



City of Keller

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Legislation Text

File #: 19-102, **Version:** 1

To: Mark R. Hafner, City Manager

From: Aaron Rector, Director of Administrative Services

Subject:

Consider a resolution approving a continuing disclosure agreement between the City of Keller and the Trinity River Authority (TRA); and authorizing the City Manager to execute all documents relating thereto on behalf of the City of Keller, Texas.

Action Requested:

Consider a resolution approving a continuing disclosure agreement between the City of Keller and the Trinity River Authority (TRA)

Background:

The City contracts with Trinity River Authority of Texas (TRA), an agency of the State of Texas, whereby TRA finances, constructs, operates and maintains wastewater transportation and treatment facilities (Central and Denton Creek) for the benefit of the City. The current contracts are extended through the date at which all bonds mature. The City makes payments monthly, which are based on an estimate of its share of costs.

The TRA is an issuer of bonds to construct capital improvements to benefit members (customer entities). The customer entities are the main credit source for repayment of the bond obligations. TRA and its customers have equal responsibilities related to ongoing disclosure requirements as per the Continuing Disclosure Act (rule15c2-12). The Resolution and Continuing Disclosure Agreement (CDA) as attached are updates to a previous agreement and resolution providing for clarification of information to be provided by customers of TRA in its annual disclosure requirements to the Municipal Securities Rule Making Board (MSRB). The disclosure requirements are:

1. Annual audited financial statements as well as annual financial and operating information as specified in bond covenants and bond ordinances; and,
2. Timely notice(s) of occurrence of certain events with materiality consideration: incurrent of a financial obligation - debt or debt related; and,
3. Timely notice of the failure of an issuer or customer entity to provide to the MSRB its financial information by March 31 of each year.

The Securities and Exchange Commission (SEC) adopted amendments to the Municipal Securities Disclosure Rule under the Securities Act of 1934. These amendments became effective August 2018 and add transparency to the municipal securities market by increasing the amount of information that is publicly disclosed about material financial obligations incurred by issuers and obligated persons/entities. As an issuer of municipal bonds, the City is required to file annual disclosures of our financial reports, specific operating data and timely notice(s) of material events to the MSRB.

This requirement is often referred to as Rule 15c2-12 or the Continuing Disclosure Act (CDA) and the City is in compliance with the "rule".

The TRA has submitted the Continuing Disclosure Agreement and Resolution for consideration and approval prior to their spring issuance of bonds.

Financial Impact:

N/A

Citizen Input/Board Review:

N/A

Legal Review:

Not applicable

Alternatives:

City Council has the following alternatives:

- Approve as submitted
- Approve with changes
- Denial