CITY OF SPARTANBURG

SOUTH CAROLINA

CITY COUNCIL AGENDA

City Council Meeting
City Council Chambers
145 West Broad Street
Spartanburg, SC
Monday, September 9, 2013
5:30 p.m.

I. Moment of Silence

II. Pledge of Allegiance

III. Approval of Minutes of the August 26, 2013 City Council Meeting

IV. Approval of Agenda of the September 9, 2013 City Council Meeting

V. Public Comment

*Citizen Appearance forms are available at the door and should be submitted to the City Clerk

VI. Ordinance

A. Providing for the Issuance and Sale of a Series of Water System Revenue Bonds of the City of Spartanburg, South Carolina, in a Principal Amount Not to Exceed Thirty Million Dollars ($30,000,000); and Other Matters Relating Thereto (First Reading)
Presenter: Chris Story, Assistant City Manager

VII. Consent Agenda

A. To Amend the Code of the City of Spartanburg 1988, Chapter 18, By Adding Article III to Provide for a Special Property Tax Assessment for Rehabilitated Historic Property (Second Reading)
Presenter: Chris Story, Assistant City Manager

VIII. Other Business

A. Request for Approval for the City Manager to Enter Into a Contract with a Benefits and Wellness Consultant
Presenter: Michelle Clyburn, Director of Human Resources

As required by the Americans with Disabilities Act, the City of Spartanburg will provide interpretive services for the City Council Meetings. Requests must be made to the Communications & Marketing Office (596-2020) 24 hours in advance of the meeting. This is a Public Meeting and notice of the meeting was posted with the Media 24 hours in advance according to the Freedom of Information Act.

IX. City Council Updates

X. Adjournment

** City Code Sec. 2-57. Citizen Appearance. Any citizen of the City of Spartanburg may speak at a regular meeting on any matter pertaining to City Services and operations germane to items within the purview and authority of City Council, except personnel matters, by signing a Citizen's Appearance form prior to the meeting stating the subject and purpose for speaking. No item considered by Council within the past twelve (12) months may be added as an agenda item other than by decision of City Council. The forms may be obtained from the Clerk and maintained by the same. Each person who gives notice may speak at the designated time and will be limited to a two (2) minute presentation.*

III.

City Council Meeting
City Council Chambers
145 West Broad Street
Spartanburg, SC
Monday, August 26 2013
5:30 p.m.

(These minutes are subject to approval at the September 9, 2013, City Council meeting.)

City Council met this date with the following members present: Mayor pro tem Jerome Rice, Councilmembers Linda Dogan, Cate Ryba, Robert Reeder, Jan Scalisi, and Councilmember W. Sterling Anderson II. Mayor White was on medical leave. City Manager Ed Memmott and City Attorney Cathy McCabe were also in attendance. Notice of the meeting was posted with the Media 24 hours in advance according to the Freedom of Information Act. All City Council meetings are recorded for a complete transcript.

I. Moment of Silence – observed.

II. Pledge of Allegiance – recited.

III. Approval of Minutes of the August 12, 2013 City Council Meeting –
Councilmember Dogan *made a motion to approve the minutes as received. Councilmember Anderson seconded the motion, which carried unanimously 6 to 0.*

IV. Approval of Agenda of the August 26, 2013 City Council Meeting –
Councilmember Dogan *made a motion to approve the agenda as received. Councilmember Ryba seconded the motion, which carried unanimously 6 to 0.*

V. Public Comment - none
*****Citizen Appearance forms are available at the door and should be submitted to the City Clerk

VI. Ordinance

A. To Amend the Code of the City of Spartanburg 1988, Chapter 18, By Adding Article III to Provide for a Special Property Tax Assessment for Rehabilitated Historic Property (First Reading)
Presenter: Chris Story, Assistant City Manager
Mr. Story presented the item to City Council as follows:
"For many years, South Carolina State Law has permitted local governments to provide a special property tax treatment for rehabilitated historic properties under certain circumstances. Spartanburg County passed an implementing ordinance many years ago and a handful of projects have benefited from the incentive under this

authority. However, with the concurrence of the County's legal team, we have concluded it is best for the City to have its own ordinance which will enable City Council to control and administer the use of this tool in the manner which best serves the City's interests.

When a qualifying property is renovated according to standards, that renovation presumably results in a significant increase in the taxable market value of the property. The special assessment program would essentially allow the owner of an eligible rehabilitated property to avoid property taxes on the increased value resulting from the redevelopment. A property owner would continue to pay property taxes on the pre-rehabilitation value of the property but would not pay property taxes on the increased value from redevelopment for a term set by City Council. Staff believes that making this incentive available could make a tremendous difference in the economic viability of some projects.

