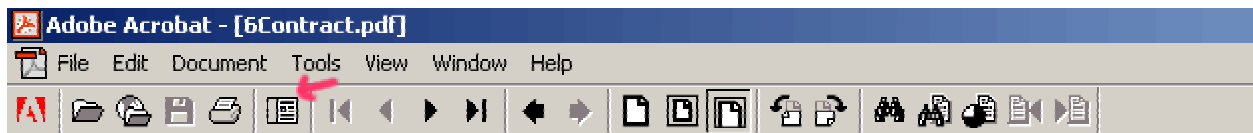




Lewisville Parks and Library Development Corporation

The agenda and backup items follow in one continuous document. However, to view documents individually, click on the bookmark tab at the left of the screen. A list of all documents contained in the packet should appear in a screen to the left. If it does not, click on the “Show/Hide Navigation Pane” button in the toolbar at the top of the page.



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A G E N D A

LEWISVILLE PARKS AND LIBRARY DEVELOPMENT CORPORATION BOARD TUESDAY, MARCH 25, 2003

**PARKS AND LEISURE SERVICES ADMINISTRATION
PARK BOARD MEETING ROOM
2501 S. EDMONDS LANE
LEWISVILLE, TEXAS**

7:00 P.M.

CALL TO ORDER AND ANNOUNCE A QUORUM IS PRESENT

- 1. APPROVAL OF THE MINUTES OF THE DECEMBER 30, 2002, MEETING**
- 2. CONSIDERATION OF PARK AND LIBRARY PROJECTS**
- 3. ADJOURNMENT**

NOTICE OF ASSISTANCE AT THE PUBLIC MEETINGS

The Parks and Leisure Services Administrative Offices are wheelchair accessible. Access to the Board meeting room is located at the west side of the building and special parking spaces are available at the north side of the building. Persons with disabilities who plan to attend this meeting and who may need auxiliary aids or services such as interpreters for persons who are deaf or hearing impaired, readers, or large print, are requested to contact the City Manager's office at (972) 219-3405 or by FAX (972) 219-3412 at least two (2) working days prior to the meeting so that appropriate arrangements can be made.

**MINUTES OF THE MEETING
OF THE BOARD OF DIRECTORS OF
LEWISVILLE PARKS AND LIBRARY
DEVELOPMENT CORPORATION**

MARCH 11, 2003

**THE STATE OF TEXAS §
 §
COUNTY OF DENTON §**

Call to Order and Announce a Quorum is Present

The Board of Directors of the Lewisville Parks and Library Development Corporation (the "Corporation") was called to order at 7:07 p.m. on Tuesday, March 11, 2003, in the Parks and Leisure Services Administration Park Board Meeting Room, 2501 S. Edmonds Lane, Lewisville, Texas. Present at the meeting were the following members of the Board of Directors: President Gene Carey, Vice President Mike Nowels, Treasurer Ken Judkins, Secretary Bryan Webb, Tim Blair, Joe Molina, and Dean Ueckert (arrived 7:15 p.m.), thus constituting a majority and a quorum of the Board of Directors. Staff members present were: Claude King, City Manager; Donna Barron, Assistant City Manager; Gina Thompson, Assistant to the City Manager; Fred Herring, Director of Parks and Leisure Services; and Sherril O'Guinn, Administrative Secretary.

Administer Oaths of Office **(Agenda Item 1)**

Sherril O'Guinn, Administrative Secretary, administered Oaths of Office to Gene Carey, Mike Nowels, Ken Judkins, Bryan Webb, Tim Blair, and Joe Molina.

**Approval of the Minutes of the
December 30, 2002, Meeting** **(Agenda Item 2)**

The first matter to come before the Board of Directors was approval of the minutes of the December 30, 2002, meeting.

MOTION: Upon a motion made by Board Member Tim Blair and seconded by Vice President Mike Nowels, the Board voted six (6) "ayes" and no (0) "nays" to approve the minutes of the December 30, 2002, meeting. The motion carried.

**Consideration of Administrative Services
Agreement** **(Agenda Item 3)**

Donna Barron, Assistant City Manager, reminded the Board that at the organizational meeting they had discussed the fact that the City cannot give anything to the Corporation. This

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Administrative Services Agreement written by Glenn Opel, with Vinson & Elkins, establishes an agreement between the City and the Corporation for the City to supply various services to the Corporation including support personnel and services. For example, on the Board's monthly financial report, the Board will see a line item for personnel and the Corporation will be charged for the cost, which would be a small percentage of her salary, Sherril O'Guinn's salary, accounting costs, etc. The City is still working on how much that charge will be.

