

**SUMMARY NOTES  
FROM THE JULY 12, 2011  
UAB MEETING**

**MEMBERS PRESENT:** CHAIRMAN RAY KINDLEY, CO-CHAIRMAN ALICE RICHMOND, MICHAEL MONICAL, EDWARD KEONJIAN, JON MILLER, ERIK SIMSHAUSER, JODI CARSON, RICHARD SEALS, AND JIM WHYNOT.

**AGENDA ITEM #1: CALL TO ORDER AND INTRODUCTIONS.**

The meeting was called to order by Chairman Ray Kindley at 6pm.

**AGENDA ITEM #2: APPROVE MAY 10, 2011 SUMMARY NOTES.**

A motion was made and seconded to approve the summary notes from the May 10, 2011 meeting.

**AGENDA ITEM #3: DISCUSS QUESTIONS WITH RICHARD SEALS, FINANCE DIRECTOR.**

A discussion opened up with Richard Seals and Jim Whynot. Richard brought some basic information to handout, to help answer some of the questions from the last meeting. Richard went over the items in the handout, and then opened up the discussion for questions. Co-Chair Richmond requested a population tally within each city for comparisons.

Richard advised that we are half way through the bond sale that was sold in 2000 for 1.8 million. It was asked what the money was used for. The money was used for the 1-205 transmission to maintain the booster pump station improvements and other misc. improvements in the water master plan. About 10 more years are left on paying the \$150,000.00.

It was asked what types of bond issues we could sell. Typically revenue bonds are for a utility system primarily because how you pay for those are through the utility users. This can be a different group of people than your property tax people, G.O. Bonds issued are paid by the property tax owners. Tax exempt, i.e. schools, cities are exempt from property taxes therefore they don't pay towards the G.O bonds. The G.O bond is the least expensive on interest rates by approx. 1-2%. In between revenue bonds and G.O. bonds are the Full Faith and Credit, and the Double Barrell Revenue bonds. Double Barrell Revenue bonds are just like a revenue bond; except for you also pledge the general fund to get that lower interest rate. These are still paid for from fees not property taxes. Full Faith and Credit is like a bank loan. You pay for them like you would a revenue bond. Build America Bonds are like a taxable full faith in credit, so you pay a

higher tax rate of about 7%, but the federal government gives you back about 4%. So your net would actually be 3%.

It was asked if there are any obligations/requirements if you use a G.O. Bond. Voters' approval is required.

Are there any limitations in terms of the water revenue bonds that we are paying off now and getting these types of bonds? If you sold a new water revenue bond issue you would pay the old issue off. 5.5% is the current water revenue bond.

When choosing which type of bond you want, you want to consider how it will affect who's paying for it. Richard went over the amortization chart as an example. There was discussion regarding cost to homeowners as well as cost to the city vs. tax payers, depending on the different bonds that were discussed.

There was also a discussion about revenue currently vs. operation/maintenance costs and how much goes to Southfork.

After revenue bonds are paid off is there an automatic provision that lowers the rates back down to what they were? With a G.O. Bond the advantage there would be once the 20 years is up and the G.O. is paid off there is an automatic provision in the property tax system that drops your property tax rate. In the revenue bonds, every year it's different. There are no automatic provisions that water rates would decrease. It's all dependent on many different factors; i.e. finances, maintenance costs, etc.

Does the 21 million that is in the water rate restructure still hold true today? Is our backlog growing? The 21 million is not growing, it's a 20 year number, as you don't fix anything you add more years and it will grow.

SDC fees were explained and discussed, reimbursement vs. improvement.

Chairman Kindley summarized the above discussion. Co-Chair Richmond went over her statement. Chairman Kindley suggested everyone go over what was discussed this evening, and maybe have more questions for Richard at the next meeting. Bond issuance cost was briefly discussed.

**AGENDA ITEM #5: ADJOURNMENT.**

Chairman Kindley adjourned the meeting at 7:09 pm.