For a project to be eligible, an appropriate body must determine the property is historically significant and also determine that the rehabilitation has been conducted to standards. For projects also seeking federal or state income tax credits, we can simply rely on the existing mechanisms for those determinations. However, when there is no such federal credit effort, the proposed ordinance would call for the City's Historic and Architectural Review Board to perform those important tasks. The rehabilitation standards in the draft Ordinance mirror the federal standards.

If this Ordinance is passed, City Council will ultimately determine if an otherwise qualifying project benefits from the property tax incentive. Because this program directly affects local revenue, staff intends to recommend its utilization only when the incentive proves financially necessary and consistent with the City's broader goals for economic and community development. In other words, factors outside those identified in the ordinance will likely be considered in City Council's determination of whether to grant the special assessment. There will likely be projects that meet the Ordinance criteria but receive the special assessment status. Staff will continue to encourage project owners to view the federal and state credits, which of course do not impact local revenues, as the primary financial incentives to lower the relative cost of historic rehabilitation.

ACTION REQUESTED: First reading approval of an Ordinance to establish a special property tax assessment for rehabilitated historic properties.

BUDGET AND FINANCE DATA: If approved and individual properties are designated, the City would forgo future incremental property taxes in order to induce economic development that, in absence of the incentive, is not likely to occur. It is also possible that the program would allow the City to negotiate higher levels of development that, in absence of the incentive, would not be achieved

Staff believes the program will provide positive overall and long term benefit to the City and is recommending approval."

After discussion, Councilmember Dogan *made a motion to approve the ordinance as presented on first reading. Councilmember Reeder seconded the motion, which carried unanimously 6 to 0.*

VII. Resolution

A. To Ratify a Reduction in the Option Purchase Price of a Parcel of Land Owned by the City Located North of Morgan Square and Previously Referred to as Opportunity Block

Presenter: Ed Memmott, City Manager

Mr. Memmott presented the item to City Council as follows:

"Opportunity Block" was an approximate four (4) acre redevelopment site located immediately north of Morgan Square between Church, Magnolia, and Saint John Streets that was acquired by the City during the 1970s. In the mid-1980s the City was successful in partnering with a private entity for the development of Spartan Centre. Due to a variety of factors, the balance of the site was not redeveloped. In 2002, the City entered into a Development Agreement for the redevelopment of the remaining portion of Opportunity Block site with the construction of Extended Stay America ("ESA") Hotels headquarters and the Magnolia Street Garage.

The ESA building is now owned by an affiliate of Johnson Development Associates. It is occupied by a several businesses including American Credit Acceptance, Pure Barre, OTO Development, and Johnson Development Associates. The building is now called One Morgan Square. Under the terms of the Development Agreement, the City retained ownership of the land on which One Morgan Square, its underground parking, and plaza were constructed. The Development Agreement provides the One Morgan Square owner with the use of the land at no charge until 2022. The building owner has an option to purchase the parcel for $4.50 per square foot at any time until 2022.

A few weeks ago, representatives from Johnson Development asked whether the City would be receptive to the idea of a discounted purchase price in exchange for an expedited sale. After some limited discussion, a purchase price of $4.00 per square foot was tentatively set. The City Attorney and I believe that as, City Manager, I have the authority to close on the sale of the property at $4.00 PSF. Additionally, from a straight forward financial analysis, selling the parcel for $4.00 PSF in 2013 instead of $4.50 PSF in 2022 is an attractive option for the City. Additionally, moving forward now would give the City the option of putting the sales proceeds to work. However, in order to close this matter completely and for the record, I am asking Council to ratify my decision to accept the price of $4.00 PSF.

The City will receive $329,288 from this sale. I encourage Council to "park" the sales proceeds temporarily and decide on any use of these funds when the City's FY13 budget close out is complete and when staff can make its recommendation for downtown streetscape projects and a modest group of near term park and recreation facility improvements. I expect to provide Council with those recommendations by mid-October.

ACTION REQUESTED: Approval of Resolution to ratify a change in sales price to $4.00 PSF for the One Morgan Square Parcel.

BUDGET AND FINANCE DATA: Sales proceeds of $329,228 will be held pending expenditure decision by City Council later this year."

After discussion, Councilmember Reeder *made a motion to approve the resolution as presented. Councilmember Ryba seconded the motion, which carried unanimously 6 to 0.*

VIII. Other Business

A. Boards and Commissions – Planning Commission and Spartanburg Housing Authority

Presenter: Connie McIntyre, City Clerk

Ms. McIntyre presented George Harakas' application for consideration of appointment to the Planning Commission.

Councilmember Dogan *made a motion to waive the rules and appoint Mr. Harakas to the Planning Commission. Councilmember Reeder seconded the motion, which carried unanimously 6 to 0.*

Ms. McIntyre presented Mac Hogan's application for consideration of appointment to the Spartanburg Housing Authority.

