



City of League City, TX

300 West Walker
League City TX 77573

Text File

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In Control: Administrator

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Title

Hold a public hearing on proposed Certificates of Obligation (CO), Series 2018 (Director of Finance)

..Background:

In 2017 the City Council adopted the 2018-2022 Capital Improvement Plan (CIP). This plan provides for \$423.6 million in city projects over the next five years. These projects include necessary roadways, facilities and water utility initiatives. Citizens can view the plan in its entirety on the City's website.

Funding for the plan's projects is provided from various sources and is also outlined in the 2018-2022 Capital Improvement Plan (CIP). Existing bond funds, operating funds, grant funds, 4B funds and other available funds are exhausted first, before the use of debt. The plan estimates both the costs and the required funding on an annual basis.

The CIP anticipated \$13.9 million in debt for this fiscal year. Staff's review of both the status of the projects and the funding determined that \$11.54 million is sufficient to cover the anticipated funding need for the next 12 months. Based upon current projections prepared by the City's financial advisory firm, Hilltop Securities, we expect the final bond issue to be a total of \$11.7 million with bond issuance cost of approximately \$160,000. "Tax supported" projects include the Ervin Connector, the Animal Shelter, and Fire / EMS Station 6.

Certificates of Obligation are debt instruments available to the city. While very similar to "general obligation bonds", COs do not require voter approval. This type of debt is recommended because it is the most cost-effective method of financing. Similar to general obligation bonds, COs are 'backed' by the full faith and credit of the City, resulting in lower interest cost than "revenue bonds".

By law, (Local Government Code, Chapter 271), the City Council may issue COs after publishing a "Notice of Intent". This is a legal notice that informs voters of the planned debt issue and gives them 30 days to petition the Council for an election. If the City Council does not receive a petition, the COs may be issued. If a petition of 5% of the voters is presented, the COs may not be issued until an election is held.

For this issue, the City is reaching out to the public in addition to posting the legal notice. Two public hearings will be held during City Council meetings on June 26th and August 11th. At that time, residents will have the opportunity for public comment on the proposed issue. This information will be distributed via press release, website and social media.

Council is scheduled to vote to issue the debt at the August 11, 2018 City Council meeting after the second public hearing.

Attachment:

1. Data Sheet

FUNDING

{x} NOT APPLICABLE