these contracts would have been in effect for three (3) years. The three (3) firms are: Envisors Incorporated; GAI Consultants; and Kimley–Horn and Associates.

Staff is requesting commission approval of this bid document in preparation for the 2012-2015 budget years.

FISCAL IMPACT

The fiscal impact to the City is yet to be determined and will not be known until each future project is negotiated. The engineering cost is usually included in the estimate presented in the Capital Improvement Project list.

OTHER OPTIONS

Do not approve an RFQ. This would cause each project requiring engineering services to be posted as an Invitation to Bid (ITB) on the city website and be advertised in the paper which would extend the time required to complete a project and cause additional expense to the project.

[End agenda memo]

Public Works Director Tom Moran reviewed Agenda Item 12. He explained the need for such services and said that continuing engineering services save the City in advertisement costs and speed up the project. Because the current three-year contracts end in October and the process will take until October to complete, they need to get started on the following process right away if approved by the Commission:

:

- Post the RFQ immediately with a closing date,
- Identify a selection group
- The selection group reviews the applicants, which usually takes about one and a half months, and selects the top seven to nine, or whatever they decide
- A decision is made at that time as to if the engineering firms should give a presentation to the Selection Group
- The Selection Group selects three or more engineering firms

Commissioner Wojcik said the process just gives the Commission the opportunity to re-evaluate the qualifications of the engineers we have and to pull new firms into our stable of engineers for the future. Mr. Moran concurred. Mr. Lutton said the firms will be competing now in terms of qualifications, but once the list is whittled down, they will be negotiating prices.

Mayor Carter noted that the selection criteria did not add up to 100%. He said he also did not see Project Management in the list of selection criteria. Mr. Moran said that he could check that and adjust the selection criteria to match the statement qualifications.

Commissioner Howell made a motion to approve RFQ 12 – 348, Request for Qualifications Professional Engineering and Related Services, with the requested specification changes. The motion was seconded by Commissioner Wojcik.

By Voice Vote:

Commissioner Howell	"YES"
Commissioner Wojcik	"YES"
Commissioner Lutton	"YES"
Mayor Carter	"YES"

The motion carried 4-0.

Agenda Item 13. City of Lake Wales Pension Plans

The full staff memo is incorporated into the minutes.

[Begin agenda memo]

SYNOPSIS

The City Commission will discuss the 30-year cost projections, provided by Foster & Foster, from the firefighters' and police officers' pension plans. The City Commission will discuss issuing a RFP for pension benefit consulting services.

RECOMMENDATION

Staff recommends the City Commission, after reviewing the 30-year cost projections from the firefighters' and police officers' pension plans, consider the following options:

1. Reach consensus that the 30-year cost projections for the firefighters' and police officers' pension plans are acceptable. If the projections are acceptable no further action by the City Commission is necessary at this time.

Or

2. Reach consensus that the 30-year cost projections for the firefighters' and police officers' pension plans are not acceptable. If the projections are not acceptable the City Commission has the following options:
 - a. Request the Pension Boards revisit the assumptions currently selected within the pension plans.

Or

- b. The City Commission directs the City Manager to begin union negotiations relating to the pension benefits within the current pension plans.

Or

- c. The City Commission directs staff to issue a request for proposal for a pension benefit consultant. The scope of the work would include a thorough review of all three of the City's pension plans. They should develop options for cost savings, provide detailed information on the estimated amount of cost savings for each option and conduct a review of the local government market to measure the impact of the various options on the competitiveness of the City's benefit package. Such alternatives could include modifications to the City's current retirement plans, and/or a new plan for future employees.

BACKGROUND

At the December 6, 2011 workshop, the Finance Director presented the financial status of the City's pension plans. A ten year historical over view of the City's three defined benefit pension plans was provided. The presentation concluded with the question of did the City Commission want to explore alternative options available to pension plans. Staff was directed by the City Commission to prepare a request for proposal for professional services for a pension benefit consultant.

