



City of Pflugerville

Legislation Text

File #: ORD-0660, Version: 1

Conduct a public hearing and consider action to approve an ordinance on first and final reading with the caption reading: Ordinance Authorizing the Issuance and Sale of City of Pflugerville, Texas Limited Tax Bonds; Levying Ad Valorem Tax in Support of the Bonds; Approving an Official Statement, a Purchase Agreement and Other Agreements; and Authorizing Other Matters Related to the Bonds.

The Ordinance is the official action of the City Council authorizing the issuance of the Bonds as long as the final terms of the Bonds fall within the parameters established by the Ordinance. The Ordinance delegates the authority to the City Manager and the Finance Director to set the final terms of the Bonds as long as the Bonds: (i) have a principal amount that does not exceed \$49,685,000; (ii) mature no later than August 1, 2043, (iii) do not have any maturity that bears interest at a rate greater than 5.5%, and (iv) do not have a purchase price that is less than 90% of their principal amount. This delegation to price the Bonds expires after 5:00 p.m. on October 24, 2022. Additionally, the Bonds must be rated by a nationally recognized rating agency in one of the four higher rating categories and can only be issued for the purposes set forth in the Ordinance.

The ability to delegate the timing of setting the final terms of a debt issue gives the City more flexibility to achieve positive pricing results in volatile market conditions due to not having to price debt on a specific City Council meeting date. State law allows more sophisticated debt issuers such as the City this delegation flexibility, and the City has used this procedure in the past for more market sensitive transactions like refundings and in times of greater market volatility such during the Great Recession. The FOMC (federal open market committee) is meeting July 26-27 with the anticipation to raise interest rates. This will cause market volatility and impact the price (interest rate) of the bonds issued.

Voters approved \$191.3M in the November 2020 bond election. This election included three propositions for transportation, parks, and a recreation center. Including this issuance of \$49.685M, the total remaining bonds to issue is \$103.6M.

Prior City Council Action

November 2020 voters approved a bond election for \$191.3M in three propositions.

Deadline for City Council Action

Action is required July 26, 2022 to issue bonds in an open market transaction

Funding Expected: Revenue Expenditure N/A

Budgeted Item: Yes No N/A

Amount: \$49,685,000 _____

1295 Form Required? Yes No

Legal Review Required: N/A Required Date Completed: 07/18/2022

Supporting documents attached:

Ordinance

Recommended Action

Staff recommends approval of an ordinance on first and final reading with the caption reading: Ordinance Authorizing the Issuance and Sale of City of Pflugerville, Texas Limited Tax Bonds; Levying Ad Valorem Tax in Support of the Bonds; Approving an Official Statement, a Purchase Agreement and Other Agreements; and Authorizing Other Matters Related to the Bonds.