

BELTON CITY COUNCIL WORKSHOP
JUNE 11, 2013 – 4:00 P.M.

The Belton City Council met in work session in the Smith Room of the Harris Community Center with the following members present: Mayor Jim Covington, Mayor Pro Tem Marion Grayson, Councilmembers Craig Pearson, John Agan, Jerri Gauntt, and Dan Kirkley. Councilmember David K. Leigh was absent. Staff present were Sam Listi, Connie Torres, Cristy Daniell, Mike Huber, and Paul Romer. Also present was Mack Parker, KPA Engineers.

The Mayor called the meeting to order at 4:02 p.m.

Conduct workshop regarding financial implications of the proposed Capital Improvements Plan (CIP) and receive presentation from Specialized Public Finance.

Assistant City Manager Cristy Daniell presented information on historical tax rolls, tax rates, and existing debt service requirements. The City's Financial Advisor, Jennifer Douglas from Specialized Public Finance, gave an overview of the different types of bond issues and considerations associated with each. She discussed potential debt scenarios for a \$1,700,000 Tax Increment Reinvestment Zone (TIRZ) issue and a \$4,125,000 tax-supported issue related to the CIP. Ms Douglas also reviewed timing and implications associated with issuing Certificates of Obligation (CO's) vs. General Obligation (GO) bonds, to include information on the City's bond rating and potential issuance costs/fees.

Following Council discussion regarding tax rate needs, Ms. Daniell indicated these bond scenarios are very conservative; she stated she is awaiting certified tax values and realizes the Council's general direction is to not raise taxes. The Mayor concurred, stating he doesn't think anyone on the Council wants to raise taxes, but he does believe the CIP projects are all worthy and necessary, and the reality is, it's likely going to take a 2¢ increase. The City Manager commented it's been a number of years since the City has done capital projects of this kind, and bonds haven't been issued in a while. He stated it may be prudent to take advantage of the current financing environment while interest rates are still very low, and staff is also beginning to see increases in prices of construction materials. Mr. Listi explained if these projects are needed to help keep up maintenance/operations, they need to be done and the Council needs to give direction as to how much of a tax increase would be acceptable. He stated the CIP Committee was very conscientious to minimize projects and develop a conservative package. The Mayor expressed interest in adding funding for more road projects, perhaps an additional million dollars.

The City Manager asked Ms. Douglas to review the schedule for issuing CO's. She indicated the City would ideally need eight weeks to sell and another month to get the funds, but the interest rate is locked in once the bonds are sold. Ms. Daniell reminded Ms. Douglas about the provision in the City's Charter to publish the notice for three consecutive weeks, which will add another week to the process. Ms. Douglas indicated a petition effort by citizens to force an election would have to be accomplished by the date the CO's are sold. No action was required and the Council moved on to the next item.

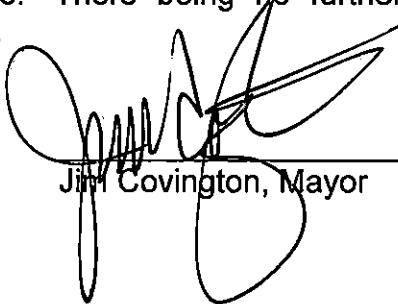
Conduct workshop regarding adoption of a long-term debt policy for the City of Belton.

Assistant City Manager Cristy Daniell gave an overview of the functions and characteristics of a debt policy; she reviewed provisions of the City Charter that address long-term debt (1.05, 4.03, 8.15 and 8.16), and presented potential elements for a debt policy. The Council concurred with staff's recommendation to include the following elements in a policy, broadly stated as shown below:

- Purpose: For any purpose allowed under City Charter or State law.
- Debt limits: The City will ensure that long-term debt is soundly financed by conservatively projecting revenue sources used to pay the debt. Improvements will not be financed for a period greater than the useful life of the improvements.


- Types of debt: Will address all types of debt (short-term, long-term, GO, taxable debt, etc.), and state a preference for debt with source of dedicated revenue stream before issuing GO debt.
- Structural features: Statutory/legal requirements, magnitude of City's capital needs and ability to fund debt; objectives regarding credit ratings and desire for overall flexibility in the City's debt program.
- Credit objectives: Include statement to maintain current rating of AA- and seek to maintain an investment grade rating.
- Methods of sale: Provide flexibility to select method of sale most advantageous to the City.
- Selection of Financial Consultants: While not being recommended at this time, provision that this process be done by Request for Proposals and/or in accordance with the City Charter and State law.
- Refundings: Identify different types of refundings, but do not establish a threshold on minimum present value savings that must be achieved.
- Arbitrage: Will include statement the City will comply with arbitrage requirements as provided by Federal regulations.
- Investment of bond proceeds: Will include statement that investment of bond proceeds shall be in accordance with the City's Investment Policy.

Ms. Daniell indicated she would present a draft policy to the Council at a future meeting based on guidance above. There being no further business, the Mayor adjourned the workshop at 5:23 p.m.



Jim Covington, Mayor

ATTEST:



Connie Torres, City Clerk