Following the December 6th workshop, representatives from the fire and police pension boards requested an opportunity to present information to the City Commission. On February 28, 2012, a joint workshop was held with current representatives from the existing defined benefit pension boards and the City Commission. The Firefighters' and Police Officers' Pension Boards agreed to review their pension plan "assumptions" and provide the City Commission with future annual projections of the City's contribution requirements. Changes in pension plan assumptions will affect the "timing" of the City's contribution requirements without affecting pension benefits offered to employees. The firefighters' and police officers' 30-year cost projections are attached.

Staff is seeking City Commission direction.

[End agenda memo]

Finance Director Dorothy Pendergrass reviewed Agenda Item 13. Then Patrick Donlan from Foster & Foster gave a presentation.

Commissioner Wojcik had the following concerns:

- Commissioner Wojcik explained that if she refinanced her house, going from a ten-year mortgage to a thirty-year mortgage, her monthly payments would be significantly lower and yet the City's unfunded liability did not go down even though the projections changed from ten to thirty years. She asked for an explanation. Mr. Donlan said that the changes had already been reflected and he went into a greater explanation.
- Commissioner Wojcik said that almost 6% of payroll increases were calculated in, even though employees have not had any increases in salary. Mr. Donlan explained that they make projections based on the following assumptions:
 - A ten or thirty-year amortizations
 - The investment return assumption, which now is 7.75%, the same as the Florida Retirement System
 - Salary increase assumptions, which are long-term assumptions that change each year and are based on inflation
- Commissioner Wojcik said that though the percentage has gone down, the pension plan is still unsustainable. Mr. Donlan explained that the reason for the high cost right now is because of

high investment losses, but it certainly was possible that investment returns will go back to what they normally are.

Commissioner Lutton had the following concerns:

- Commissioner Lutton said the pension plan took a loss last year and whenever the loss is below 7.75% it immediately adds the extra unfunded liability into the mortgage, so the mortgage keeps growing. Yet the figures do not take that into account. He asked what the average return over the last four years was. Mr. Donlan said it was slightly less than zero but during the first six months of this year both plans were up 13-14%. Commissioner Lutton said we would need a whole lot of 16 plus percents to catch up for the past four year losses. Mr. Donlan said if we get three 16% increases the costs will be much lower. Commissioner Lutton said we haven't shown any increase in the past four to five years so the assumption may be a little off.
- Commissioner Lutton asked when the 5.65% payroll increases kicked in. Mr. Donlan said the overall payroll assumption yearly increase of 3% started in 2011.

Commissioner Howell said she would love it if she got a 3% raise every year like the policemen are getting. Commissioner Lutton said the police aren't getting the 3% raise. He explained that the report is just today's picture of how much we will need for the next thirty years, based on a set of assumptions that change every week. Commissioner Wojcik said just because the assumption is that they will get a raise every year doesn't mean they have gotten those increases. It is just figured into the assumptions.

Mayor Carter said he agreed that the plan is unsustainable long-term. He said there does not seem to be any relief in sight for the economic slump we are in; not only is it bad in this country with things like high levels of foreclosures and unemployment, but we are affected by Europe's economy. He said managers of pension assets are compensated on the amount of money in the fund and not on the fund's performance, and are in the top 40% of all managers. He therefore recommended not accepting the 30-year plan presented to them but recommended looking into other options instead. He said there was discussion at some point to have FRS give a presentation.

Commissioner Wojcik asked if an RFP would be prepared. City Manager Terry Leary said one has already been prepared and that she already had a discussion with FRS and is planning on having another one. She said they definitely should look into that. She said she felt that by getting a consultant they will have options and someone to guide her and the Finance Director through the process. She said she hears that going with the Florida Retirement System is not a bad deal, though there are a lot of changes going on in the State and she did not know how they would turn out.

