



CITY COUNCIL MEMORANDUM

FROM: The Office of the City Manager **DATE:** September 14, 2020

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 2020, including the adoption of Ordinance No. 3664, authorizing the issuance of such certificates of obligation.

PRESENTER: Mark C. 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, September 4, 2020. Sealed bids for the CO's are to be received on Monday, September 14, 2020 at 10:00 a.m. Council is 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 2020, including the adoption of Ordinance No. 3664.

GENERAL DESCRIPTION:

On July 27, 2020, the City Council passed Resolution No. 2020-029, authorizing the City Secretary's Office to publish a notice of intent to issue CO's in a newspaper of general circulation. In accordance with state law, the notice was published in the Fort Worth Star Telegram on July 29, 2020 and August 5, 2020. The notice included a not-to-exceed amount of \$2,310,000 for the CO's. The amount included tax-exempt certificates of obligation for streets and projected issuance costs. The notice was also placed on the city's website, beginning July 31, 2020.

The Preliminary Official Statement and Notice of Sale were released for consideration to potential bidders on September 4, 2020. 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 \$2,160,000 in CO's (i.e. the par amount). In addition, the city expects to receive a net premium on the CO's of approximately \$105,300. The total funds received will be approximately \$2,265,300. After deducting the cost of issuance the city will receive net proceeds of \$2,215,000, 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	
\$1,825,000	Iron Horse Boulevard
390,000	Hightower / Davis Signalization
\$2,215,000	Total Streets Projects
\$95,000	Estimated Issuance Cost
\$2,310,000	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 2019.

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 October 14, 2020.

RECOMMENDATION:

Approve Ordinance No. 3664, 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 2020, and all incident and related matters.