Councilmember Dogan *made a motion to waive the rules and appoint Mac Hogan to the Spartanburg Housing Authority. Councilmember Scalisi seconded the motion, which carried unanimously 6 to 0.*

IX. City Council Updates

Councilmember Ryba shared that there was a great turnout that morning for the most recent inductees to the Spartanburg Music Trail, David Ball and Buck Trent.

She also mentioned that Harold Jennings, the owner of Bull Hawgs Barbeque had created access to his business for users of the Rail Trail to be able to stop and enjoy food and drink there.

Councilmember Scalisi shared that she presented a proclamation the prior Saturday at the Spartanburg County Library to celebrate one million books given to children by the Imagination Library.

She also commended everyone involved with the WOLI Ferris Wheel that was in the City for a couple of weeks with over 8,176 people riding.

She reminded everyone that Jazz on the Square.

Councilmember Anderson thanked City staff and the anonymous donor for the success of WOLI in downtown.

X. Adjournment – ***Councilmember Dogan*** *made a motion to adjourn the meeting. Councilmember Reeder seconded the motion, which carried unanimously 6 to 0, and the meeting adjourned at 5:56 p.m.*

Connie S. McIntyre

Connie S. McIntyre, City Clerk

VI. A

REQUEST FOR COUNCIL ACTION

TO: **Spartanburg City Council**

FROM: **Chris Story, Assistant City Manager**

SUBJECT: **Commission of Public Works Revenue Bond Issuance**

DATE: **September 5, 2013**

BACKGROUND:

As you know, the City of Spartanburg Commission of Public Works ("CPW") operates the Spartanburg Water System and from time to time bond debt is issued to fund system needs. City Council action is required in order for water system revenue bonds to be issued. Earlier this year, the CPW and City Council executed an agreement, which among other things, describes the conditions under which City Council will authorize such debt. We have received a request which is in full compliance with that agreement. Passage of the attached ordinance is necessary for the issuance to proceed.

ACTION REQUESTED:

We recommend City Council adopt the attached ordinance.

BUDGET AND FINANCE DATA:

The bonds are secured solely by water system revenues. There is no financial impact or exposure to the City budget.

AN ORDINANCE

PROVIDING FOR THE ISSUANCE AND SALE OF A SERIES OF WATER SYSTEM REVENUE BONDS OF THE CITY OF SPARTANBURG, SOUTH CAROLINA, IN A PRINCIPAL AMOUNT NOT TO EXCEED THIRTY MILLION DOLLARS ($30,000,000); AND OTHER MATTERS RELATING THERETO.

SERIES ORDINANCE

Enacted _____, 2013

TABLE OF CONTENTS

ARTICLE I

FINDINGS OF FACT

SECTION 1.01 FINDINGS. .....**ERROR! BOOKMARK NOT DEFINED.**

ARTICLE II

DEFINITIONS AND AUTHORITY

SECTION 2.01 DEFINITIONS. .....**ERROR! BOOKMARK NOT DEFINED.**
SECTION 2.02 AUTHORITY FOR THIS 2013 SERIES ORDINANCE. .....**ERROR! BOOKMARK NOT DEFINED.**

ARTICLE III

AUTHORIZATION AND TERMS OF APPROVED SERIES OF BONDS; NOTES

SECTION 3.01 AUTHORIZATION OF APPROVED SERIES OF BONDS. .....**ERROR! BOOKMARK NOT DEFINED.**
SECTION 3.02 PURPOSES OF APPROVED SERIES OF BONDS. .....**ERROR! BOOKMARK NOT DEFINED.**
SECTION 3.03 DETAILS OF APPROVED SERIES OF BONDS. .....**ERROR! BOOKMARK NOT DEFINED.**
SECTION 3.04 SECURITY FOR APPROVED SERIES OF BONDS. .....**ERROR! BOOKMARK NOT DEFINED.**

ARTICLE IV

EXECUTION OF APPROVED SERIES OF BONDS OR NOTES; NO RECOURSE

SECTION 4.01 EXECUTION. .....**ERROR! BOOKMARK NOT DEFINED.**
SECTION 4.02 NO RECOURSE. .....**ERROR! BOOKMARK NOT DEFINED.**

ARTICLE V

AUTHORIZATION TO COMMISSIONERS FOR SERIES RESOLUTION

SECTION 5.01 AUTHORIZATION. .....**ERROR! BOOKMARK NOT DEFINED.**
SECTION 5.02 CONDITION TO ISSUANCE OF THE APPROVED SERIES OF BONDS OR ANY NOTES..... **ERROR! BOOKMARK NOT DEFINED.**

ARTICLE VI

SALE OF APPROVED SERIES OF BONDS OR NOTES

SECTION 6.01 DELEGATION OF CERTAIN MATTERS RELATING TO THE SALE OF APPROVED SERIES OF BONDS OR NOTES. .....**ERROR! BOOKMARK NOT DEFINED.**

