

Legislation Text

File #: 18-552, **Version:** 1

Presenter/Contact

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SUBJECT:

Discuss and consider approval of an ordinance authorizing the issuance of the City of New Braunfels, Texas, Combination Tax and Revenue Certificates of Obligation, Series 2018; levying an ad valorem tax and pledging certain surplus revenues in support of the certificates; approving an official statement, a paying agent/registrar agreement and other agreements relating to the sale and issuance of the certificates; and ordaining other matters relating to the issuance of the certificates.

BACKGROUND / RATIONALE:

The New Braunfels Economic Development Corporation (NBEDC) has been working with City staff to finalize a funding strategy for two current commitments: \$5,800,000 contribution to the community recreation center known as Das Rec, and \$2,500,000 for the NBISD field improvements. The board provided consensus to move forward with a certificate of obligation debt issuance to support these two projects and associated expenditures. This provides the NBEDC to maintain reserves in FY 2017-18 and FY 2018-19 more in line with traditional levels. Annual debt service to support these projects will be approximately \$640,000 and will be fully supported by the NBEDC (sales taxes). While the debt service will be supported by the NBEDC, the Certificates of Obligation will be issued with the City's credit rating. Doing so, the EDC can take advantage of better interest rates. Prior to the issuance of the certificates of obligation, the NBEDC will adopt an agreement to repay to annual debt service payment(s).

Attached for Council consideration is the ordinance related to the issuance of \$8.3 million in certificates of obligation for the public purpose of paying contractual obligations incurred or to be incurred for: (i) expansion of recreational facilities and related improvements at the New Braunfels Community Recreation Center, including gymnasium, aquatic facilities and meeting space; and construction of sports fields artificial turf and field lighting including the construction, replacement or improvement to the land consisting of buildings, equipment, facilities, infrastructure or other expenditures connected therewith and (ii) the payment of professional services in connection therewith including legal, fiscal and engineering fees and the costs of issuing the certificates of obligation.

The Certificates of Obligation will be wired to the City's Depository bank on October 24, 2018. On the date of the sale (September 24, 2018) the final details of the transaction including the actual interest rate will be presented by the City's financial advisor - SAMCO Capital Markets.

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

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FISCAL IMPACT:

The proceeds will reimburse the NBEDC for the projects described above. Annual debt service will be supported completely by the NBEDC.

COMMITTEE RECOMMENDATION:

N/A

STAFF RECOMMENDATION:

Staff recommends approval of the ordinance.