

**MINUTES: CITY COUNCIL WORK SESSION MINUTES
MAY 18, 2009**

PRESENT: Mayor Joe Higgs, Councilman Garza, Councilman Robert Patton, Councilman Thomas Muir

MEMBERS

ABSENT: Councilman Glenn Ervin, Councilman Walker

OTHERS

PRESENT: Mike Brice City Manager, Rose Chavez City Secretary/Asst. City Manager, Idaleene Fuqua, John Chambers, Beth Stripling

1. Call Meeting to Order.

Mayor Higgs called the meeting to order.

2. Presentation by Idaleene Fuqua on a Monument Recognizing the City of Sanger's Railroad History.

Idaleene Fuqua addressed the Council and introduced Ms. Beth Stripling and John Chambers who were in attendance. Ms. Stripling is the Chairman of the Marker Committee for the Denton County Historical Society and has worked directly with the State Historic Commission in Austin. Ms. Fuqua proceeded in providing the Council with some written material containing the railroad history of Sanger. Her purpose is to get something established to commemorate the beginning of Sanger. She indicated the process is lengthy. She would like the Council to back this, provide a place for the marker, maintain it and place it in an attractive setting. She would like for the citizens of Sanger to become aware of the history of Sanger. She is only interested in the history up to the time the Depot was moved off the Santa Fe property. At this time, it ceased to be Santa Fe property which was around 1984. Ms. Fuqua indicated that she has set up some of her own personal funds to see that this project is completed.

Lengthy discussion continued regarding the Santa Fe depot and the process involved when it was moved.

Ms. Stripling proceeded to discuss the application process which will come through the Denton County Historical Commission. It is then submitted to Texas Historic Commission. She also discussed the time-frame involved. The Historic Commission will open the application process on October 1st and funding will be for the year 2010. The application fee is \$100.00 and the prices of the markers vary. The large marker was \$1500 and \$1000 for the smaller marker. They are asking the City to be a co-sponsor for the marker. Ms. Stripling indicated Sanger is a historical city. She also discussed the other markers that are located in Sanger.

Discussion continued concerning the railroad and the impact it had on the history of Sanger.

Mr. Chambers indicated that he is willing to donate some of his personal funds to go toward this effort. He also indicated that funds could be raised from donations from the general public.

Mayor and Council thanked Mrs. Fuqua, Mr. John Chambers and Ms. Stripling for coming.

3. Discussion of Bond Issue.

Ted Christensen, with Government Capital, addressed the Council concerning a bond issue for Certificates of Obligation. Mr. Christensen indicated that he had met with the EDC (4B Board) a few weeks ago concerning the financing for the Sports Complex Park. The EDC was getting ready to purchase the property to move forward with this project. He discussed that the EDC will be contributing most of the money for this debt. The reason that they are purposing Certificates of Obligation is to get a better credit rating and interest rate. If they were to do a bond rating for EDC for sales tax revenues only it would be at least 100 basis points higher. The EDC can get a better interest rate if taxes are backing the debt. The EDC's debt portion will be around \$180,000 to \$190,000 a year. The Certificates of Obligation will be for \$3 million and the total debt payment will be around \$250,000 to \$255,000 a year. The City's debt obligation will be around \$60,000 to \$70,000 a year. The City's fund can be used for other City-type improvements.

Mr. Christensen continued with a discussion concerning the financing for the issuance of this project. A public sale will cost more to issue publicly because they have to pay an underwriter, underwriter's counsel, underwriter's discount, and they have to buy insurance to get a rating. It costs twice as much to issue, but the effective interest rate, even after you account for all these expenses, will still be less. He believes he can get this done for about a 4.4% interest rate for a 17-year bond issue. He recommended to Council to proceed with the public sale. Mr. Christensen discussed the publication process that would give notice to the public of the intent to issue bonds. This will be advertised for two weeks in the City's official newspaper to allow the community to respond. The citizens of the community can petition to not allow this to happen. It will require more than 10% of the signatures of the registered voters to require an election if they disapprove.

Mr. Christensen explained the process for the Council to review and approve the pre-sale of the bonds. There is an official statement they approve to issue the bonds, and then it is then submitted to the Attorney General for approval. After two or three weeks they will file the bonds.

Mr. Christensen recommended that as the financial advisor of the City, there should be a letter of agreement that spells out the terms of the EDC's contribution to the City to

pay for their portion of the debt. This has to be approved prior to approval of the bonds.

Councilman Muir asked if there was a certain amount of debt that could be issued to stay under a certain amount on the tax rate.

Mr. Christensen explained that the ad valorem tax can't exceed 50 cents. This bond issue will have minimal impact on the City's tax rate.

The City Manager indicated that next year our aggregated debt will go down.

The City Manager discussed that the additional funds that the City is borrowing is to fix some draining problems that are major issues. He explained the importance of taking care of the drainage problems that are all over town. They will prioritize the problems by urgency and cost.

4. Overview of Items on Regular Agenda.

City Manager discussed item # 7 on the agenda. He indicated this was a recommendation by the auditors to raise the capitalization limit to \$5,000 on any single item before it is depreciated. The City currently capitalizes any single item that is \$1,000 which gets very cumbersome on what has to be depreciated.

On item # 8 the City Manager indicated that this basically completes the Streetscape Project. The 4B Board has approved funding for an additional \$64,000. There was some additional work that was done that included moving the Embarq phone line that was across the street to get those out of the view of the street, additional concrete work on the sidewalks, and pulling up and relaying the entire street. The work has been completed, and this is the final accounting of the project.

5. Adjournment.

Mayor Higgs adjourned the meeting