



## CITY COUNCIL MEMORANDUM

**FROM:** The Office of the City Manager    **DATE:** June 12, 2017

**SUBJECT:** Discussion and Consideration of Ordinance No. 3465 Authorizing the Issuance of \$7,545,000 "City of North Richland Hills, Texas, Tax and Waterworks and Sewer System (Limited Pledge) Revenue Certificates of Obligation, Series 2017" and Resolving Other Matters Incident and Related Thereto

**PRESENTER:** Karen Bostic, Assistant City Manager

### **SUMMARY:**

On May 27<sup>th</sup>, the City Council authorized the City Secretary to publish a notice of intent to issue Certificates of Obligation ('CO's'). The City issued the Preliminary Official Statement and Notice of Sale for consideration on Thursday, June 1, 2017 and sealed bids for the CO's are to be received on Monday, June 12, 2017 at 10:30 AM. The purpose of this item is to seek City Council's approval of an ordinance to issue the CO's, as advertised, based upon the winning bid received.

### **GENERAL DESCRIPTION:**

On March 27<sup>th</sup>, the City Council authorized the City Secretary to publish a notice of intent to issue Certificates of Obligation in a newspaper of general circulation. This notice was published by the City Secretary in the Star Telegram on April 2, 2017 and April 9, 2017, in accordance with State law. The notice included a sale planned for \$7,960,000 of Tax and Waterworks and Sewer System (Limited Pledge) Revenue CO's, inclusive of issuance cost.

The Preliminary Official Statement and Notice of Sale were released for consideration by potential bidders on June 1, 2017. Based on the structure recommended by our Financial Advisor, Hilltop Securities, the bonds will be sold at a premium. The City expects to issue approximately \$7,545,000 in CO's (i.e. the par amount). In addition, the City will receive a net premium on the CO's of approximately \$362,160. The total funds received will be approximately \$7,907,160. Once the underwriter's discount and cost of issuance are deducted, the City will receive net proceeds of \$7,815,000, the amount required to cover the Fiscal Year 2016/2017 debt funded projects.



The funds for the 2017 CO Projects are as follows:

<u>\$2,000,000</u>	Preventive Street Maintenance
\$2,000,000	Total Street Projects
<u>\$3,900,000</u>	Northfield Park Redevelopment
\$3,900,000	Total Park and Recreation Projects
\$680,000	Aerial Fire Apparatus
\$710,000	Aerial Fire Apparatus
\$525,000	Fire Engine
<u>\$1,915,000</u>	Total Major Capital Equipment Projects
<u>\$7,815,000</u>	Total Project Proceeds

In preparation for this issuance, the City received ratings from both Moody's Investors Service and Standard and Poor's. Moody's has reaffirmed the City's credit rating of Aa2. Standard and Poor's has reaffirmed the City's credit rating of AA+.

The results of the Tax and Waterworks and Sewer System (Limited Pledge) Revenue Certificates of Obligation sale will be presented to City Council at the regular meeting on Monday, June 12<sup>th</sup> and staff will be seeking authorization to issue. Staff will request that the City Council consider the approval of an ordinance prepared by the City's Bond Counsel, Norton Rose Fulbright US LLP. A draft, prior to the receipt of responses to the Preliminary Official Statement and Notice of Sale, has been enclosed. This ordinance also authorizes all other necessary actions such as the paying agent/registrar agreement.

**RECOMMENDATION:**

Adopt Ordinance No. 3465 authorizing the issuance of \$7,545,000 "City of North Richland Hills, Texas, Tax and Waterworks and Sewer System (Limited Pledge) Revenue Certificates of Obligation, Series 2017"; approving and authorizing the execution of a Paying Agent/Registrar Agreement and a Purchase Contract in relation to such Certificates and the approval and distribution of an Official Statement.