CITY COUNCIL MEMORANDUM

FROM: The Office of the City Manager **DATE:** August 24, 2026

SUBJECT: Consider Ordinance No. 3972, authorizing the issuance of "City of North Richland Hills, Texas, Tax and Waterworks and Sewer System (Limited Pledge) Revenue Certificates of Obligation, Series 2026"; providing for the payment of such certificates of obligation by the levy of an ad valorem tax upon all taxable property within the City and a limited pledge of the net revenues derived from the operation of the City's waterworks and sewer system; providing the terms and conditions of such certificates and resolving other matters incident and relating to the issuance, payment, security and delivery of such certificates of obligation; and providing an effective date.

PRESENTER: Stephen Barnes, Finance Director

SUMMARY:

City Council is requested to consider all matters 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 2026 (CO'S), including the adoption of Ordinance No. 3972. Sealed bids for the Certificates of Obligation are to be received on Monday, August 24, 2026

GENERAL DESCRIPTION:

On June 22, 2026, the City Council passed Resolution No. 2026-039, authorizing the publication of a notice of intent to issue CO's in an amount not to exceed $3,000,000 for the purchase of vehicles and equipment for the City's Fire Department. In accordance with State law, the notice was published in the Commercial Recorder on June 26, 2026 and July 2, 2026 and was also placed on the City's website beginning June 26, 2026.

The bond proceeds will provide funding for the following projects:

Project Type	Description	Taxable or Tax-Exempt	Term	Amount
Fire	Fire Engine	Tax-Exempt	10 Year	$2,500,000
Fire	Ambulance Replacement	Tax-Exempt	10 Year	$500,000

The City expects to issue approximately $2,895,000 in CO's (i.e. the par amount). In addition, the City expects to receive a net premium on the CO's of approximately $210,000. After deducting costs associated with the issuance of the CO's the City will receive net proceeds of $3,000,000 for the CO-funded projects. The final par and premium amounts will be determined based on the winning bid received on August 24, 2026.

As part of this process, the City seeks credit ratings from S&P Global Ratings ("S&P") and Moody's Investors Service ("Moody's"). These ratings are a representation of creditworthiness and provide an evaluation of a bond issuer's financial strength and capacity to repay the bond's principal and interest. S&P has assigned its AA+ rating to the CO's. The AA+ rating is S&P's second highest rating. Moody's has assigned its Aa2 rating to the CO's. Aa2 is Moody's third highest rating. These ratings represent obligations of high quality, with very low credit risk. These are the same ratings the City ratings received on the previous debt issuance.

Staff requests that Council consider the approval of an ordinance prepared by the City's Bond Counsel, Norton Rose Fulbright US LLP. A draft, prepared prior to the receipt of bids for the Bonds, has been provided as an attachment to this item. The ordinance also authorizes all necessary actions associated with the transaction. If approved, the closing and delivery of funds would occur on or around September 22, 2026.

RECOMMENDATION:

Approve Ordinance No 3972, authorizing the issuance of Certificates of Obligation, Series 2026 in the amount of $3,000,000 for a Fire Engine and Ambulance.