



City of Pflugerville

Legislation Text

File #: ORD-0678, Version: 1

Conduct a public hearing and consider approving an ordinance on first and final reading with the caption reading: Fourth Supplemental Ordinance to the Master Ordinance Establishing the City of Pflugerville, Texas Utility System Revenue Financing Program.

Water Treatment Plant expansion is a multi-year project anticipated to be completed by FY26. The total project cost is currently estimated at \$144M. The project will be funded from multiple sources with \$24M through the Texas Water Development Board (TWDB) issued in August 2022, \$52M through WIFIA (Water Infrastructure Finance and Innovation Act) to be authorized by this item, and the remaining \$76M through a combination of cash, impact fees and other debt issuance.

This ordinance approves the issuance of a loan from the United States Environmental Protection Agency (EPA) under the federal WIFIA program in a principal amount up to \$52,049,683 which is evidenced by a bond in that amount that will be held by EPA. The bond is payable from a pledge of the net revenues of the City's water and wastewater utility system after the payment of operating and maintenance expenses with the same payment priority as the City's outstanding utility revenue bonds held by TWDB.

In accordance with EPA rules, the interest rate on the WIFIA loan is set on the morning of closing based on the United States Treasury Direct SLGS Daily Rate published that date. The scheduled closing date for the WIFIA loan is Friday, October 28, 2022. The City's WIFIA loan will be the first loan under the program closed in the State of Texas. As required by EPA, the ordinance waives the City's sovereign immunity from suit with respect to its payment obligations on the WIFIA bond. The WIFIA loan will be drawn down in installments over time to reimburse the City for project cost expenditures and interest on the loan will only accrue on the principal amount of the loan that has actually been drawn down. The ordinance and the supporting loan documents have been reviewed by the Public Finance Division of the Texas Attorney General's Office in anticipation of closing.

Prior City Council Action

The Water Treatment Plant expansion is a project in the adopted FY23 Capital Fund Budget which was adopted September 13, 2022.

Deadline for City Council Action

Council action is required on October 25, 2022 to close the loan with WIFIA as scheduled.

Funding Expected: Revenue Expenditure N/A

Budgeted Item: Yes No N/A

Amount: \$52,049,683 _____

1295 Form Required? Yes No

Legal Review Required: N/A Required Date Completed: 09/28/2022

Supporting documents attached:

4th Supplemental Ordinance

Recommended Action

Staff recommends approval of the ordinance on first and final reading with the caption reading:
Fourth Supplemental Ordinance to the Master Ordinance Establishing the City of Pflugerville, Texas
Utility System Revenue Financing Program.