ARTICLE VII

COMPLIANCE WITH REQUIREMENTS OF THE CODE

SECTION 7.01 COMPLIANCE WITH THE CODE GENERALLY. .....**ERROR! BOOKMARK NOT DEFINED.**
SECTION 7.02 REBATE. .....**ERROR! BOOKMARK NOT DEFINED.**

ARTICLE VIII

MISCELLANEOUS

SECTION 8.01 SEVERABILITY. .....**ERROR! BOOKMARK NOT DEFINED.**
SECTION 8.02 TABLE OF CONTENTS AND SECTION HEADINGS NOT CONTROLLING. .....**ERROR! BOOKMARK NOT DEFINED.**
SECTION 8.03 EFFECTIVENESS OF THIS 2013 SERIES ORDINANCE; EXPIRATION DATE. .....**ERROR! BOOKMARK NOT DEFINED.**

EXHIBIT A - PROJECTS

BE IT ORDAINED BY THE MAYOR AND COUNCIL MEMBERS OF THE CITY OF SPARTANBURG, SOUTH CAROLINA IN MEETING DULY ASSEMBLED:

ARTICLE I

FINDINGS OF FACT

Section 1.01 Findings.

As an incident to the enactment of this Ordinance and the issuance of the bonds provided for herein, the City Council of the City of Spartanburg, South Carolina (the "City Council"), the governing body of the City of Spartanburg, South Carolina (the "City"), finds that the facts set forth in this Article exist, and the following statements are in all respects true and correct:

(1) The City Council has made general provision for the issuance from time to time of Water System Revenue Bonds of the City (the "Bonds") through the enactment of an ordinance entitled "An Ordinance Providing for the Issuance and Sale of Junior Lien Water System Revenue Bonds of the City of Spartanburg, South Carolina, and Other Matters Relating Thereto" enacted October 26, 1998, as amended by ordinance of the City Council enacted December 10, 2001 (collectively, the "Bond Ordinance"). Due to the subsequent payment in full of certain senior lien water system revenue bonds of the City since the date of enactment of the Bond Ordinance, all references to "junior lien" status of Bonds within the Bond Ordinance are no longer deemed applicable for purposes herein.

(2) It is provided in and by the Bond Ordinance that, upon enactment of a "Series Ordinance" by the City Council and the adoption of a "Series Resolution" by the Commissioners of Public Works of the City (the "Commissioners"), the governing body of the water system of the City (the "System"), there may be issued one or more series of Bonds for the purpose of providing funds for expansion and improvements to the System, refunding Bonds or other indebtedness issued to provide land or facilities for the System or payable from the revenues of the System, and funding the debt service reserve funds established for the benefit of the holders of Bonds.

(3) The Commissioners have advised the City Council that an amount not to exceed $30,000,000 should be raised through the issuance of a Series of Bonds in order to provide funds to pay the cost of certain improvements to the System included but not limited to the projects described in Exhibit A hereto (the "Projects"), to pay capitalized interest on such Series of Bonds, to satisfy the debt service reserve requirement for such Series of Bonds and certain other outstanding Bonds, and to pay related cost of issuance.

(4) By reason of the foregoing, the City Council has determined to enact this ordinance as a "Series Ordinance" in accordance with the terms and provisions of the Bond Ordinance, in order to effect the issuance from of the Series of Bonds described herein.

[End of Article I]

ARTICLE II

DEFINITIONS AND AUTHORITY

Section 2.01 Definitions.

(A) Except as provided in subsection (B) below, all terms which are defined in Section 2.02 of the Bond Ordinance shall have the same meanings in this 2013 Series Ordinance. As provided in the recitals to this 2013 Series Ordinance, all references to the "junior lien" status of Bonds within the Bond Ordinance shall be disregarded.

(B) As used in this 2013 Series Ordinance, unless the context shall otherwise require, the following terms shall have the following respective meanings:

"2013 Series Ordinance" shall mean this Ordinance.

"Approved Series of Bonds" shall mean the Series of Bonds as authorized by this 2013 Series Ordinance and designated "City of Spartanburg, South Carolina, Water System Revenue Bonds," with such other designations as may be determined by the Commissioners.

"Debt Service Fund" shall mean the Debt Service Fund to be established with respect to the Approved Series of Bonds.

"Debt Service Reserve Fund" shall mean the Debt Service Reserve Fund to be established with respect to the Approved Series of Bonds.

"Notes" shall mean bond anticipation notes, if any, issued pursuant to the authorization of Title 11, Chapter 17, Code of Laws of South Carolina 1976, as amended, and this 2013 Series Ordinance for the purposes provided with respect to the Approved Series of Bonds, or for refunding any Notes.

