

FARMERSVILLE BOND COMMITTEE
MEETING MINUTES
JANUARY 12, 2012

The Farmersville Bond Committee, formed by the City Council, met in a special called session on January 12, 2012 at 6:00 p.m. in the Council Chambers at City Hall with the following members present: Will Thornton, Will Strawn, Kevin Adamson, Jason McTee, Charlie Whitaker, John Cooper and Janis May (standing in place of committee member Wayne May). Staff members present were Interim City Manager Ben White and City Secretary Edie Sims.

CALL TO ORDER, ROLL CALL

City Secretary Edie Sims called the meeting to order, called the roll and announced a quorum was present. Edie Sims presented the prayer and pledge.

Mayor Helmberger welcomed and gave accolades to the Committee for their dedication and time offered for this valuable task the City has entrusted them with. Mayor Helmberger tasked the Committee to evaluate all bond opportunities. The largest task is to sell the need of a tax increase to the citizens of Farmersville if the Committee sees the bond as a viable source of funding to make major improvements within the City.

Interim City Manager Ben White welcomed the Committee and stated support of the Mayor and Council to move forward with a proposed bond to pay for major projects needed.

ORGANIZE BOND COMMITTEE

City Secretary Edie Sims opened the floor for nominations for a Chairman. Charlie Whitaker nominated and motioned for Wayne May to serve as Chairman. John Cooper seconded the motion. Motion carried unanimously.

Edie Sims opened the floor for nominations for Vice Chairman. John Cooper nominated and motioned for Charlie Whitaker to serve as Vice Chairman with Will Thornton seconding the motion. Motion carried unanimously.

Edie Sims opened the floor for nominations for Secretary. Charlie Whitaker nominated and motioned for Will Thornton to serve as Secretary with John Cooper seconding the motion. Motion carried unanimously.

RECEIVE AND DISCUSS BOND INFORMATION FROM FIRSTSOUTHWEST, CITY OF FARMERSVILLE'S BONDING COMPANY

First Southwest representatives Nick Bulaich and Keith Kirven came before the Committee to introduce the various types of bond opportunities available for municipal improvement needs. Mr. Bulaich expanded on the General Obligation Bonds and the requirement for an election. The citizens of Farmersville would make the decision with this type of bond whether to pass or deny increasing their taxes to pay for public improvements.

Another type of bond that does not require an election, but could be challenged, is the Certificate of Obligation. The public would still be informed by notices published in the newspaper. The Certificate of Obligation bond is secured solely by an ad valorem tax.

Revenue Bonds are also an option, however not as prudent. The bond is payable solely from revenues from an operating system such as water or sewer and are due within 7 years. This style of bond would require a higher payment which would increase the citizens taxes exponentially.

Other bonding opportunities such as Contractual Obligations, Anticipation Notes and Contract Revenue Bonds do not apply as they are limited uses and a higher interest rate is normally applied.

Mr. Bulaich also informed the Committee of the Bond Council who direct the City for the most effective financing and structuring options. The Bond Council also offer legal opinions that ensure the bonds are exempt from Federal Income Taxes and assistance in obtaining an attractive borrowing rate. All legal documents will be prepared by the Bond Committee.

The City of Farmersville currently is rated "A2" by Moody's Investors Service, Inc and "A" by Standard and Poor's Corporation which is a very good rating to attain a good interest rate.

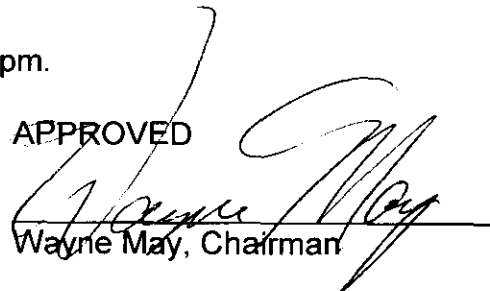
Next, Mr. Bulaich demonstrated a tax rate impact chart which equated an estimated \$50 per household tax increase per \$1,000,000 of bonds.

The Bond Committee will be meeting for the next 4 weeks consecutively to come to a conclusion regarding the need for bonds and if the public can pay increased taxes to accommodate the projects which are in need of improvement. Due to the timing for election requirements, the Bond Committee has a very limited amount of time to make said decisions. Mr. Bulaich, Mr. Kirven and City Staff are all at the disposal of the Committee to provide as much information as possible and to help make the best decisions for the citizens of Farmersville all the while providing a good quality of life.

ADJOURNMENT

The Bond Committee adjourned at 6:50pm.

APPROVED


Wayne May, Chairman

ATTEST


Will Thornton, Secretary