

BOARD OF MAYOR AND ALDERMEN

March 5, 2012

A special called meeting of the Board of Mayor and Aldermen was held on March 5, 2012 at 6:00 p.m. in the Council Chambers of the Municipal Center.

Mayor Sharon Goldsworthy was present and presiding.

The following Aldermen were present: Mark Billingsley, John Drinnon, Greg Marcom, Mike Palazzolo and Ernest Chism. Staff present: Patrick Lawton, Tom Cates, Ralph Gabb, Lisa Piefer and Dotty Johnson.

Call to Order

Mayor Goldsworthy called the meeting to order at 6:00 p.m.

PUBLIC HEARING - Ordinance 2012-1 - Place on Ballot – Germantown Public School System – Third and Final Reading

Mr. Lawton stated there are certain legal and regulatory requirements to be addressed by the Board regarding this ordinance. The issue of whether or not the City of Germantown will have a municipal school system must be placed before the registered voters within Germantown corporate limits in the form of a referendum.

The only body that can initiate this action is the Board of Mayor and Aldermen through the adoption of an ordinance on three readings and a public hearing authorizing the creation of a municipal school system. Embedded within the ordinance is the referendum question that will be placed before the electorate in a special called election on May 10, 2012, if adopted this evening. The referendum question is as follows:

“Shall the City of Germantown create a municipal school district that shall meet the standards of adequacy established by applicable State law and regulation, which standards include raising and spending each year the required amount of local funds for the operation of the municipal school district that, for calculation purposes only, would be at least equal to the amount that would be raised through a 15 cent tax levy on each \$100 of taxable property for each year if all such taxes were collected?”

Mr. Lawton explained that this was the third and final reading on this item and the public hearing and Administration recommended adoption of the ordinance on third and final reading.

The Mayor opened the public hearing.

Mitchell Landsky, 1683 Windmar Cove, came forward and stated he had been involved with the private schools and the public schools in Germantown and Memphis and felt education was the most important thing we can do for our children. He urged the Board to not move forward with this because this was an opportunity for the whole area to improve the whole community. He felt we should be more involved with the process to set up a unified school district.

Dr. Roy VanArsdale, 8872 Farmoor, felt it was imperative to have the best school system possible for the children. His two children went through the public school system and they were very happy with it. He felt there was an opportunity for improvement and a Germantown school district would offer that opportunity. Having a smaller school system, having closer controls and having parents and the community more actively involved would be a benefit. He stated he teaches at the University of Memphis. Over the past 20 years he had seen the quality of people coming from the schools and he had seen it constantly decline and it was very disturbing to him. He felt that whatever we can do to turn the tide is necessary and this was a chance to turn that tide to improve the level of education for our children.

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Ken Hoover, 3040 Sandy Creek, spoke on behalf of all the members of the Germantown schools and the 1411 members of the facebook page. He thanked the Board of Mayor and Aldermen for all the work done that brought us to this point. A special thanks to Mayor Goldsworthy for all her very hard work.

Price Harris, 1816 Old Mill Road, thanked the Board for all the hard work. He felt this was the best for the children of Germantown. He stated this is an opportunity to take control and grow into something really great.

Carlin Stewart, 1776 Teddington, stated he was in favor of local control of a school system and firmly believed that this is the best way for us.

Dorothy Ewing-Stagich, 8670 Shadowbrook Cv., stated she was very concerned about the commitment a local school district would bring on the citizens. She felt it was an outlay that we may or may not be able to sustain and questioned what would happen if we could not sustain it.

Charles Baker, 7393 Apahon Lane, commented that this was the most important thing that had ever happened in the city. He felt it was important to have our own school district and it would make our property values improve and the overall quality of life would increase.

Edward Dewane, 5900 Brierhaven Ave., Memphis, stated that Germantown does not live in a vacuum and neither does the city of Memphis. Without the city of Memphis, Germantown would not be what it is today. The assumption that a unified school district would not be good, he felt was wrong because there are some incredible schools in the city of Memphis like White Station Middle School and White Station High School. He asked the Board to be careful of what they wish for.

Frank Uhlhorn, 8559 Dogwood Road, stated he was in full support of municipal schools. He asked the question regarding the sales tax if it was an either/or deal. Do we have the option of increasing property taxes or the sales tax?