"Outstanding Bonds" shall mean the Series 1998 Bonds, the Series 2002 Bonds, the Series 2007A Bonds, the Series 2007B Bonds, the Series 2009 Bonds, the Series 2010 Bond and the Series 2012 Bond.

"Series 1998 Bonds" shall mean the $25,050,000 original principal amount City of Spartanburg, South Carolina Junior Lien Water System Revenue Bonds, Series 1998.

"Series 2002 Bonds" shall mean the $14,925,000 original principal amount City of Spartanburg, South Carolina Junior Lien Water System Refunding Revenue Bonds, Series 2002.

"Series 2007A Bonds" shall mean the $81,455,000 original principal amount City of Spartanburg, South Carolina Water System Refunding Revenue Bonds, Series 2007A.

"Series 2007B Bonds" shall mean the $31,200,000 original principal amount City of Spartanburg, South Carolina Water System Revenue Bonds, Series 2007B.

"Series 2009 Bonds" shall mean the $33,935,000 original principal amount City of Spartanburg, South Carolina Water System Revenue Bonds, Series 2009.

"Series 2010 Bond" shall mean the $7,749,500 original principal amount City of Spartanburg, South Carolina Water System Revenue Bond, Series 2010.

"Series 2012 Bond" shall mean the $8,000,000 original principal amount City of Spartanburg, South Carolina Water System Revenue Bond, Series 2012.

"Series Resolution" shall mean the resolution(s) of the Commissioners authorizing the issuance of the Approved Series of Bonds or any Notes.

Section 2.02 Authority for this 2013 Series Ordinance.

This 2013 Series Ordinance is enacted pursuant to the provisions of the Bond Ordinance.

[End of Article II]

ARTICLE III

AUTHORIZATION AND TERMS OF APPROVED SERIES OF BONDS; NOTES

Section 3.01 Authorization of Approved Series of Bonds.

Pursuant to the provisions of the Act and the Bond Ordinance, the Approved Series of Bonds, entitled to the benefits, protection and security of the provisions of the Bond Ordinance, is hereby authorized to be issued in the aggregate principal amount of not exceeding $30,000,000. The Approved Series of Bonds shall be designated "City of Spartanburg, South Carolina, Water System Revenue Bonds," with such other designations as may be determined by the Commissioners.

Section 3.02 Purposes of Approved Series of Bonds.

The Approved Series of Bonds are authorized for the following purposes authorized by the Act and the Bond Ordinance:

(1) providing funds to pay the cost of any of the Projects;

(2) paying capitalized interest on the Approved Series of Bonds to the extent determined by the Commissioners pursuant to the Series Resolution;

(3) funding the Debt Service Reserve Fund in the amount of the Reserve Requirement with respect to the Approved Series of Bonds;

(4) providing amounts required to fully satisfy, as necessary, the respective Reserve Requirements with respect to the Outstanding Bonds;

(5) purchasing a Municipal Bond Insurance Policy for the Approved Series of Bonds, to the extent determined by the Commissioners pursuant to the Series Resolution; and

(6) paying costs and expenses relating to the issuance of the Approved Series of Bonds.

Section 3.03 Details of Approved Series of Bonds.

The Approved Series of Bonds may be issued as Serial Bonds, Term Bonds, Capital Appreciation Bonds or a combination of the three, as determined by the Commissioners pursuant to the Series Resolution.

Section 3.04 Security for Approved Series of Bonds.

Pursuant to Section 4.18 of the Bond Ordinance, the Approved Series of Bonds shall be payable solely from and secured by a pledge of and lien upon that portion of the Gross Revenues of the System remaining after the payment of Operation and Maintenance Expenses. Such pledge securing the Approved Series of Bonds shall be and remain superior to pledges made to secure any other bonds or other obligations payable from the revenues of the System, except for "Junior Lien Bonds" as defined under and issued pursuant to the Bond Ordinance, including the Outstanding Bonds, with which the Approved Series of Bonds shall be on a parity. The Approved Series of Bonds shall not in any event constitute an indebtedness of the City within the meaning of any provision, limitation or restriction of the Constitution or statutes of the State, other than obligations payable from a revenue producing project or a special source not involving

revenue from any tax or license. The faith, credit and taxing power of the City are expressly not pledged therefor. The City is not obligated to pay the Approved Series of Bonds, or the interest thereon, save and except from that portion of the Gross Revenues of the System remaining after the payment of Operation and Maintenance Expenses.

Section 3.05 Issuance of Notes.

(A) At the discretion and direction of the Commissioners, the City will issue Notes in anticipation of the issuance of the Approved Series of Bonds, or to refund any Notes, provided that no Note shall be expressed to mature more than one year after its date of issue. So much of the principal proceeds of the Approved Series of Bonds when issued shall and is hereby directed to be applied, to the extent necessary, to the payment of the Notes, both principal and interest; and, further, the City covenants and irrevocably pledges to effect the issuance of the Approved Series of Bonds or, in the alternative, to refund or renew outstanding Notes, in order that the proceeds thereof will be sufficient to provide for the retirement of any Notes issued pursuant hereto.

