



CITY COUNCIL MEMORANDUM

FROM: The Office of the City Manager **DATE:** April 26, 2021

SUBJECT: Consider Ordinance No. 3692, authorizing the issuance of "City of North Richland Hills, Texas Tax and Waterworks and Sewer System (Limited Pledge) Revenue Certificates of Obligation, Series 2021"; 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: Mark Mills, Director of Finance

SUMMARY:

Staff requests that the City Council consider the issuance of City of North Richland Hills, Texas Tax and Waterworks and Sewer System (Limited Pledge) Revenue Certificates of Obligation, Series 2021, including the adoption of Ordinance No. 3692. Bid forms are to be submitted for consideration no later than Thursday, April 22, 2021.

GENERAL DESCRIPTION:

On March 8, 2021, the City Council passed Resolution No. 2021-017, authorizing the publication of 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 March 11, 2021 and March 18, 2021 and was also placed on the City's website beginning March 10, 2021. The notice included a not-to-exceed amount of \$875,000 for the purpose of:

1. Constructing, acquiring, purchasing, renovating, enlarging, equipping, and improving the City's water and sewer system facilities, including the acquisition of land and rights-of-way; and
2. Professional services rendered in relation to such projects and the associated financing.

These funds serve as a funding source for the College Hills Ground Storage Tank Rehabilitation capital project.



The issuance of these CO's is being handled as a private placement and therefore did not require the City of obtain a rating from Moody's and S&P. With smaller issuances, typically those under \$1 million, the cost of issuance can be disproportionately high as there is a minimum cost to bring the issue to market. By conducting this issuance as a private placement, the City had an opportunity to reduce its issuance cost while maintaining participation in a competitive environment. On April 1, 2021, the Term Sheet and Bid Forms were released to a pool of banks that frequently participate in the private placement marketplace. Completed bid forms were to be submitted to Hilltop Securities, the City's financial advisor, on or before Thursday, April 22. The bid forms will be evaluated and the results and recommendation will be presented at the City Council meeting on Monday, April 26, 2021.

Staff requests 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 June 1, 2021.

RECOMMENDATION:

Approve Ordinance No. 3692, authorizing the issuance of "City of North Richland Hills, Texas Tax and Waterworks and Sewer System (Limited Pledge) Revenue Certificates of Obligation, Series 2021"; 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.