



CITY COUNCIL MEMORANDUM

FROM: The Office of the City Manager **DATE:** November 12, 2018

SUBJECT: Consider all matters incident and related to the issuance and sale of City of North Richland Hills, Texas Tax and Waterworks and Sewer System (Limited Pledge) Revenue Certificates of Obligation, Series 2018, including the adoption of Ordinance 3547, authorizing the issuance of such certificates of obligation.

PRESENTER: Mark Mills, Finance Director

SUMMARY:

The Preliminary Official Statement and Notice of Sale for the issuance of certificates of obligation ("CO's") were posted for consideration on Friday, November 2, 2018. Sealed bids for the CO's were to be received on Monday, November 12, 2018 at 10:30 a.m., CST, however, due to the bond market being closed in observance of Veterans Day, it will be necessary to delay receipt of these sealed bids and Council consideration until Tuesday, November 13, 2018.

GENERAL DESCRIPTION:

On October 8, 2018, the City Council passed Resolution No. 2018-029, authorizing the City Secretary's Office to publish a notice of intent to issue CO's in a newspaper of general circulation. The Assistant City Secretary published this notice in the Fort Worth Star Telegram on October 11, 2018 and October 18, 2018, in accordance with state law. The notice included a not to exceed principal amount for the CO's of \$14,615,000.

The Preliminary Official Statement and Notice of Sale were released for consideration to potential bidders on November 2, 2018. Based on the structure recommended by the city's Financial Advisor, Hilltop Securities, the bonds will be sold at a premium. The city expects to issue approximately \$13,905,000 in CO's (i.e. the par amount). In addition, the city will receive a net premium on the CO's of approximately \$618,772. The total funds received will be approximately \$14,523,772.50. After deducting the cost of issuance, the city will receive net proceeds of \$14,410,000, the amount required to cover the Fiscal Year 2017/2018 and Fiscal Year 2018/2019 debt funded projects.



The projects receiving funds from the issuance of these CO's are listed below:

AMOUNT	PROJECT DESCRIPTION
STREET PROJECTS	
\$130,000	Davis Blvd / Mid-Cities Blvd Intersection
\$1,000,000	Preventive Street Maintenance Program
\$1,575,000	Preventive Street Maintenance Program - Additional Funding
\$100,000	TEXRail Signal Timing
\$2,805,000	Total Streets Projects
PUBLIC WORKS PROJECTS	
\$1,165,000	Meadow Lakes Drive & Rufe Snow Drive Intersection
\$1,165,000	Total Public Works Projects
UTILITY PROJECTS	
\$500,000	Assess and Repair 16-in Water Transmission Line
\$420,000	Misc. Water / Sewer Main Replacement (FY18 Program)
\$420,000	Small Water Main Replacement (FY18 Program)
\$2,800,000	Walker Branch Interceptor
\$95,000	Large Value Replacement
\$225,000	Main / Snider / Center
\$445,000	Misc. Water / Sewer Main Replacement (FY19 Program)
\$150,000	Sewer Manhole Replacement & Rehab
\$440,000	Small Water Main Replacement (FY19 Program)
\$5,495,000	Total Utility Projects
AQUATIC PARK PROJECTS	
\$600,000	Main Filtration Replacement
\$600,000	Total Aquatic Park Projects



FLEET PROJECTS	
\$295,000	Ambulance Replacement
\$220,000	Bucket Truck
\$200,000	Distributor Truck
\$210,000	Pothole Patcher
\$395,000	Vac-Con Replacement
\$1,320,000	Total Fleet Projects

INFORMATION TECHNOLOGY PROJECTS	
\$2,905,000	ERP System Replacement
\$120,000	IT Network Replacement
\$3,025,000	Total Information Technology Projects

PROJECTED ISSUANCE COSTS	
\$205,000	Projected Issuance Costs
\$205,000	Total Projected Issuance Costs

\$14,615,000	TOTAL
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In preparation for this issuance, the city received ratings from both Moody's and Standard & Poor's. Moody's has reaffirmed the city's credit rating of Aa2 and Standard & Poor's has reaffirmed the city's credit rating of AA+; both unchanged since the last ratings were received in 2017.

The results of the Tax and Waterworks and Sewer System (Limited Pledge) Revenue Certificates of Obligation sale were to be presented to the City Council at the regular meeting on Monday, November 12, 2018. Due to a conflict with a bond market closure in observance of Veterans Day, the city will be unable to receive bids. Staff recommends delaying consideration of this item until a special meeting scheduled for Tuesday, November 13, 2018 at 4:30 p.m. At that meeting, staff will request 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 responses to the Preliminary Official Statement and Notice of Sale, has been enclosed. The ordinance also authorizes all necessary actions associated with the transaction. If approved, the closing and delivery of funds would occur on or around December 11, 2018.



RECOMMENDATION:

Postpone consideration of City of North Richland Hills, Texas Tax and Waterworks and Sewer System (Limited Pledge) Revenue Certificates of Obligation, Series 2018 sale and Ordinance 3547 until the special meeting scheduled for November 13, 2018 at 4:30 p.m.