



Legislation Text

File #: 19-311, **Version:** 1

To: Mark R. Hafner, City Manager

From: Aaron Rector, Director of Administrative Services

Subject:

Consider adoption of an ordinance authorizing the issuance and sale of Combination Tax and Limited Surplus Revenue Certificates of Obligation, Series 2019, to provide funds for water and sewer system improvements and for related issuance costs; levying an annual ad valorem tax for the payment of said certificates; approving an official statement; providing an effective date; and enacting other provisions relating to the subject.

Action Requested:

Consider adoption of an ordinance authorizing the issuance and sale of Combination Tax and Revenue Certificates of Obligation, Series 2019, to provide funds for water and sewer system improvements and related issuance costs.

Background:

The certificate of obligations issuance would be for an amount not to exceed \$7,300,000 would be used to fund the following projects:

Water and Sewer Improvements - \$7,235,000

Alta Vista Transmission Main - \$2,107,890

Alta Vista Pump Station - \$5,127,110

Related Issuance Costs - \$65,000

A notice of intent authorizing the issuance of Certificates of Obligation (CO's) to provide funds for water and sewer system improvements in an amount not to exceed \$7,300,000 (including issuance costs) was approved by the City Council on May 7, 2019.

Prior to the issuance of CO's, the City is required to publish notice of its intent to issue CO's. The notice must be published twice in consecutive weeks, with the date of the first publication being at least 30 days prior to the scheduled date of adoption of the ordinance authorizing issuance of the CO's. If a petition protesting the issuance of the CO's is signed by at least 5% of the registered voters of the City prior to the adoption of the ordinance and issuance of the CO's, the City may not proceed with the CO issuance, unless the CO's are authorized in an election.

On May 7, 2019, the City Council unanimously authorized publication of the notice of intent (Resolution No. 4118). The required notices were published in the Fort Worth Star-Telegram on May 15, 2019 and May 22, 2019. No petition protesting the issuance of the CO's has been received at this time.

The bond sale will be finalized on Tuesday, June 18, 2019 and will be presented to the City Council at the June 18, 2019 Council meeting. Accordingly, no information related to annual debt requirements is available at this time.

Financial Considerations:

Annual debt service costs approximate \$515,950 per year through fiscal year 2038-39 when the debt ends.

Because the City is pledging its “full faith and credit” for repayment of the CO’s, the Ordinance includes a provision for levying an ad valorem tax. However, the debt will be funded thru the city’s water and wastewater utility fund and rates will be structured to fund debt service of \$7,300,000 plus related issuance costs. The “full faith and credit” provision is necessary because the bonds are being issued in the form of CO’s, rather than revenue bonds. By issuing CO’s, the City realizes savings in borrowing costs.

Legal Review:

Bond counsel has prepared the ordinance.

Alternatives:

City Council has the following alternatives:

- Approve as submitted
- Approve with changes
- Denial

Council Action:

Consider adoption of an ordinance authorizing the issuance and sale of Combination Tax and Revenue Certificates of Obligation, Series 2019, to provide funds for water and sewer system improvements and related issuance costs.