MOTION: Upon a motion made by Treasurer Ken Judkins and seconded by Vice President Mike Nowels, the Board voted six (6) "ayes" and no (0) "nays" to approve the Administrative Services Agreement between the City of Lewisville and the Lewisville Parks and Library Development Corporation. The motion carried.

Consideration of Contract with Vinson & Elkins L.L.P. for Legal Services

(Agenda Item 4)

The next matter to come before the Board of Directors was consideration of a contract with Vinson & Elkins L.L.P. for Legal Services. Donna Barron, Assistant City Manager, explained that the contract under consideration would appoint Vinson & Elkins as the Board's legal counsel, both bond counsel and general counsel, for all legal advice. She advised that Glenn Opel, with Vinson & Elkins, was present at the meeting to answer any questions the Board might have. Claude King, City Manager, added, for Board Members who did not know, Mr. Opel is also the City's bond counsel, and that is the main reason that staff opted to allow his firm to serve as the Corporation's counsel as well. The main issue that he will be advising the Corporation on is the bonds, but he is also very familiar with these types of corporations. Mr. Opel advised the Board that what they have put in place is a contract that mirrors what they have with the City and contains the same terms and provisions that are in place with the City.

(Board Member Dean Ueckert arrived at 7:15 p.m. and Sherril O'Guinn, Administrative Secretary, administered his oath of office.)

MOTION: Upon a motion made by Vice President Mike Nowels and seconded by Treasurer Ken Judkins, the Board voted seven (7) "ayes" and no (0) "nays" to approve the contract with Vinson & Elkins L.L.P. for legal services. The motion carried.

Consideration of Contract with First Southwest for Financial Advisory Services

(Agenda Item 5)

The Board of Directors next considered the contract with First Southwest for Financial Advisory Services. Donna Barron, Assistant City Manager, advised that this establishes a contract with First Southwest to be the financial advisor for the Board. First Southwest is also the City's financial advisor, and this contract mirrors the City's agreement with First Southwest.

MOTION: Upon a motion made by Board Member Tim Blair and seconded by Secretary Bryan Webb, the Board voted seven (7) “ayes” and no (0) “nays” to approve the contract with First Southwest for financial advisory services. The motion carried

**Consideration of Contract with Weaver &
Tidwell for Third-Party Audit Services**

(Agenda Item 6)

The next matter to be considered by the Board of Directors was consideration of a contract with Weaver & Tidwell for Third-Party Audit Services. Donna Barron, Assistant City Manager, advised that Weaver and Tidwell is also the City’s third party audit firm, and this contract mirrors the City’s contract.

MOTION: Upon a motion made by Vice President Mike Nowels and seconded by Board Member Tim Blair, the Board voted seven (7) “ayes” and no (0) “nays” to approve the contract with Weaver & Tidwell for third-party audit services. The motion carried.

**Consideration of the Monthly Financial
Report**

(Agenda Item 7)

The Board of Directors next considered the monthly financial report. Donna Barron, Assistant City Manager, explained that this item reflects a report that staff will provide to the Board on a monthly basis. There is a requirement in the statute that the Board provide an annual report to the Comptroller’s office which is basically organized into various categories including administration, personnel, marketing or promotion, direct business incentives, job training, debt service, capital cost, affordable housing, and payments to taxing units. This list applies to both 4A and 4B and some of the categories are not things that the 4B Corporation would ever use. What staff has done is organize the financial report for the Board into those same categories so that at year end it can just be rolled over and filed with the Comptroller’s office.

President Gene Carey asked about expenses to date. Ms. Barron advised that there has been one expenditure for Vinson & Elkins in the amount \$8,233 for the establishment of the corporation. She added that the first sales tax check should be received next week.

MOTION: Upon a motion made by Board Member Dean Ueckert and seconded by Secretary Bryan Webb, the Board voted seven (7) “ayes” and no (0) “nays” to accept the monthly financial report. The motion carried.

