

**CITY OF CALHOUN
SPECIAL CALLED CITY COUNCIL MEETING
700 WEST LINE STREET
JUNE 30, 2003, 10:00 A.M.**

MINUTES

**PRESENT: James F. Palmer, Mayor
John D. Shelton, Jr., Mayor Pro Tem
Ronald H. Woods, Councilman
Ray Denmon, Councilman
Lorene Potts, Councilwoman**

**ALSO: William P. Bailey, City Attorney
Kelly Cornwell, Director of Utilities
Eddie Peterson, Director of Public Safety and Public Works
Cathy Harrison, City Administrator**

1. Mayor Palmer called the meeting to order and welcomed everyone.
2. Attorney Bailey reviewed the proposed definition of earnings as follows:
 - a. "Earnings shall mean the total taxable compensation paid to a participant by the City of Calhoun, as reflected in the employer's W-2 payroll records. Earnings shall also include compensation deferred pursuant to sections 401(k), 403(b), or 457 of the Internal Revenue Code, compensation redirected pursuant to section 125 or 132(f)(4) of the Internal Revenue Code and contributions picked up under section 414(h) of the Internal Revenue Code, less overtime pay, reimbursement of unused sick leave, holiday pay, standby pay, bonuses, and reimbursement of expenses."
 - b. Following review of the proposed definition, Councilman Woods made a motion to adopt the definition as earnings as it regards the pension plans to be adopted by the City of Calhoun through the Georgia Municipal Association. The motion was seconded by Mayor Pro Tem Shelton, with Councilman Woods, Mayor Pro Tem Shelton, Councilman Denmon and Councilwoman Potts voting affirmatively, motion carried.
3. Mayor Palmer reviewed his proposal for establishment of a pension committee and recommended the following members for the committee.
 - a. William P. Bailey, City Attorney;
 - b. Cathy Harrison, City Administrator;
 - c. Linda Brookshire, Human Resource Director;
 - d. James F. Palmer, Mayor;
 - e. Lorene Potts, Councilwoman;
 - f. Chuck Poarch, City Employee from Public Safety;
 - g. Jackie Burns, City Employee from Public Works;
 - h. Kenny Rogers, City Employee from Utilities.
 - i. Following discussion of the number of members for the pension committee and those proposed to serve on the pension committee, Councilman Woods made a motion to approve the pension committee and to approve the appointments of

those recommended by Mayor Palmer. The motion was seconded by Mayor Pro Tem Shelton, with Councilman Woods, Mayor Pro Tem Shelton, Councilman Denmon and Councilwoman Potts voting affirmatively, motion carried.

4. Mayor Palmer reviewed a resolution prepared by Attorney Bailey for transferring the trustee and administration of the city's current employee pension plan to the defined contribution plan with the Georgia Municipal Association. Following discussion of the proposed resolution, Councilman Woods made a motion to approve and to authorize the mayor to sign, second by Councilwoman Potts, with Councilman Woods, Councilwoman Potts, Councilman Denmon and Mayor Pro Tem Shelton voting affirmatively, motion carried.
5. Mayor Palmer reviewed the resolution and adoption agreement with GMA for the Defined Benefits Plan. He reviewed the adopting agreement, item by item, with a recommendation that on page 14, the total credit service years presently listed as four for elected officials, be changed to seven rather than four; and on page 24, the same change as it relates to elected officials, to change the four years to seven years. Following review and discussion of the proposed resolution and adoption agreement for the defined benefits plan, Councilman Woods made a motion to approve with those changes as identified on pages 14 and 24 and to authorize the Mayor to sign, second by Councilman Denmon, with Councilman Woods, Councilman Denmon, Councilwoman Potts and Mayor Pro Tem Shelton voting affirmatively, motion carried.
6. Defined Contribution Plan:
 - a. Mayor Palmer reviewed the resolution and adoption agreement with GMA for the Defined Contribution Plan [401(a)]. He stated the Defined Contribution Plan would represent the current AmSouth Defined Contribution funds being transferred over to GMA. He asked if there were any questions regarding the defined contribution plan. He stated it was rather straight forward and did not include as much detail as the Defined Benefit Plan. Following discussion, Councilman Woods made a motion to adopt the resolution and adoption agreement and to authorize the Mayor to sign, second by Mayor Pro Tem Shelton, with Councilman Woods, Mayor Pro Tem Shelton, Councilman Denmon and Councilwoman Potts voting affirmatively, motion carried.
 - b. Mayor Palmer reviewed an addendum to the GMA 401(a) Defined Contribution Plan.
 - 1) Harrison reviewed the addendum, which represented the areas in which CitiStreet set out the parameters for primarily handling the life insurance policies, which are a part of the Defined Contribution Plan currently administered through AmSouth Bank. Harrison stated the addendum would recognize that the 401(a) Defined Contribution Plan with GMA would replace the current money purchase plan and trust established for City of Calhoun employees, which originally became effective July 1, 1981.
 - 2) There would be no additional contributions required or permitted to the plan following June 30, 2003, as it relates to all funds due to the plan through that date.

