

**Community Bond Advisory Committee Meeting**

**Meeting Notes**

April 18, 2019

The sixth meeting of the Community Bond Advisory Committee was held on April 18, 2019 at the Addison Treehouse Event Room.

**The committee members present**: Bruce Arfsten, Taylor Bowen, Juli Branson, Lary Brown, Colleen Campbell, Robert Catalani, Mary Jo Cater, Nancy Craig, Chris DeFrancisco, Ralph Doherty, Kent Domingue, Jerry Dougan, Darren Gardner, Brooks Haley, Susan Halpern, Edwin Keith, JT McPherson, Jimmy Niemann, Liz Oliphant, Suzann Oliver, Eileen Resnik, Craig Reynolds, Nancy Williams and Rob Wright.

**Staff members present**: Wes Pierson, Olivia Riley, Rob Bourestom, Hamid Khaleghipour, Ashley Mitchell, Shawn Cheairs, Janna Tidwell, Wilson Kakembo, Amanda Turner, Ashlee Powell, John Crawford, Charles Goff and Lisa Pyles.

**Council Members present:**  Marlin Willesen and Ivan Hughes.

Lisa Pyles opened the meeting by introducing the financial team involved in the bond process.

Olivia Riley, Chief Financial Officer and Nick Bulaich, Hilltop Securities presented information on the Basics of Municipal Debt.

During and after the presentation, the Committee asked several questions.

**Why do we use Certificates of Obligation (CO) rather than General Obligation (GO) Bonds? What are the differences between the two? Is there a difference in the rate between them?**

The main difference is a CO does not require a public bond election whereas a GO does. There is a faster issuance time for CO’s. CO’s are also issued if the debt is repaid from an enterprise fund and therefore would not affect the tax rate. Generally, there is not a significant difference in the interest rate between the two different types. Interest rates are primarily impacted by the bond rating and the market.

**What all taxes are used in repaying a bond?**

Ad Valorem tax is utilized to repay a bond debt.

**Does the state govern the use of a CO? Who determines what a CO can be used for?**

The State has determined that bonds cannot be used for economic development incentives. All other bond policies are set and defined by the Town’s financial and capital policies.

**How is the makeup of the $.55 tax rate determined? Is it a fixed rate?**

The Economic Development and the Infrastructure Investment Fund rates are set by City Council and can only be adjusted by City Council. The Interest and Sinking (I&S) and the Maintenance and Operations (M&O) rates are not fixed and will be adjusted according to what is needed to pay back the Town’s debt. Whatever amount is needed to pay back the towns debt without excess will be set as the I&S rate and whatever is remaining is used to cover M&O.

**Is there a way to see if we would need to have recurring bond issuances?**

Yes, the asset management plan is the beginning of this, as it details when we would normally see all the different assets begin to fail and when they would need to be replaced. This will help us plan for future debt as we will have the data to support how much funding would be needed to maintain all the Town’s assets in optimal condition.

**What is more important to new businesses, the tax rate or the amenities/ quality of life?**

Ultimately this will depend on the desires of each individual business. During an evaluation of where to place your home business both factors must be considered. Ideally a business owner would like to be someplace where the employees can enjoy a great quality of life and still be able to maintain their expenses partly due to a lower tax rate. The Town of Addison strives to provide both benefits to all their businesses both presently and in the future.

The next Committee meeting will be on May 2, 2019 at the Addison Tree House Event Room, 14681 Midway Road, Suite 200 from 5:30 to 7:30. The subject will be a review of the survey polling results.

The meeting was adjourned at 7:15.