**Discussion of Potential Corporation
Projects/Bond Program and Associated
Process Requirements**

(Agenda Item 8)

The Board of Directors next discussed potential Corporation projects/bond program and associated process requirements. Claude King, City Manager, explained that 4B Project Information Sheets they received as handouts are the same projects reviewed by the Park Board and Library Board. He explained that they are in a format that is very similar to what has been used in the past for bond projects. He added that Parks and Leisure Services staff did their best to estimate the total cost of a project in today's dollars. That is a key component because, when going through the financial plan, some of the dollar amounts in the financial plan are different than the amounts here because, depending on the year they were put into the financial plan, the numbers were grossed up for inflation. The project sheets are in today's dollars. It includes both project costs and any associated operating costs. He explained that there is nothing that is required of the Board today, but he wanted to make sure each Board Member was familiar with them in a general sense so that they can take them home for review.

Mr. King explained that the memo handed out addresses four specific options for a financial plan depending on a variety of assumptions. The difference in these projections is primarily the question of debt issuance. The first financial plan summary assumes that the Board will issue \$21.215M debt sometime during the spring of 2004 in order to finance the library expansion, College Street pool, Sun Valley pool, land acquisition for athletic facilities, and a skate park. He explained that there are a variety of assumptions made about that debt issuance related to the interest rates and terms of the loan, etc.

The second spread sheet assumes the same bond sale advanced to the spring of this year, which would be really pushing it at this point, but he wanted to show an illustration of the overall impact if the Board wanted to issue the debt immediately. It has the advantage of getting the projects going a little faster, but has the major disadvantage of incurring debt service a year earlier, basically \$1.7M debt service is incurred, and that erodes the reserves which means that future projects cannot be done as quickly because reserves are not accumulated fast enough to do them.

The third spreadsheet demonstrates the effect of a larger bond issuance of \$7M to finance the first phase of athletic facilities. The debt service climbs up and, over time, that climb in debt service also erodes reserves, although it does so at a more gradual and normal pace. The Board could actually advance a couple of projects by doing that but then future projects would get backed up because the annual debt service is higher and chops into the funds year after year.

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The final spread sheet splits the bond sale into two pieces, doing a \$10.215M bond sale in the spring of 2004 and doing \$11M in the spring of 2005 for the library. These are designed to give the Board a feel for the options. The options are limitless, depending on what the Board wants to do, when they want to do it, how much debt they choose to issue, and when they choose to issue it. He advised that staff has gone over all the spreadsheets with the Park Board, and they are looking at how to structure their recommendations to the Board.

Treasurer Ken Judkins advised that the Park Board looked at all four of the spreadsheets and has been working on its preliminary recommendations. They are focusing on things they want to do this year and preparing those recommendations for the Board. He asked whether this is all they need to do right now.

Mr. King explained that the 10-year projection was done to give all the boards some feel as to how projects fit in over that planning period. Information was provided that could project over a longer period of time in order for them to make decisions on what they want to do this year, which is the real question that is before the Park Board initially. He added that there are a couple of nuances associated with that. One is that some of the projects they will see in the financial plan are still too general for the purposes of the act, and they will have to be more specific. For example, you will see large dollar amounts on playground equipment and a line item for infrastructure/campgrounds with large dollar amounts each year for a number of years. If you look at the data sheets that support those items, you will see details related to the expenditures for those particular types of things. Unfortunately, you can't say that you are going to spend \$100,000 on playgrounds and leave it at that. You have to be more specific about where you plan to spend the money for playgrounds. That is what the Park Board is starting to work their way through, and they will have recommendations for the Board, specifically stating that next year they want to spend this amount of money on these specific projects. In other cases the projects are fairly well defined, such as the library and athletic fields (the land and the facilities themselves for Phase I). Those projects are probably sufficiently defined. All they need to be concerned about initially is year one.

President Gene Carey asked if they would need to name a specific park they would like money to be spent on.

Mr. King answered that generally speaking the answer would be yes. As an example, if they want to improve the campground, they can't just say improve campground, they would have to say restroom facilities at campground, waterline at campground, or something more specific, so that the public understands what they are voting for. Some projects, even though they are bigger projects, do not really need to be defined further, such as the library.

He added that nuance number two is that projects the Board intends to issue debt for next spring need to be listed this year. The assumption is that you are going to start spending debt service on

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these projects and you need to have the project approved by the Board and the Council in order to issue the debt for the project, so even though the financial plan might project that a project isn't going to be constructed for two or three years, the hearing will need to be held and the project approved this year if you are going to issue debt to finance it.

