



***GATE CITY TOWN COUNCIL MEETING MINUTES
SEPTEMBER 20, 2011
SPECIAL CALLED MEETING
156 E. JACKSON ST.
6:00 PM***

I. SPECIAL CALLED MEETING CALL TO ORDER 6:02 P.M. Mayor Jenkins

II. ROLL CALL – Town Clerk Kathy Riley

PRESENT: Mayor, Mark Jenkins
Council Member, Roger Cassell
Council Member, Wallace W. Ross Jr.
Council Member, Frances Perry
Council Member, Randy Lane

ABSENT: Vice Mayor, Tommy Herron

Others present: Town Attorney, Michele Brooks, Jason McCarty

III. NEW BUSINESS

• **Cash CD and roll into General Fund.**

Mayor Jenkins – Only item under new business is the potential of cashing of CD's and rolling them into the General Fund to allow us to properly pay bills and function properly.

Council Member, F. Perry – Questions the reason why we are doing this. Are we waiting on reimbursements of monies that we have paid out on grants that will come back to us?

Mayor Jenkins – We have on the water line fracture that we had to replace the line. That put back some. That will be reimbursed when we get the grant. So, yes, part of it is because of that.

Council Member, F. Perry – To follow up on that, but rather than cash in a CD can a government agency not ask for a credit line at a bank to keep from being penalized on our CD?

Council Member, R. Cassell – Spoke to Chris about that and it all hinges on this audit.

Mayor Jenkins – The auditors are working on and if we had a clean audit, then yes it would be a possibility to do that.

Council Member, F. Perry – Okay, but in future we may want to look at applying for a credit line so we don't have to get into CD's.

Mayor Jenkins – This time of the year we'll get short because it is prior to getting the real estate tax coming in.

Council Member, F. Perry – I've been on this Council a long time and we have never had to do something like this before. I know we have money that is out because of expenditures that we had that will be reimbursed. I thought if the bank knew that we could.

Mayor Jenkins – That would be a potential source of revenue if we had a clean audit. Chris has recommended that we cash \$41,160.48 CD that we set aside for building repairs and all but \$20,000.00 of the 60-month CD #127383.

Council Member, F. Perry – So, you are talking about taking out \$100,000?

Mayor Jenkins – Yes. We have payments to the Fire Department that we need to make and explains the \$8,000 shortage that for last three years that has come to our attention, the auditors will be \$20,000.

Council Member, F. Perry – You weren't aware we were behind with the Fire Department?

Mayor Jenkins – No. Explains the \$8,000 grant was to go through us, but was grouped in with the \$25,000 but should have been in addition to the \$25,000. We also planned it thin to avoid raising rates and sewer charges have gone up with PSA controlling with a \$50,000 bill from them for this month.

Council Member, R. Cassell – Asks if those grants were applied for those three years for the Fire Department?

Mayor Jenkins – It was applied, the \$8,000 was not transferred directly to. But one year we allotted them an extra \$15,000, but since we took a vote it was specifically directed that \$15,000 was for the Fire Truck in addition to the \$25,000 we normally give. That \$8,000 has to be in addition to anything else you allot to the Fire Department.

Council Member, W. W. Ross, Jr. – What year was that approved by the board?

Mayor Jenkins – Which one?

Council Member, W. W. Ross, Jr. – The three years at \$8,000.

Mayor Jenkins – That is not approved by the board. It is a grant that comes to the state through the Fire Department. We are the applicant for them.

Town Attorney, M. Brooks – Just a pass through, right?

Mayor Jenkins – Right, that is all it is. But a former Treasurer thought

Council Member, W. W. Ross, Jr. – So you say we have to apply for the grant, you receive the money, than it is allocated to the Fire Department.

Mayor Jenkins – Yes.

Council Member, W. W. Ross, Jr. – Why couldn't the Fire Department apply for the grant?

Mayor Jenkins – It has to be apply for by a municipality.

Council Member, W. W. Ross, Jr. – That's a thin line. They cannot qualify by themselves unless from us. We cannot communicate with them about their finances.

Mayor Jenkins – No, we can ask for their finances at any time. We can do that because we provide them with the \$25,000 a year that we do vote on.

Council Member, W. W. Ross, Jr. – When budget was approved for this year, that was an oversight we were short \$8,000 for three years?

Mayor Jenkins – That money should have gone in addition to the \$25,000 and what has been done for the, I think, last four years it was counted in with the \$25,000 that we allot the Fire Department. Is should have been, give the Fire Department \$25,000 and when that grant came in, it should have directly been given to them. We are just the processor. This past year and three prior years we counted that as part of the \$25,000 and it should have been in addition to the \$25,000. They made us aware of it this last year.

Council Member, W. W. Ross, Jr. – They waited three years?

Mayor Jenkins – I don't know why it had not be brought up before. We were not aware of it until this last year.

Council Member, W. W. Ross, Jr. – If we cash this \$100,000 CD how do we replace this?

Mayor Jenkins – The biggest part of our income comes from real estate taxes. It always gets lean, we just had some extra expenses.

Council Member, W. W. Ross, Jr. – What are the extra expenses?

Mayor Jenkins – The \$30,000 pipeline we put down in anticipation we will get the grant and do the water extension. It was around \$80,000 for the piece of water line we had to replace that was part of the Phase 2 water line extension. We fronted the money for that in anticipation that we would get that money back. There were extra expenditures on Water Street.

