



CITY COUNCIL MEMORANDUM

FROM: The Office of the City Manager **DATE:** November 12, 2019

SUBJECT: Consider all matters incident and related to the sale and issuance of the City of North Richland Hills, Texas Tax and Waterworks and Sewer System (Limited Pledge) Revenue Certificates of Obligation, Series 2019A, including the adoption of Ordinance No. 3624, authorizing the issuance of such certificates of obligation.

PRESENTER: Mark Mills, Director of Finance

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 1, 2019. Sealed bids for the CO's are to be received on Tuesday, November 12, 2019 at 10:30 AM, CST. City Council is being requested to consider the issuance of City of North Richland Hills, Texas Tax and Waterworks and Sewer System (Limited Pledge) Revenue Certificates of Obligation, Series 2019A, including the adoption of Ordinance 3624.

GENERAL DESCRIPTION:

On September 23, 2019, the City Council passed Resolution No. 2019-039, 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 September 26, 2019 and October 3, 2019, in accordance with state law. The notice included a not to exceed principal amount for the CO's of \$9,850,000. The not to exceed amount covered \$6,380,000 in proposed tax-exempt certificates of obligation for street, fleet, facility, and utility projects, \$3,285,000 in proposed taxable certificates of obligation for improvements at Iron Horse Golf Course, and projected issuance costs of \$185,000. The Series 2019A specifically addresses the tax-exempt portion and its associated issuance costs.

The Preliminary Official Statement and Notice of Sale were released for consideration to potential bidders on November 1, 2019. Based on the structure recommended by the city's financial advisor, HilltopSecurities, the tax-exempt CO's will be sold at a premium. The city expects to issue approximately \$6,045,000 in CO's (i.e. the par amount). In addition, the city will receive a net premium on the CO's of approximately \$400,481.25. The total funds received will be approximately \$6,445,481.25. After deducting the cost of issuance the city will receive net proceeds of \$6,380,000, the amount required to cover the debt funded projects.



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

AMOUNT	PROJECT DESCRIPTION
STREET PROJECTS	
\$380,000	Northeast Parkway / Davis Traffic Signal
\$380,000	Total Streets Projects
UTILITY PROJECTS	
\$1,255,000	24" Wastewater Main Replacement
\$1,500,000	Conn Pump Station Pump / Electric Rehab
\$445,000	Misc. Water / Sewer Main Replacement
\$440,000	Small Water Main Replacement
\$3,640,000	Total Utility Projects
FLEET PROJECTS	
\$985,000	Fire Truck Replacement
\$335,000	Ambulance Replacement
\$140,000	Backhoe Replacement
\$140,000	Backhoe Replacement
\$220,000	Front-End Loader Replacement
\$220,000	Front-End Loader Replacement
\$2,040,000	Total Fleet Projects
FACILITY PROJECTS	
\$320,000	Carpet Replacement - Library
\$320,000	Total Facility Projects
\$6,380,000	TOTAL

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 are unchanged since the last ratings were received in 2018.

Staff requests City 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 CO's, has been enclosed. The ordinance authorizes the sale and all necessary



actions associated with the transaction. If approved, the closing and delivery of funds would occur on or around December 17, 2019.

RECOMMENDATION:

Approve Ordinance No. 3624, authorizing the sale and issuance of City of North Richland Hills, Texas Tax and Waterworks and Sewer System (Limited Pledge) Revenue Certificates of Obligation, Series 2019A, and all incident and related matters.