



City of Pflugerville

Legislation Text

File #: 2021-0772, **Version:** 1

Discuss and consider action on \$5 million CO bond issuance for EMS

The City's Bond Council, Financial Advisor, and Finance Director all recommend not issuing \$5M certificates of obligations for EMS based on the following reasons:

- EMS COs will contain very specific bond covenants restricting use of the bond proceeds for no other use.
- The City does not currently have a plan to spend the funds. When issuing tax exempt bonds you must be able to certify you expect to spend the funds within 36 months.
- Tax rate will reflect debt service of the \$5M .
- Arbitrage issues, you cannot earn more interest on the investment of the bond proceeds than the interest paid on the debt.

Prior City Council Action

Notice of Intent reissued special session June 29, 2021

Deadline for City Council Action

July 27, 2021 to provide direction to staff in preparation of Preliminary Offering Statement and due diligence calls with rating agencies.

Funding Expected: Revenue Expenditure N/A

Budgeted Item: Yes No N/A

Amount: \$5M

1295 Form Required? Yes No

Legal Review Required: N/A Required Date Completed: _____

Supporting documents attached:

Timetable

Recommended Action

Staff recommends council provide direction to not issue \$5M in CO bonds for EMS.