- 3) Although the GMA 401(a) Defined Contribution Plan does not permit after tax contributions, the trustees of GMA have agreed to accept the after tax contributions that were made under the superceded plan through the payroll ending June 27, 2003. However, no after tax contributions will be allowed or permitted after June 30, 2003.
 - 4) The life insurance policies associated with the plan are not a permitted or investment vehicle under the GMA 401(a) Defined Contribution Plan. However, those employees who have life insurance policies under the superceded plan as of June 30, 2003, will be permitted to keep such life insurance policies in effect subject to the terms and conditions of the policies in the superceded plan. No new life insurance policies will be allowed under the 401(a) Defined Contribution Plan. The city will be responsible for custody of existing life insurance policies and will do so under the plan trustee's direction. The Defined Contribution Plan of GMA, known as 401(a), will first deduct annual premiums on the existing life insurance policies from the after-tax employee contributions in the superceded plan. When those funds have been exhausted, the premiums will be deducted from the pre-taxed employer contributions in the superceded plan. However, when all contributions have been exhausted, it will be the responsibility of the employee to remit payment to the insurance carrier. The city will be responsible for providing the service manager of GMA with any and all information as it relates to premiums, etc. It will be the city's responsibility to make sure the information it provides is accurate and complete. In accordance with the terms of the preexisting life insurance policies, participants will continue to be permitted to request surrender of their policies, with the proceeds to be credited in a separate GMA Defined Contribution Plan account, to request the preexisting life insurance policies to be exchanged for paid-up policies. The participants will be responsible for effecting the purchase and surrender of such life insurance policies. Neither GMA nor the service manager will provide any record keeping or other services concerning the preexisting life insurance policies. Except as defined in the addendum, GMA and the service manager will have no fiduciary or other responsibilities in respect to maintenance, control or administration of the preexisting life insurance policies.
 - 5) Based on a thorough review of the addendum, Mayor Palmer asked if there was a motion to adopt. Councilwoman Potts made a motion to adopt the addendum to the GMA 401(a) Defined Contribution Plan adoption agreement. The motion was seconded by Councilman Woods, with Councilwoman Potts Councilman Woods, Councilman Denmon and Mayor Pro Tem Shelton voting affirmatively, motion carried.
7. Mayor Palmer reviewed the resolution and adoption agreement for the GMA 457(b) plan and stated there were no proposed changes to the items as presented by GMA. Following discussion, Councilman Woods made a motion to adopt the resolution and adoption agreement for the GMA 457(b) plan and to authorize the Mayor to sign, second by Councilman Denmon, with Councilman Woods, Councilman Denmon, Councilwoman Potts and Mayor Pro Tem Shelton voting affirmatively, motion carried.