Mayor Goldsworthy responded that "state law identifies that it is incumbent on the host city or municipal district to expend an amount no less than the equivalent .15 on the property tax rate. How the city goes about generating these funds is up to the city. The second ordinance on the agenda tonight presents to the voters the prospect of increasing the local option sales tax by a half cent. We would then rely on the voters to express their preference on that particular matter. It will ultimately be up to the voters as to whether that is an option for the Board to consider."

Having no other citizens come forward, the public hearing was closed.

Motion by Mr. Billingsley, seconded by Mr. Chism, to approve Ordinance 2012-1 on third reading, an ordinance establishing a municipal schools system within the city of Germantown. Further, to place before the voters in the city of Germantown the question in the form of a referendum to be held on Thursday, May 10, 2012.

Alderman Palazzolo thanked the citizens for their comments. He stated he was grateful that the citizens would have the chance to vote on the referendum on May 10th. He thanked the Board for being unified in allowing our Mayor to speak and represent the Board. She had attended countless meetings and had done an admiral job in portraying our position of accountability and a history of the schools over the years. We take great pride in her leadership and he thanked her for the leadership.

Alderman Mark Billingsley asked for his statement to be verbatim:

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Tonight, I will be voting to approve this ordinance establishing a municipal school system in Germantown. As it has been noted, this will be placed before our voters by referendum on May 10, 2012. In essence, as an elected Alderman, I am approving our Germantown residents' freedom to have an opportunity to make their decision and vote on this issue. I believe strongly that our residents must have a choice and voice in this important issue.

At the outset, I personally prayed that we would have the very best information available for this Board to consider before making what could be a transformational decision for the City of Germantown. Tonight, I believe we have done our due diligence by considering all of the information provided to us from experts in education, by visiting other municipal school systems, by listening to grassroots organizations and advocating for a solid plan, and most importantly listening to the residents of Germantown who have been very forthcoming and vocal on this issue.

Resoundingly, the residents of Germantown who have met with me, called or written have been very passionate and transparent in their support of a Germantown Municipal School System. I have been contacted by individuals who have a vested interest in our local Germantown schools with their children presently being educated in Germantown schools as well as by private school parents, empty nesters and senior citizens. Overwhelmingly, the residents who have contacted me believe in forming a municipal school system and having local control is what is in the best interest of our students and Germantown's future as a thriving and successful community.

A good education provides an opportunity to have choices in life. I believe by forming a Germantown Municipal School System, our new municipal school system and new school board will be able to provide even better educational opportunities that benefit our entire community. This will afford our students even more opportunities in life. There is no doubt that our local Germantown government believes education is critical to our city's future or we would not be here tonight. I thank our Mayor, my fellow Aldermen, our City Administrator Patrick Lawton, City staff and the many citizens for their efforts thus far on this issue.

Alderman Chism stated he had been involved in education his entire adult life in the City of Germantown. He stated he had three grandchildren in the public school system in Germantown and Collierville and he would certainly not do anything he thought would be detrimental to the future of his grandchildren or any child.

Alderman Marcom concurred with Alderman Billingsley and Alderman Palazzolo and agreed with their statements wholeheartedly. He had also heard the concerns of some of the citizens. That is the reason the Board was moving this forward to a vote for the citizens so they would have the choice to say yes or no to the decision. He stated the Board was not voting to establish a school system, they were voting to give the citizens a chance to start that school system. He felt it was very important for all to get out and vote.

Alderman Drinnon stated the current City administration did not start this situation and we are trying to respond to it by bringing it before the voters.

Attorney Tom Cates stated as he read the motion before the Board that it be changed to read, "to approve on third reading Ordinance 2012-1, establishing a municipal schools system within the city of Germantown subject to a referendum to be conducted on the issue as contained in such ordinance."

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Motion by Mr. Marcom, seconded by Mr. Drinnon, to amend the main motion as presented by the city attorney.

ROLL CALL: Marcom–yes, Drinnon–yes, Palazzolo-yes, Billingsley-yes, Chism–yes. Motion approved.

Vote on Main Motion which had been amended to read: To approve on third reading Ordinance 2012-1 establishing municipal school system within the city of Germantown subject to a referendum to be conducted on the issue as contained in such ordinance.

ROLL CALL: Marcom–yes, Drinnon–yes, Palazzolo-yes, Billingsley-yes, Chism–yes. Motion approved.

