

## FAQ #1

1. Please describe the nature of the pledged revenues to repay the loan with respect to:
  - a. Gross Revenue Pledge – A pledge that all revenues received in each fund will be used for debt service prior to deductions for any costs or expenses. **The City is interested in receiving quotes for any and all financing that would be in the best interests of the City. With that being said, if a gross revenue pledge would give the City best interest rates for the projects being financed, the City would be interested in pursuing this.**
  - b. Net Revenue Pledge – The amount of money available in each fund after subtracting from gross revenues such as costs and expenses as may be provided for in the loan/bond contract. The costs and expenses most often deducted are operations and maintenance expenses. **Again, what will give the City the best interest rates.**
  - c. Will the loan be secured by both a defined source of revenue (e.g., from Street, Water, and/or Wastewater Funds, other than property taxes) and the full faith and credit or taxing power of the City? **The nature of the projects will dictate the source of funds for repayment of the debt. The City's enterprise funds will be able to use a revenue pledge and/or full faith and credit of the City. For its governmental fund(s), the full faith and credit of the City will be used. The taxing power of the City will not be used.**
  - d. Repayment is described as from several funds including Street, Water, and Wastewater Funds. Will Repayment occur in equal parts from all defined funds unrelated to the type of project financed, or a different combination of revenues depending on the project finance (e.g., capital expenditure for water repaid from Water Fund revenues only)? **The debt will be allocated to specific funds based on the projects being financed. This is not anticipated to be equal amounts for each fund.**
2. Please confirm that the proposed financing will not qualify, or is not intended to qualify, for an exclusion from gross income under federal tax law.
  - a. Is the City interested to receive bids for tax-exempt interest rates? **Yes, for all projects that qualify.**