

Legislation Text

File #: 18-468, **Version:** 1

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 2018; authorizing the levy of an ad valorem tax in support of the bonds; approving an official statement, a paying agent/registrars agreement, and other matters relating to the issuance of the bonds.

BACKGROUND / RATIONALE:

In May 2013, the voters approved \$86 million in general obligation bonds to fund the costs associated with projects in four propositions: streets, drainage, parks improvements and the expansion of the Central Texas Technology Center. The FY 2018-19 Adopted Budget included a planned \$28 million issuance to support the 2013 bond projects. However, as discussed during the July 2nd retreat, staff recommended reducing the issuance for this year to \$23 million. Staff updated the project cash flow analysis and determined that the final \$5.06 million could be deferred (for issuance) until FY 2018-19.

The table illustrates the previously completed bond issuances and planned issuances stemming from the 2013 bond program.

Timeline - 2013 Bond	Issuance Amount
June - 2014	\$14,500,000
April - 2015	15,290,000
June - 2016	28,150,000
<i>August - 2018</i>	<i>23,000,000</i>
<i>Spring/Summer (projected) - 2019</i>	<i>5,060,000</i>
Total	\$86,000,000

The general obligation bonds are scheduled to be wired to the City's depository bank on September 25th. On the date of the sale (August 27, 2018) 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 2018 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 \$20.985 cents. SAMCO will structure the first year debt service payment for the GO bonds as well as the tax notes so that it can be supported (along with all other property tax supported payments) by the I&S levy in FY 2018-19 (Tax Year

2018).

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 bond program projects. As described above, the annual debt service payment has been structured to align with the I&S rate for FY 2018-19.

COMMITTEE RECOMMENDATION:

N/A

STAFF RECOMMENDATION:

Staff recommends approval of the ordinance.