8. Kelly Cornwell and Attorney Bailey reviewed the proposed MEAG power sales contract amendment, with Kelly Cornwell reviewing a memorandum dated June 16 from Bob Johnston, President and CEO of MEAG Power, which reviews the estimated savings due to the reconfiguration of the combustion turbine project by deleting the simple cycle component and increasing the combined cycle component. He stated the financing would also provide an additional one-time savings of approximately \$500,000.00 overall. Following discussion, Councilman Woods made a motion to approve the resolution and to authorize the Mayor to sign, second by Councilwoman Potts, with Councilman Woods, Councilwoman Potts, Councilman Denmon and Mayor Pro Tem Shelton voting affirmatively, motion carried.
9. Mayor Palmer stated at this time Kelly Cornwell would review the lime slaking system bids for the waste treatment plant renovations. Cornwell stated the bid tab indicated only two bidders for the system: RDP Technologies, Inc. and Chemco Systems, L.P. He stated Chemco had the initial low bid. However, their bid did not meet the bid specifications and they had provided an alternate, which was higher than the bid from RDP Technologies, Inc., which did meet the original specification. He stated based upon review of the original bid of Chemco and RDP, and the inability of Chemco to meet the bid specification, he would recommend the bid go to RDP Technologies, Inc. for \$168,385.00. Following discussion, Councilwoman Potts made a motion to accept the recommendation of Kelly Cornwell and approve the bid of RDP Technologies, Inc. for \$168,385.00, second by Councilman Woods, with Councilwoman Potts, Councilman Woods, Councilman Denmon and Mayor Pro Tem Shelton voting affirmatively, motion carried.
10. Mayor Palmer stated the residents of Meadowbrook Place had requested closure of a portion of Wildwood Circle for a community gathering on July 11, 2003 from 4:30 to 9:00 p.m. Following review of the map indicating the proposed closure location, Councilman Woods made a motion to approve, second by Councilwoman Potts, with Councilman Woods, Councilwoman Potts, Councilman Denmon and Mayor Pro Tem Shelton voting affirmatively, motion carried.
11. Other written items not on the agenda:
 - a. City Administrator Harrison stated based upon the amendments to the original budget for the fiscal year ending June 30, 2003, the overall transfer authorized by the Mayor and Council from electric fund to the general fund might possibly be reduced and she requested permission to divert the portion not needed for the general fund to the water and sewer fund, in lieu of making the transfer as authorized of approximately \$400,000.00 from the renewal and replacement fund associated with water, sewer and electric facilities. Following a thorough discussion of the proposal, Councilwoman Potts made a motion to authorize the diversion of unused but authorized funds scheduled to be transferred from the electric fund to the general fund and to change that transfer to the water and sewer fund, thereby making it unnecessary to transfer funds from the renewal and replacement account, second by Councilman Denmon, with Councilwoman Potts, Councilman Denmon, Councilman Woods and Mayor Pro Tem Shelton voting affirmatively, motion carried.


12. Councilman Woods made a motion to adjourn, second by Councilwoman Potts, with Councilman Woods, Councilwoman Potts, Councilman Denmon and Mayor Pro Tem Shelton voting affirmatively, motion carried.

Approved:

Submitted:



James F. Palmer, Mayor



Cathy Harrison, City Administrator

CITY OF CALHOUN, GEORGIA

RESOLUTION

A RESOLUTION CHANGING THE ADMINISTRATOR AND TRUSTEE OF THE CITY OF CALHOUN EMPLOYEES' PENSION PLAN OF JULY 1, 1996

WHEREAS, the City of Calhoun heretofore established a non-ERISA Money Purchase Pension Plan and Trust effective July 1, 1981 known as the City of Calhoun Employees' Pension Plan (herein referred to as the "Plan") in recognition of the contribution made to its successful operation by its employees and for the exclusive benefit of its eligible employees; and

WHEREAS, under the terms of the Plan, the City has the ability to amend the Plan, provided the Trustee joins in such amendment if the provisions of the Plan affecting the Trustee are amended; and

WHEREAS, effective July 1, 1996 the City named AmSouth Bank of Alabama as Trustee under the Plan and the City and Trustee amended and restated the Plan in its entirety (the "Amended Plan;")