Vice President Nowels asked if you presume the Board is talking about the library expansion, College Street pool, Sun Valley pool, land, and a skate park, how fast can those projects come on line. If they have the green light to go in May, what would the timeline be for those projects?

Mr. King explained that it would vary from project to project, depending on what is required to get it up and running. What he tried to do in the financial plan was assume that all five of those projects were happening more or less simultaneously and reasonably project when they would come on line. What you see on version one is his best guess at this point in time as to when these projects are coming on line and you can see when they are coming on line by the operating costs.

President Gene Carey asked for an explanation of the \$100,000 yearly accumulation for books and materials for the library.

Mr. King advised that this amount reflects the operating costs associated with opening a new library. One would be books and materials, and the second is staffing. This was done because it was felt the library should not open on day one with no new collections. In other words, you would not want to open the new library with all the new shelves, and just move all the old materials over without adding anything new which reflects the new space. That amount jumps to \$598,000 in 2006-2007 because of the addition of staffing that is associated with the expansion.

Treasurer Ken Judkins asked whether that was total cost or incremental cost.

Mr. King answered that all costs are incremental and are for library books associated with the new building.

Treasurer Ken Judkins reviewed funding of library materials over the last few years and questioned whether these costs truly reflect only costs incremental to the new library addition.

Mr. King explained that funding today is actually fairly comparable to where the funding was before Council ramped it up in the mid 80's. That ramp up was a deliberate ramp up in an effort to enhance the library material collection as quickly as possible with the idea that it would be ramped back down. It was never intended to be a permanent expenditure.

Vice President Nowels added that at the time the decision was made to ramp up, there were two libraries and the plan was to continue to have two libraries. The concept of moving to one

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library and putting City Hall in Old Town had not been considered. When this major shift was made and materials from two libraries were combined and put into one library, the library was full because all the collection from the second library had been added to the first, and there was no room for new materials.

Mr. King reiterated that his recommendation is based on the concept that regardless of the amount of money in the general fund for books, this funding needs to be here before the new addition to the library opens or the new library will be opening with exactly the same collection as we have currently, and you probably do not want to do that.

Secretary Bryan Webb discussed the importance of making sure 4B proceeds are only used for incremental gains because that is what voters taxed themselves for.

Board Member Dean Ueckert advised that he also is going to be extremely diligent in making sure that happens, but he also is going to make sure that general operating fund money is not used to support things built with 4B tax money.

The Board discussed proper use of the 4B money and what it should be used for.

Vice President Mike Nowels asked what would happen if they did two bond sales, one in 2003-2004 for \$10-11M and another for \$10M the next year.

Mr. King explained that they have a model very similar to that which is the split bond sale in 2004-2005. The Board can see the impact of that, which is that you can start spending money on projects sooner.

Vice President Mike Nowels asked what happens if you push the bond sale back and finance the initial costs of all the projects out of the revenue stream.

Mr. King advised that the possibilities are infinite. As a general rule, the longer you can delay debt service, the more cash you accumulate and the less debt you have to issue but it takes longer to get the project up and running. The earlier you issue debt, the more debt service erodes your budget.

Vice President Mike Nowels asked if the Board could pay back reserves for those design costs when the money is borrowed (reimburse expenditures with debt sale proceeds).

Glenn Opel advised this is allowable but the Board would need to adopt a reimbursement resolution that expresses the Board's intent to reimburse those expenditures with debt financing. He added that in many cases soft costs such as architectural and engineering do not even require the adoption of a reimbursement resolution. It is a timing issue. Does the Board want to issue

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the debt now and pay the these costs out of that money or use funds on hand now and pay the architectural fees up front knowing they will issue bonds to replenish that fund and essentially push the debt issuance off and avoid some incremental costs of debt service. One consideration that goes into that decision is where interest rates are at in the market.

Vice President Mike Nowels noted that they had modeled 5.5% and asked if he could assume the debt issuance on these would be at the same type of rates that the City has been getting.

Glenn Opel answered that the Corporation would be paying the same rate as the City, but the Corporation needs to understand the underlying mechanism. The Corporation is generating sales tax revenue and has the authority to issue sales tax revenue bonds. If the Corporation went out and issued bonds based solely on the sales tax revenue, the requirements of the rating agencies, the requirements for reserve funds, and the volatility in the sales tax would be such that the Corporation would not get the same rating that the City gets on its ad valorem tax rate. What he recommends is that the City issue tax backed debt, City Certificates of Obligation, that are secured by ad valorem taxes, which gives you the lower lending rate. The City then enters into a contract with the Corporation where the Corporation agrees to pay the costs of the project by paying the funds to the City for the City to utilize in paying the debt service on those COs. This is a mechanism that is done quite often and has been approved by the Attorney General's office and allows the Corporation to get those lower rates.

