

## Legislation Text

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**File #:** 19-665, **Version:** 1

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Presenter/Contact

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**SUBJECT:**

Discuss and consider approval of an ordinance authorizing the issuance of City of New Braunfels, Texas General Obligation Bonds, Series 2019; authorizing the levy of an ad valorem tax in support of the bonds; approving an official statement, a paying agent/registrar agreement, and other documents related to the issuance of the bonds.

**BACKGROUND / RATIONALE:**

The General Obligation Bond Issuance referenced in the caption above totals \$21,000,000 and will be utilized to support projects from the 2013 and 2019 bond programs. Additional detail on the issuance is provided below.

*2013 Bond Program* - Staff recommends issuing \$2,515,225 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 3<sup>rd</sup> 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. As discussed during the FY 2019-20 Budget presentation and workshops, the rollback rate calculation and continued decline in borrowing rates ultimately allowed for the 2019 issuance to increase to \$18,484,775. The breakdown by proposition is provided below.

<b>2019 BOND PROPOSITION</b>	<b>FIRST YEAR ISSUANCE</b>
<b>PROPOSITION 1 - STREETS</b>	<b>\$3,594,775</b>
<b>PROPOSITION 2 - PARKS</b>	<b>\$4,805,000</b>
<b>PROPOSITION 3 - PUBLIC SAFETY</b>	<b>\$9,585,000</b>
<b>PROPOSITION 4 - LIBRARY</b>	<b>\$ 500,000</b>
<b>TOTAL</b>	<b>\$18,484,775</b>

The general obligation bonds are scheduled to be wired to the City's depository bank on September 25<sup>th</sup>. On the date of the sale (September 9, 2019) the final details of the transaction including the

actual interest rate will be presented by the City's financial advisor - SAMCO capital markets.

When the 2019 certified values were provided to the City, the Finance team calculated the annual debt service that could be supported by the I&S rate of \$21.4498 cents. SAMCO will structure the first year debt service payment for the GO bonds so that it can be supported (along with all other property tax supported payments) by the I&S levy in FY 2019-20 (Tax Year 2019).

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

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**FISCAL IMPACT:**

The proceeds for the GO bonds will go directly to support the 2013 and 2019 bond program projects. As described above, the annual debt service payment has been structured to align with the I&S rate for FY 2019-20.

**COMMITTEE RECOMMENDATION:**

N/A

**STAFF RECOMMENDATION:**

Staff recommends approval of the ordinance.