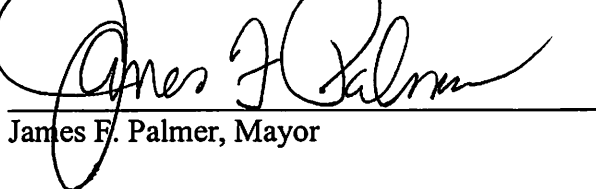
WHEREAS, the City now desires to change the Trustee and the Administrator of the Plan from AmSouth Bank of Alabama to the Board of Trustees of the GMA Defined Contribution and Deferred Compensation Program, as Trustee, and GMA, as Administrator; and

WHEREAS, under Section 2.2 of the Amended Plan and Section 7.8 of the Amended Plan, the City is required to give written notice of removal to the Administrator and Trustee;

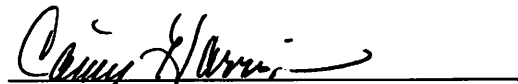
NOW, THEREFORE, BE IT RESOLVED that the Mayor is hereby authorized to notify in writing AmSouth Bank of Alabama that it will be removed as Administrator of the Amended Plan and GMA will be appointed as the Administrator of the Amended Plan and that AmSouth Bank of Alabama will be removed as Trustee of the Amended Plan and the Board of Trustees of the GMA Defined Contribution and Deferred Compensation Program will be appointed as Trustee.

SO RESOLVED in open, public meeting this 30th day of June 2003.

CITY OF CALHOUN, GEORGIA


James F. Palmer, Mayor

ATTEST:


Cathy Harrison, City Administrator

CITY OF CALHOUN, GEORGIA

RESOLUTION

RESOLUTION OF THE MAYOR AND COUNCIL OF THE CITY OF CALHOUN, GEORGIA AUTHORIZING AN AMENDMENT TO THE COMBUSTION TURBINE POWER SALES CONTRACT OF FEBRUARY 15, 1999 WITH THE MUNICIPAL ELECTRIC AUTHORITY OF GEORGIA

WHEREAS, the Combustion Turbine Power Sales Contract was entered into between the City of Calhoun (the "City") and the Municipal Electric Authority of Georgia (the "Authority") as of February 15, 1999, as amended (the "Contract;") and

WHEREAS, the Authority is proposing certain amendments to the Contract, including reconfiguring the Combustion Turbine Project by deleting the simple cycle component and increasing the combined cycle component to the entire nominal summer rating capacity (503 MWs) of the combined cycle facility; and

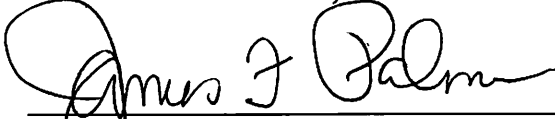
WHEREAS, to implement such amendments, the Authority has prepared a certain Amended and Restated Combined Cycle Power Sales Contract (the "Amended and Restated Contract;") and

WHEREAS, after study and review, the City has determined that the Amended and Restated Contract is in its best interests.

NOW, THEREFORE, BE IT RESOLVED that the City hereby approves and authorizes the execution and delivery of the Amended and Restated Contract in substantially the form dated June 16, 2003 attached hereto and incorporated herein by reference, subject to such changes, additions and deletions made in the Mayor's discretion, with advice of counsel, and that the Mayor is authorized to execute and the Clerk is authorized to attest, seal, and deliver the Amended and Restated Contract and to perform all acts necessary to its implementation and completion as the act of the City.


RESOLVED this 30th day of June 2003.

CITY OF CALHOUN, GEORGIA



James F. Palmer, Mayor

ATTEST:



Cathy Harrison, City Administrator

CLERK'S CERTIFICATE

NOW COMES the undersigned Clerk of the City of Calhoun, keeper of the records and seal thereof, and certifies that the foregoing typewritten matter constitutes a true and correct copy of a resolution duly adopted by the City in a special public meeting properly and lawfully assembled on June 30, 2003 in compliance with Official Code of Georgia Annotated Section 50-14-1, which meeting was open to the public and at which a quorum was present and acting throughout, and that such resolution is in full force and effect as of the date hereinbelow set forth.

This 30th day of June 2003.



Cathy Harrison, City Administrator/Clerk

[SEAL]