Mr. King added that is how the models were done, assuming they would issue the COs and not revenue bonds.

Vice President Mike Nowels questioned whether the City's bond rating would be influenced by this mechanism.

Mr. Opel said that is really a financial advisory question, but he believed they would treat it as self-supporting debt. The tax burden is not actually going to be increased and there is a viable stream of revenue to repay it.

The Board then discussed Old Town Park Plaza which is a possible project listed on the financial plan summary. Mr. King advised that this project is listed under 2004-2005 and at this point in time the project is not defined well enough to allocate funding to it this year, so it is not a current year issue, but it is a financial planning issue. It would provide a small urban gazebo type park across from the City Hall project and would be designed to draw some non-business life into the area. There are versions of this project varying from doing just a pedestrian walkway up to a much broader environment.

Secretary Bryan Webb requested further information related to parking and this project.

Mr. King explained that this project designed as they would like for it to be done is far more than the \$1M reflected on the spreadsheets. If you just do the sidewalks, grass, and the gazebo portions and all of the site work and concrete work, that alone would be around a million dollars without any parking.

There was considerable discussion by the Board related to this project, what it could possibly include, what portion of this project 4B money might be used for, and the fact that this project was not mentioned prior to the sales tax election.

Glenn Opel explained that since this is the first time this is coming up the Board should probably start with the correct groundwork. While there was a list of projects being considered prior to the election, the election was on parks and library projects. He advised that he understands some people had a focus on particular projects but this Corporation and the 4B sales tax is not limited in that sense. There can be a new project that comes up tomorrow and the Board could prioritize it and say that needs to be our main focus now, and could go out and have the public hearing that is required before proceeds are expended, and utilize funds for that project.

Mr. King reiterated that any project identified requires a public hearing.

Treasurer Ken Judkins explained that he feels the public gave them a vote of confidence on this sales tax election and he does not want one of the first projects to be something that was not discussed as a possible project before the election.

Mr. King asked the Board if they had any questions on the project specifics themselves and explained that what they have are the projects that underlie these assumptions in priority order which generally mirrors priorities of the Park Board. He reminded the Board that the numbers shown here are in today's dollars but are put into the plan inflated for future construction costs.

Vice President Mike Nowels stated that since it would be approximately 14 months before they can do a bond sale, he would definitely like to see them take the revenue string that is already coming in and at least look at a model that says lets get these projects in the design stages and moving and be ready to turn dirt the day bonds are sold.

Secretary Bryan Webb requested that copies of the Blue Ribbon Bond Committee's recommendations be provided to the Board when the Park Board's recommendations come back.

Consideration of Future Meeting Schedule

(Agenda Item 9)

Donna Barron, Assistant City Manager, advised that at the last meeting the Board had decided to meet on the second and fourth Tuesdays of each month and a calendar indicating those dates through the end of May had been provided in their packet. These meetings have been scheduled

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in the Parks and Leisure Services Administration Park Board Meeting Room at 7:00 p.m. She indicated June 11 had been preliminarily scheduled for the public hearing and was to be held in the City Council Chambers. However, Mr. Herring had advised her that date conflicts with the Parks and Library Board meetings, so staff is proposing that meeting be moved to Thursday, June 12. She added that the City Council Chambers is available on this date for the Public Hearing. The Board was agreeable to that change.

Adjournment

(Agenda Item 10)

MOTION: Upon a motion made by Vice President Mike Nowels and seconded by Board Member Tim Blair, the Board voted seven (7) “ayes” and no (0) “nays” to adjourn the meeting of the Lewisville Parks and Library Development Corporation Board at 8:30 p.m. on Tuesday, March 11, 2003. The motion carried.

These minutes approved by the Lewisville Parks and Library Development Board on the 25th day of March, 2003.

APPROVED:

Gene Carey, President

ATTEST:

Bryan Webb, Secretary

PREPARED BY:

Sherril O’Guinn
Executive Secretary, City of Lewisville

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(SEAL)

Item 2
Consideration of Park and Library Projects

Backup for this item is not available electronically but will be available as handouts at the meeting.