Commissioner Wojcik said she thought it was important that they let the current employees know that all options the Commission looks into will be done with the employees in mind, and so there is nothing they should be concerned about. She said they may want to take a look at changes for new hires, though.

Commissioner Lutton said the employees should be happy to know that the Commissioners can't just throw up their hands and say we are bankrupt like private organizations can do, leaving them with no money. The money is there and they are trying to find a way to protect it. Commissioner Wojcik said that by doing something now to make the pension sustainable, they are showing that they care about the city's employees and will do their best to protect their pension fund.

Mr. Donlan said his company could do further calculations fairly inexpensively because it is already set up and the City may not need to pay another actuary to do the same calculations at a higher fee. He said he gave them the numbers as they are and did not sugar coat them. Commissioner Lutton said the report is clear and precise but the fact is the city budget cannot sustain it as it is. Commissioner Wojcik said they did not think he was skewing the numbers. The numbers are what they are. The Commission is just not happy with what they are and so have to come up with something else.

Ms. Pendergrass said the way the RFP was written, the actuary is actually separate. If the Commission decides to go with Foster & Foster because they are familiar with the plan and their fee would be less than an actuary starting off on ground zero, Foster & Foster could run the numbers. She said whether or not we go with Foster & Foster, we would need to have an actuary. Ms. Leary said the main focus would be to get a pension attorney, but she had no problem with using Foster & Foster for the actuary.

Mayor Carter said they needed to understand all their options and with a consultant he believed all the options would be on the table including FRS, defined benefits, and defined contributions. Their decision is an important one because what they decide will affect Lake Wales for the next thirty years. If they are going to have to burden future generations they need to do it the best way possible.

Commissioner Lutton made a motion to go forward with the RFP. The motion was seconded by Commissioner Wojcik.

By Voice Vote:

Commissioner Howell	"YES"
Commissioner Lutton	"YES"
Commissioner Wojcik	"YES"
Mayor Carter	"YES"

The motion carried 5-0.

Agenda Item 15. Discussion – Evaluation of City Attorney

The full staff memo is incorporated into the minutes.

[Begin agenda memo]

RECOMMENDATION

Mayor Carter has asked for this item to be placed on the agenda. If you decide to go forward, I can provide you with a format that has been used for this purpose.

[End Agenda memo]

There was a discussion on whether or not to evaluate the city attorney and if a consensus was reached, how best to do it.

. The following are reasons were given in favor of the evaluation:

- Mayor Carter said the city attorney should be fully aware of all legal concerns the Commission may have as to how best to protect and represent the city, its assets and its citizens in legal matters, which he said he has concerns about. He felt a written evaluation would be the best way to accomplish it.
- Mr. Galloway has not been evaluated during the almost twenty years he has been the City's attorney.

. They following reasons were given for not doing an evaluation.

- Commissioner Lutton said, as a new Commissioner, he has not been here long enough to make an evaluation and he has no knowledge prior to the month he has been in office.
- Ms. Leary reported that Commissioner Thornhill, who could not attend the meeting, told her he was not in favor of doing so.
- Usually city attorneys are not evaluated unless there is a big mess-up like what happened in Haines City, and in that case they would simply terminate his contract.

- There are a lot of things the city attorney does that they as commissioners do not see and so they would need to be provided a lot of information.

Commissioner Howell said she would be in favor of doing an evaluation if the evaluation form was provided for them to review first to see if the questions were appropriate and based on clear criteria. She asked that other cities be contacted to see if they evaluate their city attorney and if so get a copy of the form they use.

The consensus was as follows;

Commissioner Howell: yes if an appropriate form is provided.

Mayor Carter: yes

Commissioner Lutton: no

Commissioner Thornhill: no

Commissioner Wojcik: yes if a form can be provided and it is discussed at the next meeting

City Manager Terry Leary said that evaluating a city attorney is not a common thing that cities do because they usually have attorneys for a long time and they are therefore familiar with everything.

