

Legislation Text

File #: 19-663, **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 2019; 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:

As part of the total 2019 Bond Program investment, the New Braunfels Economic Development Corporation (NBEDC) approved up to \$15 million to support the first phase of the development of the sports complex. The NBEDC is considering utilizing a portion of cash reserves and debt issuances to support their full contribution. However, the first \$5 million will come from the proposed certificate of obligation. Annual debt service will be fully paid by the NBEDC (sales taxes). While the debt service will be supported by the NBEDC, the Certificates of Obligation will be issued on behalf of the City's credit rating. Doing so, the EDC can take advantage of better interest rates.

Attached for City Council consideration is the ordinance related to the issuance of \$5.0 million in certificates of obligation for the purpose of paying contractual obligations incurred or to be incurred for (i) design, construction, improvement, organization, and equipping of a sports complex to include multipurpose 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 fees and the costs of issuing the certificates of obligation.

The Certificates of Obligation will be wired to the City's depository bank on September 25, 2019. 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.

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

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FISCAL IMPACT:

The \$5 million in issuance proceeds represent first portion of the NBEDC pledge to the sports complex project. Annual debt service will be supported completely by the NBEDC.

COMMITTEE RECOMMENDATION:

N/A

STAFF RECOMMENDATION:

Staff recommends approval of the ordinance.