Council Member, W. W. Ross, Jr. – Are we guaranteed that we will get this money back?

Mayor Jenkins – No.

Council Member, F. Perry – No, this is our money to have for instances like this. This is your insurance money, to say.

Council Member, W. W. Ross, Jr. – What is the shortfall of our budget?

Mayor Jenkins – I don't know if we will be any shortfall from the budget. The biggest part of the town's money will come in near the end of the year after the tax tickets have been sent out.

Council Member, W. W. Ross, Jr. – We never had this problem before, why are we going this way?

Mayor Jenkins – Part is because we did have some extra expenses. Another thing is we did not want to increase tax, water rates and trash pick-up, but we still want to provide these services. With the economic conditions as they are right now it is not a good time to slap people with extra bills. It is lean and hard on a lot of people. There is a potential of increases later on, but we need to look at right now.

Council Member, F. Perry – If you could answer the question of how much of this money will we recoup in grant repayment? Do you have any idea of what that would run close to?

Mayor Jenkins – It would be the \$80,000 that we spent on the water line out here. It would be \$30,000 we put the main under the road to keep the new road from tearing up once we do get that.

Council Member, F. Perry – That's 80% of it right back already. That is why I asked the question up front is part of the money that we spent and pay out that we will be reimbursed with grant programs.

Council Member, W. W. Ross, Jr. – So, you're comfortable with this?

Council Member, F. Perry – Yes. The other question I would have is what kind of penalty are we going to get out of this? These things are just one year old and they have been put in there for five years.

Mayor Jenkins – I did not ask Chris what that would be.

Council Member, F. Perry – They are all 60 month CD's and they mature in 2015, means they are just a year old, so we are going to get a four year penalty here. That's going to be some bucks, but if you have to do it, you have to do it. We might want to look at that from now on and not tie them up for so much time. I know you are getting a better return for the longer you have them in. but if you have to take them out after a year and they are in there for five years it'll cost you more than if you put them in for a shorter term. Five years is a long time when you have that for back up money. These are things you might want to look at the next time.

Council Member, R. Lane – To help you understand than, the need is to cash out the CD 20153 for its full amount and the CD 10027383 is that for its full amount or the \$20,000 less than its full amount?

Mayor Jenkins - \$20,000 less than its full amount. We are required to keep at least \$20,000 in that.

Council Member, F. Perry – That is why I said it would be \$100,000.

Council Member, R. Cassell – I had asked Chris one time and I don't know if they to see if the Fire Department would take a couple or three installments until we get in a little better shape, instead of asking for the whole \$24,000 at one time. If that would help us, maybe 12 now and 12 maybe after the first of the year when revenue picks up. I think we would still be within the law, it says you can't replace funds with funds.

Council Member, F. Perry – But we might be better off take it and when our money comes back to us, if we are going to buy CD's buy them on a shorter term.

Council Member, R. Cassell – 12- 18 months should be the most. If we don't do something he won't be able to make payroll.

Town Attorney, M. Brooks – That's what he told me yesterday, without it can't make payroll.

Motion made to cash in two CD's to meet our needs to pay the bills.

Motion by: Council Member, F. Perry 2nd by: Council Member, R. Cassell

Council Member, W. W. Ross, Jr. - You said that we can't pay our bills, did I hear you correctly? We are at that level.

Mayor Jenkins – Yes, we're going to be at that level.

Council Member, W. W. Ross, Jr. – You're saying if we make this decision in 90 days we would be able to get some of this money back?

Mayor Jenkins – 90 days?

Council Member, W. W. Ross, Jr. – Well, you said we'd get some of the money back, reimbursement.

Mayor Jenkins – That depends on whether we secure these grants. It won't specifically come back in 90 days.

Council Member, W. W. Ross, Jr. – So, will we be able to pay our bills next month?

Council Member, R. Cassell – The tax tickets have not come out and he had them about ready to mail due in December. Once those tickets come out and people start paying, you'll see by the end of the year we'll have most of our tax money back. We're not the first municipality, the county used to have to apply for a line of credit every year. They've been able to build up their rainy day fund and we've kind of depleted ours.

Council Member, F. Perry – We've built ours up, we just can tie it up for so long. We got a good build up, we just tied it up to long.

Mayor Jenkins – Anymore questions?

Town Attorney, M. Jenkins – I don't want to interrupt, but I think for your motion you need to say minus the \$20,000 to be held in the CD.

Motion amended to cash in two CD's to meet our needs to pay the bills and CD #10027383 to withhold \$20,000.

Motion by: Council Member, F. Perry 2nd by: Council Member, R. Cassell

Council Member, W. W. Ross, Jr. – Can we go back to our budget and maybe do some cutting?

Mayor Jenkins – We may have to look at that, but I think we'll be fine after we start getting the revenue in from real estate. But we can look at the budget anytime through the year if we need to. Are there anymore questions?

VOTE: Yeas,	3
Nays,	0
Abstain,	1 – W.W. Ross, Jr.
Absent,	1 – T. Herron

VI. ADJOURN

Motion made to adjourn the meeting.

Motion by: Council Member, R. Lane 2nd by: Council Member, F. Perry

VOTE: Yeas,	4
Nays,	0

Absent 1 – T. Herron

*Mayor Jenkins adjourned the meeting at 6:24 P.M.

Mark Jenkins – Mayor

Kathy Riley – Town Clerk