

TALLULAH WATER RATE PRESENTATION

presented by:

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(SEC Registered Municipal Advisors)

Tallulah Water Rate

June 22, 2012 - \$5,275,000 Water Refunding Bonds, Series 2012

- The City of Tallulah refinanced 4 loans
 - \$1.733MM Water Bonds, Series 2001 (USDA)
 - \$728,000 Water Bonds, Series 2001 (USDA)
 - \$500,000 Water Bonds, Series 2004 (USDA)
 - \$2.354 MM Water Meter Lease

Advantages of the Refinancing

- Shortened the length of the debt 2044 to 2032
- Saved the City over \$150,000 in the first year (2013)

Tallulah Water Rate

February 24, 2016 - \$4,665,000 Water Refunding Bonds, Series 2016

- The City of Tallulah refinanced 1 bond issue
 - \$5.63 MM Water Bonds, Series 2007

Advantages of the Refinancing

- Saved the City over \$324,000 over the life of the bonds
- Saved the City over \$230,000 in the first year (2016)
- Released \$100,000 for water system improvements

Tallahulee Water Rate

Bond Covenants

Reserve Fund – Set aside one year payment

- Series 2012 (\$206,958)
- Series 2016 (\$192,715)
- This money is only to be used if the City cannot make a payment

Water Rate Coverage – The City must charge rates such that its rates cover the debt payments at a ratio of 1.25 to 1

Net Revenues / Annual Payments must be greater than 1.25

Tallulah Water Rate

Annual Test

Audit – The City’s auditor annually performs the calculations

- As of the City’s last audit, revenues are less than the required 1.25 to1 ratio.
- Rates must be increased.

Tallah Water Rate

Bondholder Remedies

- Writ of Mandamus –** The bondholders would have a judge order the City to raise rates
- Appoint Receiver –** The bondholders would have a judge appoint a receiver to takeover the City's water system and operate it according to the Bond covenants until the Bonds mature.