

Legislation Details (With Text)

| | | | |
|----------------------|--|----------------------|-----------------------|
| File #: | 19-500 | Name: | |
| Type: | Resolution | Status: | Individual Item Ready |
| File created: | 6/25/2019 | In control: | City Council |
| On agenda: | 7/22/2019 | Final action: | |
| Title: | Presentation on the FY 2018-19 Debt Issuance Strategy and consideration of the approval of a resolution authorizing proceeding with the issuance of Certificates of Obligation; Directing Publication of Notice of Intention to Issue Certificates of Obligation; and other related matters. | | |

Sponsors:

Indexes:

Code sections:

Attachments: 1. Reimbursement Resolution v1.pdf

| Date | Ver. | Action By | Action | Result |
|-----------|------|--------------|--------|--------|
| 7/22/2019 | 1 | City Council | | |

Presenter/Contact

*Jared Werner, Chief Financial Officer
(830) 221-4385 - jwerner@nbtexas.org*

SUBJECT:

Presentation on the FY 2018-19 Debt Issuance Strategy and consideration of the approval of a resolution authorizing proceeding with the issuance of Certificates of Obligation; Directing Publication of Notice of Intention to Issue Certificates of Obligation; and other related matters.

BACKGROUND / RATIONALE:

FY 2018-19 Debt Issuance Strategy

2013 Bond Program - Staff recommends issuing \$2,509,500 for proposition 1 (streets). After the issuance, there will only be \$2,550,500 authorized, but unissued proceeds stemming from the 2013 bond program - all of which are earmarked for proposition 2 (drainage).

2019 Bond Program - The 2019 bond program requires growth in new and existing values over the next five years to be delivered with no impact to the total tax rate. At the June 3rd City Council retreat, staff presented the projected bond issuance schedule associated with the 2019 bond program (\$117 million). In addition, project schedules were presented that aligned to the issuance capacity as well as taking advantage of the other funding sources available to those projects (roadway impact fees, contribution from the new Braunfels Economic Development Corporation). Council ultimately approved one of the presented schedules and gave staff direction to look for opportunities to expedite the issuance(s) and projects if the opportunity presented itself. Factors that could expedite the issuance timeline include: higher than projected property values, lower borrowing rates than projected, bond refunding opportunities. With those factors in mind, staff estimates the first 2019 bond program issuance to be approximately \$7,500,000 to \$17,500,000. Final amounts by

proposition will be available shortly after certified values have been released on July 25.

Certificate of Obligation - As part of the overall 2019 bond program investment, the New Braunfels Economic Development Corporation approved a contribution to the sports complex project, not to exceed \$15,000,000. Staff recommends utilizing a Certificate of Obligation to fund the first \$5,000,000 of this contribution. While the debt service will be fully supported by the NBEDC, the Certificate of Obligation will be issued on behalf of the City's credit rating. Doing so, the NBEDC can take advantage of better interest rates.

Attached for Council consideration is the resolution related to the issuance in an amount not to exceed \$5.0 million in certificates of obligation for the public purpose of design, construction, improvement, organization, and equipping of a sports complex to include multi-purpose fields and playing surfaces for softball, baseball and soccer, as well as other sports, and possible facilities, infrastructure or other expenditures connected therewith, and (ii) the payment of professional services in connection therewith including legal, fiscal and engineering the costs of issuing the certificates of obligation.

The Certificates of Obligation will be issued in accordance with the timeline provided below.

- Monday, July 22 - Authorization of notice of intent resolution (pending council approval)
- Wednesday, July 31 - First publication of notice of intent
- Wednesday, August 7 - Second publication of notice of intent
- Monday, September 9 - City Council authorized the issuance
- Wednesday, September 25 - Obligations closing, funds wired to bank depository

ADDRESSES A NEED/ISSUE IN A CITY PLAN OR COUNCIL PRIORITY:

N/A

FISCAL IMPACT:

The proceeds will be utilized to support various 2013 and 2019 bond projects. The first year payments on the property tax supported portions of the proceeds will be sized to align to the current tax rate. The annual debt service for the certificate of obligation will be fully supported by the NBEDC.

COMMITTEE RECOMMENDATION:

N/A

STAFF RECOMMENDATION:

Staff recommends approval of the attached resolution