(B) The proceeds derived from the sale of the Notes shall be expended and made use of by the Commissioners to provide the funds to pay costs of any of the Projects, to pay costs of issuance associated with the Notes, or to refund any Notes.

(C) Any Note shall be issued in form approved by the Commissioners, consistent with the provisions of this 2013 Series Ordinance.

[End of Article III]

ARTICLE IV

EXECUTION OF APPROVED SERIES OF BONDS OR NOTES; NO RECOURSE

Section 4.01 Execution.

The Approved Series of Bonds or any Notes shall be executed by the facsimile or manual signatures of the Mayor and the City Clerk, and the Approved Series of Bonds shall be authenticated in accordance with the provisions of the Bond Ordinance and the Series Resolution.

Section 4.02 No Recourse.

All covenants, stipulations, promises, agreements and obligations of the City contained in the Bond Ordinance and in this 2013 Series Ordinance shall be deemed to be the covenants, stipulations, promises, agreements and obligations of the City and not those of any officer or employee of the City in his or her individual capacity, and no recourse shall be had for the payment of the principal or redemption price of or interest on the Approved Series of Bonds or any Notes or for any claim based thereon or on the Bond Ordinance or on this 2013 Series Ordinance, either jointly or severally, against any officer or employee of the City or any person executing the Approved Series of Bonds or any Notes.

[End of Article IV]

ARTICLE V

AUTHORIZATION TO COMMISSIONERS FOR SERIES RESOLUTION

Section 5.01 Authorization.

(A) The Commissioners are hereby authorized and empowered to adopt one or more Series Resolutions for the purpose of causing the issuance of the Approved Series of Bonds, including any Notes.

(B) The Series Resolution shall express the approval of the Commissioners to the issuance of the Approved Series of Bonds or any Notes and their agreement to abide by all of the terms, provisions and agreements set forth in the Bond Ordinance and this 2013 Series Ordinance. The Commissioners are hereby expressly delegated the authority in the Series Resolution to specify and determine the details with respect to (i) the Approved Series of Bonds set forth in Section 4.01(B) and 4.01(C) of the Bond Ordinance, and (ii) the applicable terms, including interest rate and redemption provisions, as to any Notes consistent with the provisions of this 2013 Series Ordinance.

(C) The Series Resolution shall further specify and determine:

(i) If any Variable Rate Bonds are issued, the extent to which an interest rate swap, cap or other financial structure customarily employed in such a borrowing will be used, such determination of the interest rate or rates to be from any of the following alternatives or any combination thereof, and to be more particularly negotiated and finalized by the Commissioners:

(a) The Approved Series of Bonds or any portion thereof may bear interest at a variable rate or rates subject to any limitations, such as any maximum rate or rates, as may be generally imposed by the Commissioners;

(b) The Approved Series of Bonds or any portion thereof may bear interest at one or more fixed rates subject to any limitations, such as any maximum rate or rates, as may be generally imposed by the Commissioners;

(c) The Approved Series of Bonds or any portion thereof may bear interest at one or more "synthetic" fixed rates accomplished through the issuance of Variable Rate Bonds and the entering into of one or more interest rate swap agreements; and

(d) Any interest rate swap agreements entered into may be terminated, may be continued or may be modified subject to any conditions generally imposed by the Commissioners;

(ii) Provisions relating to optional and/or mandatory tender provisions, remarketing agreements, and liquidity facility agreements if the Commissioners determine to issue Variable Rate Bonds;

(iii) If applicable, the tender agent, remarketing agent and liquidity provider, if any, for the Approved Series of Bonds if other than the Trustee;

(iv) Whether a Municipal Bond Insurance Policy shall be purchased for all or a portion of the Approved Series of Bonds; and

(v) To what extent, if any, the Debt Service Reserve Fund will be funded with a surety bond or similar credit instrument.

(D) The Commissioners are hereby specifically authorized to covenant, on behalf of the City, with respect to those matters required by any Municipal Bond Insurance Policy, any debt service reserve fund surety bond or similar credit instrument, and the applicable Insurer with respect to the Approved Series of Bonds, as well as those matters related to the continuing disclosure requirements of Section 11-1-85 of the Code of Laws of South Carolina 1976, as amended, and the United States Securities and Exchange Commission Rule 15c2-12, to the extent not inconsistent with the provisions of the Bond Ordinance and this 2013 Series Ordinance.

(E) The Series Resolution shall provide for the establishment of a Debt Service Fund and Debt Service Reserve Fund, as well as for the appointment of the Trustee, with respect to the Approved Series of Bonds, all in the manner provided in the Bond Ordinance.

