

MINUTES
FRITCH CITY COUNCIL CALLED SESSION
TUESDAY FEBRUARY 16, 2016
CITY ANNEX 509 W. BROADWAY FRITCH, TEXAS
6:30 P.M.

- 1. Call to order.** Meeting called to order by Mayor W. Kelly Henderson at 6:36 p.m. Council members present: Richard Hein, Denise Campbell, Yvonne Blackwell, Arturo Gutierrez (6:51 p.m.) and Mayor Pro Tem Arlin Audrain. City Employees present: Monte Leggett, Cody Benge, Steve McKay and Cindy Cook.
- 2. Discuss paying off the late payments and becoming current on 2003 Bond.** John Blackburn with Government Capital spoke with Council concerning situation with 2003 Bond. Mr. Blackburn told the audience that the Council and City Staff had been working very hard to get caught up on late bond payments and had made some tough decisions regarding water rates in order to make the water systems self-sustainable. It is possible that within the next three or four months, the City would be caught up on both bonds.
- 3. Discuss refinancing 2003 Bond.** Once the 2003 bond is caught up, it may be possible to refinance and get a lower interest rate which would save the City money. One of the main difficulties to this plan is the “material events notices” that have occurred each time the City did not meet the bond payments. These notices do not go away until after a few years of on time payments in the required amounts. It is possible that our local bank may be able to help us. Mr. Blackburn informed the Council that if the City was able to refinance at 3.95% (effective rate with fees included – 4.195%), the savings would be approximately \$ 330,000. Mayor Henderson said he did not see any reason not to get this done. Mayor also asked if it would be possible to delay payments for a year. Mr. Blackburn said yes, but don’t count on it because of the City’s payment history. Mayor also asked if the City would need to be caught up on the 2011 Bond before refinancing the 2003 Bond. Mr. Blackburn responded, not necessarily. Hopefully someone would be willing to refinance but with the rating still at “D”, it is possible that the City would have to wait until the 2011 Bond is caught up. Once the 2003 Bond is refinanced and the 2011 Bond caught up, then we can work on the rating. The higher the credit risk, the higher the interest rate will be. Mayor Henderson mentioned that there are other costs such as pipeline to replace and wells to fix. Both water systems need repair and need to be connected. How difficult would it be to add those costs into the refinancing? Mr. Blackburn said it may be possible. It would have to be brought to the lender to see what they thought. It may be possible for these things to be handled out of the revenue if they are phased in properly. The repairs will increase revenue to pay back the loan. Once the system is repaired, it will require less revenue to sustain.
- 4. Adjourn.** Council member Hein made the motion to adjourn. Second made by Council member Blackwell. Vote 5/0.

READ, PASSED AND APPROVED on this _____ day of _____, 2016.

Mayor W. Kelly Henderson

Cindy Cook, City Secretary