



City of Pflugerville

Legislation Text

File #: RES-0466, **Version:** 1

Approving a resolution with the caption reading: RESOLUTION APPROVING PRELIMINARY OFFICIAL STATEMENT AND AUTHORIZING DISTRIBUTION OF SUCH PRELIMINARY OFFICIAL STATEMENT RELATING TO THE CITY'S COMBINATION TAX AND LIMITED REVENUE CERTIFICATES OF OBLIGATION, SERIES 2017A, SERIES 2017B, AND LIMITED TAX BONDS SERIES 2017, AND REFUNDING BONDS SERIES 2017.

This resolution is the next step in the process of issuing debt. The City will be issuing certificates of obligation (CO) of up to \$19.2 million for utility wastewater projects, Series A; certificates of obligation of up to \$2.3 million to reimburse the developer for TIRZ projects, Series B. In addition, up to \$18.744 million of general obligation (limited tax) bonds will be issued for street and park projects authorized by citizens in the 2014 and 2015 bond elections. The portion related to the 2014 election includes \$7.5 million for streets and \$4.6 million for parks, while \$6.6 million is for street projects approved in the 2015 election. After this issuance, all debt authorized in the 2014 and 2015 elections will be issued.

At the September 12, 2017 Council meeting, a resolution was approved to begin the process for issuing the Combination Tax and Limited Revenue Certificates of Obligation, Series 2017A, Series 2017B, and Taxable Series 2017C. Further discussions with the Financial Advisor indicated that the issuance of the Taxable Series 2017C, to reimburse the City for TIRZ projects, was not necessary. The remaining reimbursement to the City, approximately \$660,000, will be funded directly from future TIRZ funds, without the need for a debt issuance.

Current market conditions appear favorable to pay off certain previously issued bonds by refinancing the outstanding principal and obtaining a lower interest rate on the new debt. The decision whether or not to issue refunding bonds will be made at the time of the bond sale and will depend on the net present value calculated on market rates on that day. Currently, the Financial Advisor estimates that approximately \$14.9 million of existing debt can be refinanced with limited tax refunding bonds. This issuance is comprised of \$7.13 million general governmental projects, \$2.12 PCDC projects, and \$5.64 million wastewater projects. Information contained in the preliminary official statement is often structured on market conditions and therefore subject to change. Any differences reflected between the issuing numbers provided above and that included in the preliminary official statement reflect anticipated market conditions, which at this time appear favorable.

City staff, the City's financial advisor and the City's bond counsel have been revising the preliminary official statement which is the informational document that is sent to prospective investors. This resolution, prepared by bond counsel, will approve the preliminary official statement and authorize its distribution. A revised copy of the preliminary official statement was emailed to the City Council no later than Friday, October 20, 2017. A copy of the final official statement will be provided to each City Councilmember when it is complete.

Mr. Terrell Palmer, financial advisor, and Mr. Richard Donoghue, bond counsel, will be at the City

Council meeting to answer any questions you may have.

Prior City Council Action

At the September 12, 2017 Council meeting, a resolution was approved to begin the process for issuing the Combination Tax and Limited Revenue Certificates of Obligation, Series 2017A and Series 2017B.

Deadline for City Council Action

To meet the deadlines established for closing on the bonds on November 14, 2017, and receiving funds on December 12, 2017, the preliminary official statement must be approved at this meeting.

Projected Future City Council Action

On November 14, 2017, a public hearing will be held and the sale of the bonds will be finalized.

A tentative financing schedule is attached to this agenda item.

Fiscal Impact

The bonds have been structured such that the first payment is due in August 2018. The fiscal year 2018 budget includes funding for the principal and interest due at that time.

Staff Recommendation

Approve the resolution.

Drafter

Lauri Gillam
Assistant City Manager