Section 5.02 Condition to Issuance of the Approved Series of Bonds or any Notes.

The authorization and consent to the issuance of the Approved Series of Bonds or any Notes given in this 2013 Series Ordinance are conditioned upon, and shall not be effective without, the agreement by the Commissioners in the Series Resolution to the following condition:

In the event that the City issues its own bonds ("City Bonds"), other than Bonds or any Notes, during the calendar year in which the Approved Series of Bonds or Notes are issued, which City Bonds would have been "qualified tax-exempt obligations" under Section 265(b)(3)(B) of the Code but for the issuance of the Approved Series of Bonds or Notes, then at the time interest rates are established for the City Bonds, the underwriter or other financial advisor in respect of the City Bonds and the underwriter or other financial advisor in respect of the Approved Series of Bonds or Notes shall jointly identify the rates that would have been established for the City Bonds at that time had they been "qualified tax-exempt obligations." The Commissioners shall, for each fiscal year that the City Bonds are outstanding, pay to the City from the revenues of the System and from moneys available under Section 8.08 of the Bond Ordinance, an amount equal to the difference in debt service on the City Bonds in that fiscal year and the amount of debt service that would have been due had such City Bonds been "qualified tax-exempt obligations."

[End of Article V]

ARTICLE VI

SALE OF APPROVED SERIES OF BONDS OR NOTES

Section 6.01 Delegation of Certain Matters Relating to the Sale of Approved Series of Bonds or Notes.

(A) The Approved Series of Bonds or any Notes shall be sold to an underwriter or financial institution selected by the Commissioners pursuant to terms to be negotiated by the Commissioners with such underwriter or financial institution, including, if applicable pursuant to any contract of purchase. Any such contract of purchase shall not be in conflict with the provisions of this 2013 Series Ordinance and shall be executed on behalf of the City by a duly authorized officer of the Commissioners and, if so requested by the Commissioners, the Mayor and/or the City Manager. The execution of the contract of purchase by such officials shall constitute conclusive evidence of their approval of its terms.

(B) The Commissioners are hereby authorized to prepare and cause to be distributed on behalf of the City in connection with the sale of the Approved Series of Bonds or any Notes an official statement, including any preliminary official statement, with respect to the Approved Series of Bonds or Notes.

[End of Article VI]

ARTICLE VII

COMPLIANCE WITH REQUIREMENTS OF THE CODE

Section 7.01 Compliance with the Code Generally.

In the event the Approved Series of Bonds or any Notes are issued with the intent that the interest on the Approved Series of Bonds or Notes will be exempt from federal income taxation, the City hereby represents and covenants that it will comply with all requirements of the Code, and that it will not take any action which will, or fail to take any action (including, without limitation, filing the required information report with the Internal Revenue Service) which failure will, cause interest on any of the Approved Series of Bonds or Notes to become includable in the gross income of the Holder thereof for federal income tax purposes pursuant to the provisions of the Code and applicable Treasury Regulations promulgated thereunder.

Section 7.02 Rebate.

In the event the Approved Series of Bonds or any Notes are issued with the intent that the interest on such Bonds or Notes will be exempt from federal income taxation:

(A) In addition to the covenants contained in Section 7.01 hereof, the City covenants that it will comply with the provisions of Section 148 of the Code and applicable Treasury Regulations pertaining to the rebate of certain investment earnings on the proceeds of the Approved Series of Bonds or Notes to the United States Government.

(B) In order to comply with the requirements of Section 7.01 hereof and paragraph (A) of this Section 7.02, the City further agrees to enter into such tax compliance agreements or certificates, on or prior to the date of issuance of the Approved Series of Bonds or Notes, as shall be deemed advisable by Bond Counsel.

(C) Any two of the Chair, the Chief Financial Officer and the General Manager of the System are hereby authorized and directed to execute and deliver, on or prior to the issuance of the Approved Series of Bonds or any Notes, one or more certificates or instruments specifying actions taken or to be taken by the Commissioners and setting forth the reasonable expectations of the Commissioners with respect to the Approved Series of Bonds or Notes and the use and investment of the proceeds thereof.

[End of Article VII]

ARTICLE VIII

MISCELLANEOUS

Section 8.01 Severability.

If any one or more of the covenants or agreements provided in this 2013 Series Ordinance on the part of the City or any Fiduciary to be performed should be contrary to law, then such covenant or covenants or agreement or agreements shall be deemed severable from the remaining covenants and agreements, and shall in no way affect the validity of the other provisions of this 2013 Series Ordinance.

Section 8.02 Table of Contents and Section Headings Not Controlling.

The "Table of Contents" and the headings of the several Articles and Sections of this 2013 Series Ordinance have been prepared for convenience of reference only and shall not control, affect the meaning of, or be taken as an interpretation of any provision of this 2013 Series Ordinance.

