

Mayor Pate called the first special meeting of the Eureka Springs City Council to order Wednesday, May 30, 2012 in the jury room on the second floor of the Western District Carroll County Courthouse. Mayor Pate noted the purpose of the meeting: **Refunding the Series 2007 Water and Sewer Bonds.**

PRESENT: Mayor Pate, Aldermen Parker Raphael, Lany Ballance, Karen Lindblad, James DeVito, Butch Berry, City Attorney Tim Weaver, and City Clerk/Treasurer Ann Armstrong

ABSENT: Ken Pownall (with notice)

Mayor Pate welcomed Michael Moyers from the Friday Law Firm and Dennis Hunt from Stephens Inc. Mr. DeVito moved to discuss. Mr. Berry seconded. Mr. Hunt gave an overview of the preparation of the (Ordinance) to offer the sale of bonds. The former interest rate was 4.59% and the new rate for which Stephens was able to underwrite is 2.82%. Net savings to the City will be \$348,610. The \$230,000 in unsold bonds will be purchased by Stephens for future sale. A gross debt comparison was provided.

Mr. Moyers spoke about the ordinance he prepared for approving the sale of the bonds by Stephens. The old bonds will be called on October 1, 2012. Upon closing, the money will be put into an escrow fund and be held until closing. The bonds are pledged and payable from the 1% sales tax established 1990 and will continue to be paid from that tax. Off camera, Mr. Hunt noted the City will receive \$57,275 more on October 1 than would have been the case without refunding. Discussion followed regarding whether to read the ordinance by title only or to read the document into the public record.

Mr. DeVito moved to suspend the rules, assign the ordinance a number and place it on its first reading by title only. Ms. Armstrong said since her signature is going on the document, she would prefer that it be read into the public record. Mr. DeVito then moved to assign the ordinance a number and place it on its first reading. Mr. Berry seconded. A voice vote followed.

Motion carried 5/0/0.

Mr. Moyers read **Ordinance 2153 AN ORDINANCE AUTHORIZING THE ISSUANCE OF SALES AND USE TAX REFUNDING BONDS FOR THE PURPOSE OF REFINANCING THE COST OF CAPITAL IMPROVEMENTS; PLEDGING A 1% SALES AND USE TAX TO PAY THE PRINCIPAL OF AND INTEREST ON THE BONDS; PRESCRIBING OTHER MATTERS RELATING THERETO; AND DECLARING AN EMERGENCY**

Mr. DeVito moved to approve Ordinance No. 2153 on its first reading. Mr. Raphael seconded. A roll call vote followed. All voted "Aye".

Motion carried 5/0/0.

Mr. DeVito moved to suspend the rules and place Ordinance No. 2153 on its second reading by title only. Mr. Raphael seconded. A roll call vote followed. All voted "Aye".

Motion carried 5/0/0.

Mr. Moyers read the title of Ordinance No. 2153. Mr. DeVito moved to approve Ordinance No. 2153 on its second reading. Mr. Berry seconded. A voice vote followed.

Motion carried 5/0/0.

Mr. DeVito moved to suspend the rules and place Ordinance No. 2153 on its third reading by title only. Mr. Raphael seconded. Mr. Moyers answered Ms. Ballance's questions regarding the cost of preparing and selling bonds and book-entry accounting. He explained that, if the City defaults on any of the covenants and the trustee initiates a lawsuit, the trustee can cancel the action if the City brings itself into compliance before the final judgment is rendered. Mr. Moyers clarified that the City pays 1/6 of the interest and 1/12 of the principal due, from tax collections, on a monthly basis.

Responding to a question from Ms. Ballance, Mr. Moyers said the debt service reserve is in the event the City is unable to make the payments and it equals one half of the maximum annual debt service. He also noted investors receive tax-exempt interest on the bonds so as to prevent bonds from subsidizing a private business. A roll call vote was then taken on Mr. DeVito's motion for the third reading. All voted "Aye."

Motion carried 5/0/0.

Mr. Moyers then read the Ordinance title. Mr. DeVito moved to approve Ordinance No. 2153 on its third reading. Mr. Raphael seconded. Ms. Ballance asked if the vote would include the emergency clause. Following Mr. Weaver's suggestion, Mr. DeVito amended his motion to exclude the emergency clause. Mr. Raphael seconded. A roll call vote followed. All voted "Aye".

Motion carried 5/0/0.

Mr. DeVito moved to suspend the rules and invoke the emergency clause. Mr. Raphael seconded. A roll call vote followed. Mr. DeVito, Mr. Raphael, and Mr. Berry – "Aye". Ms. Ballance and Ms. Lindblad – "No".

Motion carried 4/2/0 with Mayor Pate adding his "Aye" to carry.

Mr. DeVito moved to adjourn. Mr. Raphael seconded. A voice vote followed.

Motion carried 5/0/0. A ten minute break followed.

Mayor Pate called the second special meeting to order, noting the purpose was for the third reading of **Ordinance No. 2152 regarding the stand-by fee for garden meters.**

A quorum was established.

Mr. DeVito moved to discuss. Mr. Berry seconded.

Mr. DeVito moved to suspend the rules and place Ordinance No. 2152 on its third reading by title only. Mr. Raphael seconded. Mayor Pate expressed his concern for reducing income and not keeping in compliance with bond revenues. Mr. Moyers spoke about the rate covenant requirement for net revenues to equal at least 120% of the aggregate average annual principal and interest on outstanding water and sewer bonds. Discussion followed which included the study underway for assessing rates and possible increases in rates. A roll call vote followed for the third reading. All voted "Aye".

Motion carried 5/0/0. Ms. Armstrong read the Ordinance title.

Mr. DeVito moved to approve Ordinance 2152 on its third reading. Mr. Raphael seconded. Mr. Berry suggested revising the Ordinance title to indicate the purpose more clearly. Mr. Weaver opined that the (stand-by fees) are established (from) the minimum usage rate. He advised caution. A roll call vote followed. All voted "Aye".

Motion carried 5/0/0.

Mr. Berry moved to adjourn. Mr. Raphael seconded.

Motion carried 5/0/0.

This is the signature page for the minutes of the two special meetings of the Eureka Springs City Council on May 30, 2012.

ATTEST:


City Clerk/Treasurer Ann Armstrong

APPROVED:


Mayor Morris Pate