Ms. Leary passed out an evaluation form for them to look over and tell her if they understand it, if they can make a judgment based on the criteria, and if they would like changes made to the form. They will discuss it at the next meeting.

Agenda Item 16. Preliminary Financial Statements for April 30, 2012

The full staff memo is incorporated into the minutes.

[Begin agenda memo]

SYNOPSIS

The preliminary financial statements report revenues received and expenditures made through the end of April 30, 2012.

The unaudited financial statements for the City of Lake Wales for the Period Ending April 30, 2012 are presented to the City Commission for review. At the end of April 30, 2012 the City was 58.3% into the fiscal year. Fifteen of twenty-six payrolls (57.73%) have been expensed through April 30th.

[End agenda memo]

Finance Director Dorothy Pendergrass reviewed Agenda Item 17. She explained the different format being used and gave examples of how the information can easily be manipulated, making it more transparent, and making it much easier to do the Financial Reports, therefore getting more information to the Commissioners sooner, and with a format closer to that used by the City's auditors.

ADDENDUM

Agenda Item 17. Set the dates for the required public hearings for the final millage rate and adoption of the F&12'13 budget as Wednesday, September 5 and Tuesday, September 18.

Finance Director Dorothy Pendergrass explained the reason for moving the Tuesday, September 4th City Commission meeting to Wednesday, September 5th. The consensus was to approve the change to

September 5th, and to have the second public hearing at the regularly scheduled City Commission meeting on September 18th.

CITY MANAGER'S REPORT

CITY COMMISSION TRACKING REPORT

Airport Runway Extension:

Mayor Carter asked for an update on the Tiger grant and asked if it had been resubmitted. Economic Development Director Harold Gallup explained that he resubmitted the grant application and it was rejected again, though we are "shovel ready". They will fund a port, but not an airport because of their definition of a facility and its impact on the public, which he explained further. But they are working on how to submit it again.

Mayor Carter asked how much money they were talking about and what affect that would have on the extension. Mr. Gallup said the City was still five million dollars short and they have no other funding at this time, though they will be looking into other funding sources like the FAA and FDOT. Mayor Carter commented that without the grant, the runway would not be expanded and asked for confirmation that the expansion was part of the Master Plan. Mr. Gallup said it was. The only way to expand the general activity at the airport is to extend the runway so bigger jets can land.

Country Club Reuse Project:

Commissioner Lutton asked when the reuse project would be complete and Mr. Moran said around September or October depending on the snags they run into along the way.

Gymnasium update:

Mayor Carter asked for an update on the water problem at the gym. Economic Development Director Harold Gallup said the fans have been installed but the timers need to be replaced. A recent rainstorm produced a few leaks and the contractors have completed the remedial work to correct the problem. The electrician has checked the timers and found some gear problems that will require replacement of the timers. This will be completed within the next few days.

COMMUNICATIONS AND PETITIONS

Patrick Quinn, Police Captain and member of the Pension Board, said he took offense to an earlier statement made by the Mayor and explained that the Police Pension Board has done everything it thought it could to lower the costs of the pension plan by moving it to thirty years and lowering the salary assumption. He said that unfortunately costs are driven by the stock market. Over the course of the plan, which is calculated long-term, (thirty years and not five years) the plan has exceeded the target of 8%. He said that the Lake Wales Police Department has to compete with other agencies in the county for police officers and if we don't offer a competitive employment package we will end up with what is left over.

CITY COMMISSION COMMENTS

Lake Wales Park Forum:

Commissioner Lutton said he held the first forum at Lake Wailes Park and three people came. He shared comments they made including that those already in the pension plan should be left alone.

Redistricting:

Commissioner Howell requested that the redistricting committee look over the redistricting process again if it is not too late and can be done. She said she needed a map with readable street names.

