

CITY OF ST. ANTHONY
REGULAR COUNCIL MEETING MINUTES
OCTOBER 16, 2012, 4:00 p.m.
420 NORTH BRIDGE, SUITE A, ST. ANTHONY, ID, CITY COUNCIL CHAMBERS

PRESENT: Mayor Neils Thueson, Council Members Suzanne Bagley (by phone), Tom Erickson, Rick Hill, Russ Rubert and Rod Willmore.

ALSO PRESENT: City Clerk-Treasurer Patty Parkinson, City Attorney Bill Forsberg and Cameron Arial of Zion's Bank (by phone).

GENERAL BUSINESS

Discussion of Bond Reserves and Decision on Either Paying Down the Principal or Using the Reserves for Other Projects – Cameron Arial of Zion's Bank provided council with a packet of information showing them the differences between utilizing the debt service reserve funds and not utilizing them on both sets of bonds, the water and the sewer. Additionally, Arial had a summary version indicating in net present value the savings as a percentage, as a dollar amount for the life as well as what the annual savings would be on each set of bonds. In summary, the par amount of the sewer bonds with the reserve contribution is \$3,515,000 with an annual savings of \$35,000 and a net present value savings of 12.12%. The par amount of the sewer bonds without the reserve contribution is \$3,820,000 with an annual savings of \$16,745 and a net present value savings of 11.16%. The par amount of the water bonds with the reserve contribution is \$785,000 with an annual savings of \$18,500 and a net present value savings of 19.30%. The par amount of the water bonds without the reserve contribution is \$865,000 with an annual savings of \$11,800 and a net present value savings of 18.57%. The city recently finished the third and final phase of their waste water project and at this time have no projects or grants awarded to them for any water projects. Additionally, the city has unrestricted funds in excess of \$500,000 in each of the water and sewer funds. All reserves funds in either the water or sewer funds are designated towards those funds and can only be used for water and sewer services, since all are directly coming from the users of those services. Arial reminded council the current reserves were from the city's users and did not come from the old bond proceeds and therefore could be used for the funds in which they are held. Clerk Parkinson reported current investments with the debt service reserves were very weak and in fact the bonds in which they were invested in have since been called and she is currently seeking other more profitable investments. Arial also said the Idaho Bond Bank had some expectation the city would be using those reserves to buy down the principal just as the other city's did in their bonds, although it was not a requirement. After Arial concluded his presentation he asked council for any questions. Some questions were asked of council and answered regarding the calculations used to determine the net present value and the annual savings. Councilmember Rubert said before there was any further discussion, council should just vote to see if they all agreed. Mayor Thueson asked for a motion. A motion to apply the sewer debt reserve of \$324,368 to the sewer bonds and apply the water debt reserve of \$83,369 was made by Councilmember Willmore and seconded by Rubert. All council members were in favor, including Councilmember Bagley who was heard clearly to agree by phone.

There being no further business to come before the Council the meeting was adjourned at approximately 4:30 p.m. by Mayor Thueson.

Neils Thueson
Neils Thueson, Mayor

Attest:

Patty Unruh Parkinson
Patty Unruh Parkinson, City Clerk-Treasurer

