

TRANSCRIPT PREPARED BY THE CLERK OF THE LEGISLATURE  
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SENATOR WICKERSHAM: Well...

SENATOR CHAMBERS: "Revenue bond means any bond or refunding bond issued by a political subdivision which is limited or special rather than a general obligation bond of the political subdivision and which is not payable from the proceeds of an ad valorem tax". That means it's got to generate, whatever this thing is, it has to generate enough revenue to retire the bonds. Is that true?

SENATOR WICKERSHAM: It...I suppose that in a...it is possible in a general accounting sense that you might be able to generate cash flow where you're not generating an operating profit or operating surplus.

SENATOR CHAMBERS: Well, if they think that that's going to happen, why do we need to have the provision relative to the general obligation bonds?

SENATOR WICKERSHAM: It is my assumption that in financing these kinds of facilities that it is desirable to have as broad a support base as possible in order to obtain the lowest possible interest rate and, therefore, the lowest possible financing cost.

SENATOR CHAMBERS: If a city issues revenue bonds, what can those bondholders rely on for making a profit on those bonds, you know, getting the interest or whatever they call it that you get when you hold those kind of bonds? If no revenue is generated to...can they rely on anything other than the revenue generated by the project?

SENATOR WICKERSHAM: It's my understanding if they're a pure revenue bond that they have...that they would not have access to other funds.

SENATOR CHAMBERS: Can a city issue what purports to be a revenue bond and describe it as that, but state that in case enough revenue is not generated the city, nevertheless, will be obligated or obliged to pay? That's not a revenue bond anymore, is it?