City Attorney Chuck Galloway said that Section 8.01 provides for redistricting to take place when the census comes out. At that time the Commission appointed a redistricting committee that in turn made

suggestions to the Commission. The Commission considered the suggestions and adopted them and it became the districting for the purpose of elections. He said there is nothing in the City Charter that allows the City Commission to revisit the ordinance by which the redistricting was adopted and do it over again. He said that at their request, he could look into State and Federal laws.

Commissioner Howell asked if there was anything in the City Charter saying they specifically could **not** re-evaluate the process and Mr. Galloway said there wasn't anything prohibiting it but he would need to look further to see if Florida Law or Federal Elections Law precludes it. Commissioner Howell said that if the City Charter doesn't say specifically that they can't do it, it means to her that they can. Mr. Galloway said that may be so unless a State or Federal law prohibits it.

Commissioner Wojcik said they would have to form a new committee. Commissioner Howell said it could be the same committee. Mr. Galloway said his perception of it is that they would have to have another redistricting committee. Even if the same people are appointed, it is still a new entity. He said he will have to check the State and Federal law to see if that can be done.

Commissioner Lutton asked how long the process took. He was told it took about six months.

Commissioner Wojcik said the Commissioners needed to know the reasons for looking at it again so they can determine if they want to authorize the city attorney to look into it, because it will cost the city some money. Commissioner Howell asked why it would cost more money and she was told because it is a request outside his normal retainer. Commissioner Howell asked Mr. Galloway what his normal duties were and he said it covers the City Commission Meetings and conversations with staff. Commissioner Howell said she wanted to make sure the redistricting was done legally and each of the newly formed four districts is fair to the voters. Commissioner Wojcik asked Commissioner Howell if she was aware of something in the new districting that made her think it was unfair or done wrong. Commissioner Howell said she thought it was possible that it was done wrong geographically or mathematically because some residents may have been moved from one district to another. Commissioner Wojcik suggested asking city staff to enlarge a map for her to look at to determine if it was done fairly before having to pay the city attorney to look up further information.

Mr. Galloway said he would need a blown-up map from Ms. Nanek; the same one Commissioner Howell receives so they will be working with the same one. Commissioner Wojcik questioned spending the money on having the city attorney check it before Commissioner Howell has a chance to look at the blown-up map and determines whether there is a need to do it over. If, after looking at the map, Commissioner Howell decides it was done unfairly, then they could have the city attorney look it up.

Commissioner Howell asked for consensus that, after she looks at the blown-up map, the city attorney is being asked to research the State and Federal Laws if it is deemed necessary. Mayor Carter said he agreed with that. Commissioner Wojcik suggested asking the committee to come before them to explain their reasoning. Commissioner Wojcik said she would go along with the consensus in deference to a fellow commissioner, if she finds it necessary after looking at the map. Commissioner Lutton agreed.

Commission Pay Cut:

Commissioner Lutton said that he heard that city staff was asked to find a way to cut their budgets by 10%. Since the city is in such a budget crunch, he proposed that the City Commission take a 10% pay cut until the economy improves because he said it would send a message to the "troops" out there that the Commission puts its mouth behind its words. He asked that it be brought as an agenda item at the next meeting.

Unity in Community

Commissioner Wojcik gave a report on the meeting she attended that was initiated by Unity in Community to look at violence and crime in the northwest community. It was well attended and there was great input. She invited the Commission and residents to attend their next public meeting on June 18th at 6:00 p.m. in

the Lake Wales High School's media center. It will be publically noticed and minutes will be taken in accordance with the Sunshine Law.

Survey

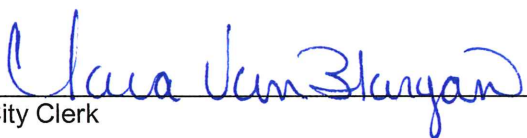
City Manager Terry Leary said the two paged, back to back, Lake Wales Budget Survey, was expected to go out to residents in their water bill during the week.

There being no further business, the meeting was adjourned at 7:54 p.m.



Mayor/Commissioner

ATTEST:



City Clerk