

SPECIAL CALLED CITY COUNCIL WORKSHOP
February 9, 2019

MINUTES OF THE SPECIAL CALLED WORKSHOP OF THE CITY COUNCIL OF THE CITY OF OVERTON, TEXAS THAT WAS HELD **FEBRUARY 9, 2017** AT 6:00 P.M. PM IN THE COUNCIL CHAMBER, CITY HALL, 1200 SOUTH COMMERCE, OVERTON, TEXAS.

PRESENT:

C. R. Evans Jr., Mayor
Philip Cox, Mayor Pro Tem
Jerry Clark
Lawrence Davis
Michael Paul Williams

ABSENT:

John Posey

Also in attendance were, Charles Cunningham, City Manager, Clyde Carter, Police Chief, Pamela Raney, Finance Director, and Rachél Gafford, City Secretary representing staff; and Wendy Bates, Independent Audit Consultant.

I. CALL TO ORDER –Mayor Evans called the meeting to order at 6:00 p.m.

1. Invocation was given by *Councilman Davis*.
2. Pledge of Allegiance was led by *Mayor Pro Tem Cox*.

II. NEW BUSINESS (CONSIDER AND/OR ACTION)

Consider, review and discuss long term financial planning for the City of Overton that included the following topics:

1. Overall Management of Existing Debt
2. Impact of Refinancing Series 2003 GO and Refunding Bonds on the FY 2016-17 Operating Budget
3. Status of Current Notes and Loans
4. Status of OMDD Loans
5. Back Log of Audits

City Manager Cunningham presented a power point presentation to Council which covered the City's current debt obligations and where the City has been supplementing the repayment of the City's debt with the City's Operations and Maintenance budget at amount of \$250,000.00 annually in addition to that paid from property taxes in amount of approximately \$200,000.00 annually.

City Manager Cunningham demonstrated how the City will be saving \$129,000.00 in 2017 by refinancing of the 2003 General Obligation Bonds which had just been signed with Texas Bank and Trust. Cunningham asked for Council to support his recommendation for putting the majority of these cost savings back to build reserves for the City, and to support the proposed Budget Amendment which will provide for salary increases and added benefits for staff.

Cunningham explained that the current tax rate and debt repayment schedule would allow the City to reduce the existing debt to approximately \$933,112 by 2020. Cunningham then explained that being debt free for a City is not necessarily a wise move as you are no longer able to capture the debt portion of the tax rate to assist with Infrastructure and Capital Improvement projects.

Cunningham then presented an alternate plan rather than the Council having a goal of being debt free by 2020; instead Cunningham proposed that the City consider issuing a 2020 series of Bonds in the amount of \$4,000,000.00 which would pay off the four remaining debt obligations, cover the new bonds' issuance cost and give the City \$3,000,000.00 to work on desperately needed infrastructure improvement projects. Cunningham stated that by issuing the 2020 series bonds the City could continue to maintain the debt portion of the tax rate at the current rate and would be able to make the debt payments on the new debt obligation. Cunningham explained that having only one (1) bond to manage instead of the multiple bonds or debt payments to manage is much easier for the finance department to keep up with and the auditors to complete their tasks in a timely manner. Cunningham's proposed plan included taking the surplus O&M revenues for the next two years to have staff begin an aggressive Water & Sewer line replacement program allowing the 2012 series bonds to go toward the repaving of streets.

Cunningham then asked the Council to support his recommendation to ask for forgiveness of the three (3) existing loan agreements from the Overton Municipal Development District in the amount of \$123,000 which would save the City on annual loan payments to OMDD of \$24,500.

Finally, Cunningham presented an aggressive audit schedule proposing that the City should be able to complete at least two (2) audits per year to get the City current with the back log of Fiscal Year Audits by 2019. This deadline is important as the City will have to be current with their audits to be able to issue the proposed 2020 Series Bonds. Cunningham explained that the City has been completed with all the 2013 audit information and have had it submitted to Prothro, Wilhelmi, & Co. for several months; however, the auditors are in the middle of doing many School Board Clients and have not been able to work on our Audit to be able to proceed with the field work. The proposed schedule would maximize our being ready for the auditors when the auditors have their down time from the School Board Clientele over the next few years.

III. ADJOURNMENT

Mayor Pro Tem Cox made a motion to adjourn.

Councilman Davis seconded the motion.

Mayor Evans called for a vote.

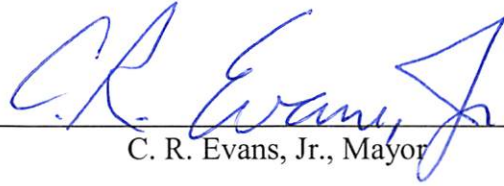
Motion carried 4 – 0 – 0; Councilman Posey absent.

With no further business, the meeting was adjourned at **7:00 P. M.**

Minutes approved and submitted and/or corrected this **16th** day of **February, 2017.**



CITY OF OVERTON


C. R. Evans, Jr., Mayor

Attested by:


Rachél Gafford, City Secretary