

Mr. Beck explained that this would authorize the use of some existing debt service funds the City has available to pay off a portion of the bonds we own. He said those funds can only be used for debt reduction.

Mr. Janku asked if this was the equivalent of when a homeowner paying off a mortgage prepays part of their principle so they save the interest payment. Mr. Beck said that was correct. He said it would pay off some of the bonds and would save the City interest. He added that the City would be paying off those bonds that have the most unfavorable interest rate.

Mr. Janku asked how much would be saved. Ms. Fleming said until the investments are purchased to actually do the defeasance, exact savings are not known, but it is estimated at approximately \$100,000 over the life. Those bonds to be retired are the longer bonds that would come due in 2005 and currently have a 9% interest rate. She said \$1 million would be invested and \$1.37 million would be paid off.

B216-97 was given third reading with the vote recorded as follows: VOTING YES: COBLE, JANKU, CROCKETT, CAMPBELL, COFFMAN, HINDMAN. VOTING NO: NO ONE. ABSENT: KRUSE. Bill declared enacted, reading as follows:

PR115-97 Establishing extra-territorial sewer extension policies.

The policy resolution was given second reading by the Clerk.

Mr. Beck noted that this policy had been discussed at length by the City Council during public work sessions. He suggested amending the resolution by changing the word "shall" to "may" in Sections one and two, paragraphs A, B, and C. He said that would provide some control as well as a little more flexibility in the language. Mr. Beck said the goal of the policy was to provide sewers to areas around the City that do not oppose annexation. He said the only way this can be done on a voluntary basis is for these properties to be contiguous to the City. He said the City had received requests from property owners who are not contiguous to the City; therefore, they cannot initiate a voluntary annexation on their own behalf. He said this would set up a pre-annexation agreement with the property owner that would hopefully run with the land and would also establish the type of standards that would need to be followed by the developer for property that is connected to the City's sewer system. Mr. Beck said to some this may seem like a totally new type of policy, but he explained that the City has had extra-territorial policies in place since probably the 1950's. He said many of the subdivisions in years past began development outside the City under policy agreements with the City Council. Mr. Beck gave examples such as Rothwell Heights, Hulen Lake, the Valleyview area, and some south of the City. From time to time, the Council would initiate an annexation program, in an orderly fashion and on a regular basis, to bring those properties into the City. He said that is currently improbable where there is development occurring because people would have to unanimously agree to be annexed. Mr. Beck said the goal is to allow annexation to those properties that are provided City services and, more importantly, have those properties developed to City standards so that public funds would not have to be used to do so.

Ms. Coble made the motion that PR115-97 be amended in Sections one and two, subsections (a), (b), and (c) of each, by changing the word shall to the word may. The motion was seconded by Mr. Campbell and approved unanimously by voice vote.

Waldo Palmer, 414 Alexander, said this policy was ten years late in coming. He said this was a good deal for those people wanting to annex into the City because a septic tank costs about \$3,000. He asked about the person owning 100 acres one-half mile outside the City limits that agrees to be annexed when the City reaches them. He asked if the City would run the sewer line out through the 100 acres, or if the County Sewer District would have to connect between the present City limits and the property. Mr. Beck said there were policies in place as to where the City would build a sewer line and how far up a drainage area. He said this would ensure people would be treated equally. He said the District would be involved in constructing some of the trunk sewers, but the developers would have certain responsibilities as to what they would have to do and then what public monies would be used for.

The vote on PR115-97, as amended, was recorded as follows: VOTING YES: COBLE, JANKU, CROCKETT, CAMPBELL, COFFMAN, HINDMAN. VOTING NO: NO ONE. ABSENT: KRUSE. Resolution declared adopted, reading as follows:

CONSENT AGENDA

The following bills were given second reading and the resolutions were read by the Clerk.

- B201-97 Authorizing a right of use permit to allow Drew Properties to install conduits under Bridgeport Drive.**
- B204-97 Accepting water utility conveyances.**
- B207-97 Authorizing an agreement with the Department of Health for basic public health services,**
- and appropriating funds.**