Section 8.03 Effectiveness of this 2013 Series Ordinance; Expiration Date.

(A) This 2013 Series Ordinance shall be effective from its date of enactment.

(B) The approval of the issuance of the Approved Series of Bonds or, if applicable, Notes, as provided in this Series 2013 Ordinance shall be deemed to expire as of the first (1st) anniversary date of the date of enactment hereof to the extent of any approved indebtedness which has not been issued by that date.

[End of Article VIII]

DONE, RATIFIED AND ENACTED this 30th day of September, 2013.

(SEAL)

_____
Mayor, City of Spartanburg, South Carolina

Attest:

_____
City Clerk, City of Spartanburg,
South Carolina

First Reading: September 9, 2013

Second Reading: September 30, 2013

This Ordinance has been reviewed by me and is hereby approved as to form and legality.

_____
City Attorney,
City of Spartanburg, South Carolina

EXHIBIT A

PROJECTS

Replacement of cast iron and galvanized pipe

Line extensions and improvements

Facility improvements:
- Carlisle Pump Station project
- Lake Bowen Dam discharge piping
- Simms Plant filter 10 rehab
- SCADA PLC replacement
- Miscellaneous facility improvements

STATE OF SOUTH CAROLINA

COUNTY OF SPARTANBURG

I, the undersigned, City Clerk of the City of Spartanburg, South Carolina (the "City"), DO HEREBY CERTIFY:

1. I am the duly appointed and acting City Clerk and, in such capacity, act as the recorder and custodian of its official records.

2. That the foregoing constitutes a true, correct and verbatim copy of an Ordinance enacted by the City Council of the City (the "City Council"). The Ordinance was read at two public meetings of City Council on two separate days. An interval of at least six days occurred between each reading. At each meeting, a quorum of the City Council was present and remained present throughout the meeting.

3. The original of the ordinance is duly entered in the permanent records of the City, in my custody as City Clerk.

4. The ordinance has not been modified, amended or repealed as of this date and remains in full force and effect.

5. As required by Title 30, Chapter 4 of the Code of Laws of South Carolina 1976, as amended (the "Act"), being the Freedom of Information Act, a copy of the agenda of the meetings of the City Council (showing the date, time and place of the meetings) of the City was posted on a bulletin board in the lobby of City Hall at least 24 hours prior to said meetings and copies of the agenda for said meetings were provided to the local media requesting the same.

6. As required by the Act, the meetings of the City Council of the City held on the aforementioned dates were open to the public except those portions allowed to be held in closed session under the Act.

IN WITNESS WHEREOF, I have hereunto set my Hand this ___ day of _____, 2013.

_____

City Clerk,
City of Spartanburg, South Carolina

VIII. A

REQUEST FOR CITY COUNCIL ACTION

TO: **Ed Memmott, City Manager**

FROM: **Michelle Clyburn, Director of Human Resources**

SUBJECT: **Benefits and Wellness Consultant**

DATE: **September 3, 2013**

We consider it important to provide a competitive collection of benefits to city employees. We expend considerable city resources to provide our employees and their families with medical, dental, and vision coverage as well as short and long-term disability, life insurance, and accidental death and dismemberment insurance. These benefits make a meaningful difference in the lives of our employees and their families and in the city's ability to attract and retain a talented workforce.

Likewise, it is very important that we carefully manage our investments in these employee benefits to stretch the dollars we spend in the arena to yield the maximum possible. We are proud of the improvements made in recent years and believe we maintain a cost effective approach to the design and administration of these programs. However, we believe we can further improve in the years to come. To that end, we have conducted an open procurement process to identify a Benefits and Wellness Consultant best suited to advise us through the shifting marketplace to identify the best benefits package we can afford.

In this process we emphasized a commitment to employee wellness, a proven track record of cost containment, a commitment to full cost transparency, the ability to utilize data and technology to ease administration, new approaches to rising drug costs, and experience designing high performing health plans for firms our size. Our effort was not to identify the consultant with the lowest fees. Instead it was to identify the firm that could help us to achieve the most cost effective benefits program overall when all costs are considered.

Seven firms responded to our request for proposals. A committee, which included two neutral industry experts from outside of the City staff, scored the proposals and interviewed three finalists. The selection committee recommends Argus Benefits of Greenville, SC. Argus Benefits is a Division of Gallagher Benefit Services, Inc. Annual compensation paid to Argus will be in the $70,000 - $90,000 range depending on subsequent decisions on specific tasks. This cost will replace the commissions and administrative fees which have been built in to the various insurance costs we have paid in recent years. Therefore no net added expense is expected.

We request Council approval for the City Manager to enter into a three-year contract with Argus Benefits. The contract shall automatically renew for additional periods of one (1) year each, unless either party should elect to terminate. Renewal shall be based on acceptable performance under the terms of the contract.