PUBLIC HEARING - Ordinance 2012 – 2 – An Ordinance to Increase Local Option Sales Tax and Place Question on Ballot – Third and Final Reading

Mr. Lawton stated the feasibility study prepared by the City’s consultants on creation of a municipal school system, presented the fiscal requirements necessary to establish, fund and sustain a municipal school system in Germantown. The study concluded that it was feasible for Germantown to form a school system and to fund it adequately through the dollars that would flow from the State of Tennessee under the Basic Education Program (BEP), and county tax dollars paid by all property owners within Shelby County under the established average daily attendance (ADA) formula. Those two sources of revenue would generate approximately 95% of the funds necessary to operate the Germantown municipal school system on an annual basis.

The remaining funding would come from a proposed increase to the local option sales tax of a half cent. State law requires that a municipality is required to spend an amount equal to a 15-cent levy on the local property tax rate. Based upon Germantown’s assessed value, a 15-cent property tax increase would generate approximately 2.2 million dollars. A ½ cent sales tax to the local option sales tax based on five years’ worth of historical data would generate 2.4 million dollars.

The ordinance before the Board of Mayor and Aldermen proposes to increase the local option sales tax as the method necessary to meet the State requirement and bridge our funding gap between the BEP and the ADA. This increase to the local option sales tax would also hit the State’s statutory limit of 2.75%.

As with the establishment of a municipal school system, an increase to the local option sales tax must be approved by a referendum of the people. Only the Board of Mayor and Aldermen can take these initial steps and have this question placed on the ballot.

The question that will appear on the ballot is as follows:

“Shall Germantown Ordinance No. 2012-2, which increases the municipality’s sales tax from 2.25% to 2.75%, except where the sales tax is limited or modified by statute, be approved?”

After the adoption of this ordinance and notification of the Election Commission to place this question on the ballot, the Election Commission will notify Shelby County Government of our request. Shelby County will have 40 days to decide to enact the ½ cent sales tax county-wide in the form of a referendum among all the registered voters in Shelby County. In addition there is a motion to set this motion on the ballot for August 2, 2012 election. This is a primary election in Shelby County. However, the Board can also decide to adopt the motion that would call for the Board of Mayor and Aldermen to hold a special election earlier than the August 2 primary or as soon as possible.

Mr. Lawton then read Ordinance 2012-2.

Alderman Billingsley asked if administration had any feedback to the Board relative to any benefits of

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August 2nd or any other possible date.

Mayor Goldsworthy stated the benefit of having the referendum on the sales tax on the August State primary and general election would be that there would be virtually no additional cost to the City of Germantown. To request a referendum on another date would imply a special election. We are unable to put it on May 10th because of the 40 day notice.

Mayor Goldsworthy opened the public hearing.

Mitchell Landsky of 1683 Windmar stated he was concerned about the increase of the sales tax and how it would affect the city's businesses. He asked if this was the only way the city could fund the schools.

In response to his question, Mayor Goldsworthy clarified that the city would have whatever revenues are available to it if it is approved by the governor's circle. If approved by the voters, this simply broadens the pool of revenues available to the Board in meeting the States requirement to the equivalent that it takes us.

He recommended that if we are willing to make this kind of investment to education, he had rather see it be a property increase because he would be concerned with the loss of business.

Having no other citizens come forward, the public hearing was concluded.

Motion by Mr. Marcom, seconded by Mr. Palazzolo, to approve on third and final reading, Ordinance No. 2012-2 increasing the local option sales tax by .5 cents, subject to a referendum as set out in said ordinance.

ROLL CALL: Marcom–yes, Drinnon–yes, Palazzolo–yes, Billingsley–yes, Chism–yes. Motion approved.

REFERENDUM

Mr. Lawton stated this was a companion motion regarding the date for the vote on the referendum, whether to have it on August 2 or as soon as possible.

In response to a question from Alderman Palazzolo, Mr. Lawton stated administration, because of the cost of having a special election, recommended having the vote during the August 2 primary.

Motion by Mr. Marcom, seconded by Mr. Palazzolo, to authorize the Mayor to take the necessary steps to cause the referendum called for by City Ordinance No. 2012-2 to be held on August 2, 2012, the date of the 2012 county general election.

ROLL CALL: Marcom–yes, Drinnon–yes, Palazzolo–yes, Billingsley–yes, Chism–yes. Motion approved.

ADJOURNMENT

There being no further business to be brought before the Board, the meeting was adjourned.

Sharon Goldsworthy, Mayor

Dotty Johnson, City Clerk/Recorder