

## **Bond Advisory Committee**

**July 31, 2014, 2:00 p.m.**

### **EOC Training Room – Basement of City Hall**

The Bond Advisory Committee met for their first meeting Thursday, July 31, 2014 at 2:00 pm. In the Emergency Operations Center Training Room in the basement of City Hall, 555 Walnut St, Abilene, Texas. Stormy Higgins, Chairman of the Committee was present and presiding with the following members: Carissa Platt, Jason Smith, Jack Wilson, Sylvia Leal, John Hill, Shannel Anderson, Sam Vinson, Allison Garrett, Mike Dunnahoo, Terry Johnson, Lt. Col. Michael Harner, Brent Casey, and Robert Kern. Committee members absent were: Izair Lankford and Michael Hernandez.

Stormy Higgins called the meeting to order.

Mayor Norm Archibald welcomed the group and gave them their charge. He informed them that they will be looking at many projects in the City that might be possibilities to propose to the City Council for a Bond Election. Mayor Archibald stated that the Committee will be the advocates for what the city needs in the future. He reviewed the last Bond Election and the results that the voters approved. Mayor Archibald challenged the committee to think outside the box.

The Committee introduced themselves and told something briefly about themselves.

Danette Dunlap, City Secretary administered the Oath of Office and had the Committee members sign the Statement of Appointed Officer form and their Oaths.

Larry Gilley, City Manager went over the structure and protocols for the committee.

The city staff introduced themselves to the committee.

Chairman Higgins asked that the first order of business would be to select a Vice Chairman in the event he is unable to attend a meeting. Shannel Anderson made the motion to appoint John Hill as Vice Chairman. Terry Johnson seconded the motion, motion carried.

Mindy Patterson Director of Finance introduced George Williford with First Southwest Company, Financial Advisory for the city. Mr. Williford reviewed the following information as it relates to the financing in the city.

### **Authorized Long Term Debt Instruments for Texas Cities**

- General Obligation Bonds
  - Requires majority voter approval in a bond election
    - Elections cycles every May and November
    - Issued for public purpose (capital expenditures), with repayment not to exceed 40 years

- Secured by ad-valorem taxes
  - Considered as a city's most secure obligation attracting the lowest interest rates
- GO Bonds, once voter authorized, have no additional legal requirements in order to be issued.
  - They are sold by ordinance and secured solely from a city's maximum tax rate (\$1.50 for general law cities or \$2.50 for home rule).
  - Cities may choose to pay debt from other sources, thereby not levying the tax.
- The required tax rate to pay debt service is not subject to rollback under the effective tax rate calculation.
- GO bonds are commonly voted for significant major projects and/or quality of life programs.
- Certificates of Obligation (CO)
  - Does not require a bond election
  - Issued after an approval of a notice of intent and subject to publication requirements
    - Valid petition signed by 5% of the registered voters requires approval of issuance at election
  - Carries a tax and revenue pledge
  - Credit is on par with voted GO bonds – similar interest rates
  - CO's are commonly used for normal capital improvement projects
- Revenue Bonds
  - Secured solely by and payable from a revenue pledge of a defined system, such as water/sewer system
  - Does not carry any tax pledge
  - Requires certain "fail-safe" mechanisms
    - Debt service reserve fund
    - Coverage requirements and additional bonds test
  - Generally sell at a higher rate than GO's or CO's

### **Bond Election Propositions**

- Bond elections by Texas cities must have separate propositions for each broad type of project or improvement
- All voters have the right to vote for or against each and every proposition

### **Informational Material Provided by City**

- Tone and context of voter education materials prepared and distributed by a City should conform to rulings by the Texas Ethics Commission
- Handouts or brochures distributed by City can only state factual information
  - What the proposed projects/improvements are
  - How much the projects will cost

- What is the tax rate impact
  - On an average homeowner
  - On businesses
- Cannot be promotional or use ‘leading’ terms (benefit, solution, need, etc.)

Reviewed the Bond Election Calendar – Election day would be May 9<sup>th</sup>.

Discussed the credit rating for the City which is at AA+, just shy of a AAA rating. The higher the rating the lower the interest rate and the cost of bond insurance.

Presented the 10 City Comparisons – showing tax rates, outstanding debt.

The City of Abilene’s property tax rates for the last 10 years:

<u>Fiscal</u> Year	Operating	Debt Service	Total
2005	\$ 0.4902	\$ 0.1453	\$ 0.6355
2006	0.4902	0.1453	0.6355
2007	0.4940	0.1738	0.6678
2008	0.4693	0.1985	0.6678
2009	0.4693	0.2161	0.6854
2010	0.4693	0.2239	0.6932
2011	0.4758	0.2174	0.6932
2012	0.4837	0.2095	0.6932
2013	0.4937	0.1923	0.6860
2014	0.5095	0.1765	0.6860

Theresa James Assistant City Attorney reviewed the City Attorney’s office and the duties of the various attorneys.

Ms. James then reviewed the Texas Open Meetings Act and the Public Information Act as it relates to this committee. All meetings are open to the public and they are required to be posted 72 hours before each meeting of the committee. The Agenda is required to show date, time, location, and items for discussion. Minutes are required for all meetings and a permanent record.

Discussion included: 1) walking quorums; 2) attending functions other than bond committee meetings where a possible quorum would be present; 3) open meetings; 4) public information requests need to be forwarded to the City Attorney’s office; 5) setting up a separate folder in your email accounts to be able to keep up with correspondence regarding this committee; 6) retention of records is two years; 7) when replying to email please do not reply to all; 8) daisy chain meetings; 9) required training for the Open Meetings and Public Information Act within 90 days of taking office – per the Government Code; and 10) items that come up and are not on the posted agenda – will need to be placed on the next agenda for discussion by the committee.

Chairman Higgins asked that all emails from the committee come through to him and he would forward questions etc. to Mr. Gilley and then Mr. Gilley can respond to all the members with the answers.

Committee members and staff discussed: 1) what are eligible and ineligible projects. Example of those that would not be considered are curbside recycling and Taylor County Expo; 2) any current studies and surveys the city might have; 3) Parks Master Plan; 4) tours can be arranged to visit sites; and 5) Capital Improvement Program.

Discussion of when to have the meetings was discussed and Committee member Brent Casey made the motion to hold the meetings on the 1<sup>st</sup> and 3<sup>rd</sup> Wednesday's at 2:00 pm. Committee member Lt. Col. Mike Harner seconded the motion, motion carried.

Chairman Higgins adjourned the meeting at 3:50 p.m.

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Danette Dunlap, TRMC  
City Secretary

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Stormy Higgins  
Chairman