

Legislation Text

File #: 18-713, **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 Limited Tax Notes, Series 2018A; prescribing the form of the note; levying an ad valorem tax to pay the note; awarding the sale thereof; and enacting other provisions relating thereto.

BACKGROUND / RATIONALE:

At the December 3rd City Council retreat, staff presented City Council a recommendation to issue a tax note as the financing strategy to purchase replacement and new light vehicles in FY 2018-19. The Adopted Budget and most recently completed five year forecast both assumes some type of short term financing mechanism would be needed to fund our vehicle purchase needs in FY 2018-19. A capital lease was initially thought to be our financing strategy. However, based on the total cost (\$2,300,000) of the vehicles and associated equipment, a tax note is projected to generate a costs savings to the City over the maturity period - through a lower interest rate.

The Tax Notes are scheduled to be wired to the City's depository bank on December 18th. On the date of the sale (December 10th, 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 first payment is anticipated to occur in October - 2019. Therefore, the commitment will be incorporated in the FY 2019-20 General Fund and Equipment Replacement Fund Budget(s).

COMMITTEE RECOMMENDATION:

N/A

STAFF RECOMMENDATION:

Staff recommends approval of the ordinance.