



## CITY COUNCIL MEMORANDUM

**FROM:** The Office of the City Manager   **DATE:** April 26, 2021

**SUBJECT:** Consider Ordinance No. 3691, authorizing the issuance of “City of North Richland Hills, Texas, General Obligation Refunding and Improvement Bonds, Series 2021”; specifying the terms and features of said bonds; levying a continuing direct annual ad valorem tax for the payment of said bonds; and resolving other matters incident and related to the issuance, sale, payment and delivery of said bonds, including the approval and execution of a Paying Agent/Registrar Agreement and an Escrow Agreement, and the approval and distribution of a Preliminary Official Statement and an Official Statement; providing for the redemption of the obligations being refunded; and providing an effective date.

**PRESENTER:** Mark C. Mills, Director of Finance

### **SUMMARY:**

City Council is requested to consider all matters incident and related to the issuance and sale of General Obligation Refunding and Improvement Bonds, Series 2021 (“GO’s”), including the adoption of Ordinance No. 3691. Sealed bids for the GO’s are to be received on Monday, April 26, 2021.

### **GENERAL DESCRIPTION:**

In November 2020, North Richland Hills voters overwhelmingly approved \$49,875,000 in bonds for street improvements. The bond program will allow the City to reconstruct 27 streets and will not require an increase in the City’s property tax rate. The reconstruction projects will be phased in over the next five to seven years. The City’s commitment to voters is to deliver high quality improvements in a timely manner and within budget. This issuance of GO’s, which includes \$19.2 million in net bond proceeds, marks the first in a series of issuances that will fund the bond program. Proceeds from the sale of the bonds will be used for:

1. Refunding a portion of the City’s outstanding debt for debt service savings;
2. Constructing and equipping City streets, roads, and intersections, and related curb, gutter, sidewalk, trail, drainage and utility infrastructure improvements, and the acquisition of land, easements, rights-of-way, and other real property interests necessary, and



3. Payment of the cost of issuance of the bonds.

The Preliminary Official Statement and Notice of Sale were released for consideration by potential bidders on April 15, 2021. Based on the structure recommended by the city’s financial advisor, Hilltop Securities, the tax-exempt GO’s will be sold at a premium. The city expects to issue approximately \$18.4 million in GO’s (i.e. the par amount) and receive a net premium on the GO’s of \$1.2 million. The total funds received will be approximately \$19.6 million. After deducting the cost of issuance and refunding escrow deposits the city will receive net proceeds of \$19.2 million. The projects associated with this \$19.2 million are as follows.

<i>Residential Streets</i>		<i>Major Streets</i>	
<i>Street</i>	<i>Amount</i>	<i>Street</i>	<i>Amount</i>
North Hills Dr.	\$2,120,000	Glenview Dr.	\$4,515,000
Nor’East Dr.	\$1,530,000	Iron Horse Blvd.	\$3,460,000
Southhampton Dr.	\$1,080,000	Bedford-Eules Dr.	\$3,415,000
Stonybrooke Dr.	\$870,000		
Nob Hill Dr.	\$820,000		
Pearl St.	\$690,000		
Meadow Oak Dr.	\$570,000		
Diamond Loch W	\$130,000		
<i>Residential Streets Total</i>	<u>\$7,810,000</u>	<i>Major Streets Total</i>	<u>\$11,390,000</u>
		<b>Total</b>	<b><u>\$19,200,000</u></b>

In preparation for this issuance, the city received ratings from both Moody’s Investment Services and S&P Global Ratings. Moody’s has reaffirmed the city’s credit rating of “Aa2” and S&P has reaffirmed the City’s credit rating of “AA+”; both are unchanged since the last ratings were received in 2020.

Staff requests Council to consider the approval of an ordinance prepared by the City’s Bond Counsel, North Rose Fulbright US LLP. A draft, prior to the receipt of bids for the bonds, has been enclosed. If approved, the closing and delivery of funds would occur on or around June 1, 2021.

**RECOMMENDATION:**

Approve Ordinance No. 3691, authorizing the issuance of “City of North Richland Hills, Texas, General Obligation Refunding and Improvement Bonds, Series 2021”; specifying the terms and features of said bonds; levying a continuing direct annual ad valorem tax for the payment of said bonds; and resolving other matters incident and related to the issuance, sale, payment and delivery of said bonds, including the approval and execution of a Paying Agent/Registrar Agreement and an Escrow Agreement, and the



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