



City of Pflugerville

Legislation Text

File #: ORD-0383, **Version:** 1

Conduct a public hearing regarding the issuance of City of Pflugerville, Texas Limited Tax Refunding Bonds, Series 2017 and consideration and action with respect to "Ordinance authorizing the Issuance of City of Pflugerville, Texas Limited Tax Refunding Bonds, Series 2017; Authorizing the Levy of an Ad Valorem Tax in Support of the Bonds; Approving an Official Statement, a Purchase Agreement, an Escrow Agreement and a Paying Agent/Registrar Agreement; Calling Certain Obligations for Redemption and Authorizing Other Matters Related to the Bonds."(bond refunding)

The issuance of these bonds will be used to refund existing City debt. Market conditions appear favorable to redeem certain bonds and refinance the outstanding principal at a lower interest rate. Currently, the City's Financial Advisor estimates that \$15 million of existing debt can be refinanced. 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 savings calculated on market rates on that day.

The attached ordinance has been prepared by bond counsel. The pricing terms of the bonds will be finalized and incorporated into the ordinance on November 14th after the obligations have been priced. Moody's Investor Services and S&P Global Ratings have both assigned ratings on this debt issuance. Moody's has maintained the City's Aa1 rating and S&P has maintained the City's AA rating. Mr. Terrell Palmer, the city's financial advisor, was instrumental in working with the staff last summer to have the City's bond ratings reviewed, and subsequently upgraded. This upgrade will have a positive effect on the interest rate paid by the city on this issuance.

Mr. Terrell Palmer, the City's financial advisor with Hilltop Securities and Mr. Richard Donoghue, City's bond counsel with McCall, Parkhurst, and Horton, will be in attendance to answer any questions that City Council may have.

Prior City Council Action

On October 24, 2017, the City Council approved a draft of the Preliminary Official Statement.

Deadline for City Council Action

Approval of this ordinance will allow for the issuance of bonds and for the City to receive funds on December 12, 2017.

Fiscal Impact

Any refunding debt issued would be paid from existing debt service allocations and would reduce future debt service payments.

Staff Recommendation

Conduct the public hearing and consider the ordinance on first and final reading to Award Sale of Bonds.

Drafter

Lauri Gillam
Assistant City Manager