

# CITY OF HIGHLAND HAVEN

## RESOLUTION # 215

### **A RESOLUTION APPROVING BEGINNING THE FORMAL PROCESS NECESSARY TO PURCHASE HIGHLAND UTILITIES.**

**Whereas**, the City of Highland Haven was informed in late 2007 by the owner of Highland Utilities of his intention to sell the utility and retire.

**Whereas**, Highland Utilities is the sole supplier of potable water to the city of Highland Haven.

**Whereas**, Highland Utilities was constructed in 1989 at the request of the Highland Haven Property Owners Association.

**Whereas**, an Alderman subcommittee has performed an exploratory study to determine the desirability, feasibility and value of purchasing and owning the city water system.

**Whereas**, the water system purchase subcommittee has visited / evaluated other local governments water company ownership characteristics and processes.

**Whereas**, it desirable for Highland Haven to own its water system to better maintain the system infrastructure, better control rates and to assure the highest level of service.

**Whereas**, the water system purchase subcommittee has evaluated a “lease purchase” of the water system and found the general terms to be unacceptable.

**Whereas**, the water system purchase subcommittee has determined that a bond sale is the only feasible financing method available to the city to purchase the water company.

**Whereas**, the water system purchase subcommittee has evaluated the past five years profit and loss statements of Highland Utilities, other local area water system purchases, classical Net Present Value evaluations and rate of return evaluations and recommend a purchase price of \$1,500,000.

**Whereas**, the water system purchase subcommittee has determined that the following are some of the steps necessary to purchase the water system: 1. Engage a capital market broker, 2. Engage a municipal bond broker, 3. Engage a municipal utility attorney, 4. Engage a utility engineer to perform an infrastructure inspection, 5. Hold public hearings on a potential water system purchase.

**Whereas**, the water system purchase subcommittee has determined that the city must change to a Class A city to enable the city to pledge it’s taxing authority to back a bond issue which would fund the water system purchase.

**BE IT THEREFORE RESOLVED**, that the Board of Aldermen of the City of Highland Haven, Texas does hereby approve the city to proceed with the *process* of purchasing of Highland Utilities. The final decision and execution of the purchase will be made by vote of the City Aldermen via a City Ordinance only after the steps noted above and other necessary and proper steps in the process are completed, public hearing are held, and acceptable financing is obtained. The City is authorized to issue a letter of intent to Highland Utilities to purchase it at a price of \$1,500,000 contingent upon those steps noted above and other proper and necessary purchase actions are completed.

**PASSED AND APPROVED BY THE BOARD OF ALDERMEN OF THE CITY OF HIGHLAND HAVEN, TEXAS ON THIS THE 19<sup>TH</sup> DAY OF August 2008.**

Attest:

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Jeanne Ormiston, City Secretary

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Peter E. Freehill, Mayor