

# **Rogers Waterworks and Sewer Commission**

**February 25, 2008**

## **Minutes**

The Rogers Waterworks and Sewer Commission held its regularly scheduled monthly meeting at 4:00 PM, Monday, February 25, 2008, in the Rogers City Hall. Commissioners present were Don Moore, Don Kendall, Donna Warren, Lon Pepple, and Travis Greene. Rogers Water Utilities staff in attendance were Tom McAlister, Mark Johnson, Everett Balk, Mike Lawrence, Robert Moore, and Earl Rausch. Others in the audience were Asa Hutchison, Derrel Smith, Bob Wright, Jim Fowler, Michael Lindsey, Dennis Hunt, Kevin Faught, Larry Lloyd, Alan Fortenberry, and John Keller. Chairman Moore called the meeting to order at 4:02 PM.

There was a motion by Warren, second by Kendall, to approve the minutes of the January meeting. All in favor, motion carried.

Moore recognized Mike Lawrence, Manager, Rogers Pollution Control Facility. Lawrence presented a certificate of appreciation for fifteen years of dedicated service to Robert Moore, Operations and Maintenance Supervisor.

Moore recognized Mark Johnson, Utilities Engineer. Johnson presented the Commission with a short report on the status of the several projects in which the Commission had a pecuniary interest. Johnson said that Crossland Heavy was working on the reroute of the 24-inch waterline in Metro Park. He said that the elevated tank contractor, CBI, was ready to start the tank project at S. 24<sup>th</sup> St. and Lilac. He said the project should take 450 days.

Continuing, Johnson said that the widening of Pleasant Grove west of I540 had hit a problem with right-of-way, and a redesign of the water facilities was necessary. He said that the Horse Barn Road improvement project was shelved for the time being.

Moore recognized Everett Balk, Project Facilitation Engineer. Balk presented the Commission with a brief report on the activities of his section. He said that all plans submitted for approval received a review within ten days of receipt.

Moore recognized John Keller, Project Manager for the wastewater treatment plant expansion project. Keller said that he had been asked to bring a report to the Commission on the status of the \$20.8 million project. Keller presented the Commission a Power Point slide show with many photographs of excavations and steel reinforced concrete. He said that the contractor had been paid about \$7.1 million to date, and had expended 43% of his allotted time. Keller said that the contractor looked to be about a month behind schedule, and had a hard time catching up with all the cold, wet weather. He said that the

contractor, BRB, had asked for more time due to weather delays. Keller said that the project was a good one, with all the parties (owner, engineer, and contractor) cooperating. He said there had been no complaints from the neighbors about the noise or mud.

Moore recognized Alan Fortenberry, CEO, Beaver Water District. Fortenberry gave a brief report on the past year for BWD and Rogers. He said that water demand was down over the previous year, and the same was true for Rogers. He noted that, since Rogers owned both transmission mains from BWD to Rogers, Rogers now had a firm capacity of 29.5 million gallons per day, which should be plenty for many years to come. Fortenberry said that BWD treatment plant had adequate capacity for several years to come as well.

Fortenberry listed the major projects that BWD had planned, over \$90 million in all, through the year 2021. He noted that, with these costs, the BWD Board had decided that rates needed to be raised \$0.11 per gallon over a period of five years. He said that there were many challenges ahead for BWD and Northwest Arkansas, especially protecting the quality of water in Beaver Lake.

Moore asked about the District's firm allocation of water from the Corps of Engineers. Fortenberry said that BWD pays for an average demand of 120 MGD, which is plenty right now. He said the only entity that could increase BWD's allocation was the US Congress.

Moore said that Tom McAlister, Utilities Manager, had invited three qualified firms to present their qualifications for underwriter services for the refunding of the '98 water and sewer revenue bonds. With that, Stephen's Inc., and Crews and Associates left the room, and Jim Fowler of Morgan Keegan was left to make a presentation. Fowler spent some time going over his credentials and the experience of his firm handling municipal bond issues. He said that municipal bonds and treasury bills were trending downward, although rates had risen in the past week. Fowler said that the Commission could refund the '98 issues as well as the '03 water revenue bond, and save some money. Fowler said that municipal bond insurers were going out of business, and the two still in business were covered up with applications for insurance. As a result, insurance rates were going up, driving the issuance costs up and the total savings down. He suggested the Commission hire an underwriter and get everything in place for when the market moved in a favorable direction for Rogers. Then Fowler and Michael Lindsey left the meeting.

Next to make a presentation was Bob Wright of Crews and Associates. Wright said that all three underwriters were very competent and would do a good job for the Commission. He said that his firm typically was successful at selling bonds at a lower interest rate than anyone else, thereby maximizing savings for its clients. Wright said that the Commission should hire an underwriter and issue bonds to refinance the '98 water and sewer bond issue, and the 2003 water bond issue as well. He said that the '03 bonds could be called in October, and the '08 bond proceeds could be used to do an advanced refunding. He said the '08 issue would be bank qualified, since the City of Rogers was not planning to issue any public debt until 2010. He said that he would match the underwriter's discount of Morgan Keegan (0.89%) Wright then left the meeting.

Kevin Faught and Dennis Hunt of Stephens, Inc., came into the meeting. Faught address the Commission, extolling his firm's experience and ability to perform in the current bond market. Hunt presented the Commission with several options to refund the '98 bond issue. His analysis showed considerably more savings than the other two bond underwriters. Hunt suggested that the Commission do an "accelerated bond refunding". His proposed schedule showed that the savings were mainly in the first two years of the proposed '08 refunding issue. Hunt said that, in all probability the Commission would not retire the '08 bonds on schedule, but would probably choose to extend the debt in order to fund future projects. Pepple asked Hunt if there were any other opportunities for savings? Hunt said, "No." With that, Hunt and Faught left the meeting.

The Commission decided that they needed some time to digest the mass of numbers produced by the bond underwriters. Moore suggested another meeting to select the firm. It was decided to meet at noon on February 28 (Thursday).

McAlister announced that Joyce Johnson was unable to come to the meeting because her husband was in the hospital. He opined that the January financial sheets were unremarkable, but said that they could be discussed at another meeting if desired.

McAlister said that the regular Commission meeting in March was scheduled for March 17, the first day of Spring Break. He suggested the meeting be moved back to the next Monday, March 24, 2008. The Commission agreed.

The meeting adjourned at 5:42 PM.

Respectfully submitted,

Tom S. McAlister, Acting Secretary  
Rogers Waterworks and Sewer Commission

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