

SPECIAL CITY COUNCIL MEETING MINUTES
JUNE 29, 2009, 12:00 P.M.
CITY COUNCIL CHAMBERS

The City Council of Newton, Iowa met in special session at 12:00 P.M. on the above date in the Council Chambers at 101 West 4th Street South. Mayor Allen presided. Present: Council members Plumb, Hansen, Julius, Morris, Mullan. Absent: None

Mayor Allen stated the purpose for the special council meeting was a presentation on bonding. Mayor Allen went on to note that Council Member Foreman had passed away on Sunday and our thoughts and prayers go out to his family.

Thomas Wardlow, City Administrator, led the presentation by reviewing immediate needs for bonding when it comes to development and refinancing, along with possible future needs in potential developments. He went on to note previously Council had discussions using cash versus bonding – In the 09-10 budget \$100,000 additional expenditures in the general fund reduces the fund balance by 1.59%. \$62,500 additional expenditures reduces the fund balance by 1.00%. Candice Van Zee, Director of Administrative Services, reviewed the current debt the city has that is paid with the revenue from the debt service levy, she noted this did not include any of the TIF debt. Van Zee went on to explain how the interest for the 2006B Speedway Bond (infrastructure) was being paid, she noted that for 2010 no revenue from the debt service levy is being used to make this interest payment. Bryan Friedman, Community Development Director, reviewed immediate bonding needs such as the Trinity Project, Prairie Inn & Suites and Refinancing particular past bonds. With the Trinity Project, Council approved the development agreement in April 2008 along with the development agreement for Prairie Inn & Suites. Chip Schultz from Ruan Securities A Division of D.A. Davidson & Co., reviewed the impact on our debt capacity and impact on the debt service levy. He went on to note if the City refinanced the taxable general obligation bonds series 1999B, 2001B, 2003 and 2004C it is estimated to save approximately \$85,000 and by refinancing the tax exempt general obligation refunding of series 1999A is estimated to save approximately \$24,000. It was consensus of Council to have Staff bring the refunding of the aforementioned bonds to the council meeting on July 6, 2009. Potential developments were also discussed. Bryan Friedman, Community Development Director, reviewed potential solutions to the Speedway Infrastructure Bond interest payments that were due annually until 2014, noting that additional funds from the bond could be reallocated, reallocating a portion of the hotel/motel tax, the speedway ticket surcharge or internal borrowing were all potential ways to assist in making the interest payments. Friedman also noted an issue on the horizon was the Speedway Revenue Bond. At this time only interest is being paid, the current interest is at 1.25% above the prime rate. The Iowa Speedway is making the interest payment on the portion that was their \$2,000,000 grant and the rest is being paid with capitalized interest and the \$1.00 surcharge, at this time, the surcharge has paid all the interest on that portion of the bond. This may be a good time to refinance this bond, to lock in an interest rate, while the Iowa Speedway would still be making the payment on their portion. By Council consensus it was concluded this refinancing should also be put on an upcoming agenda for approval.

Moved by Hansen, seconded by Morris to adjourn the meeting at 1:08 p.m. Motion unanimously carried by voice vote.

Charles Allen, Mayor

Candice Van Zee, CMC
City Clerk