



City of League City, TX

300 West Walker
League City TX 77573

Text File

File Number: 16-1175

Agenda Date: 8/23/2016

Version: 1

Status: ATS Review

In Control: City Council

File Type: Agenda Item

Title

Consider and take action an ordinance authorizing the issuance of “City of League City, Texas, General Obligation Refunding Bonds, Series 2016A”; levying an ad valorem tax; approving an official statement, authorizing the execution of a bond purchase agreement, a transfer and paying agency agreement, and an escrow agreement; authorizing officials to approve the amounts, interest rates, prices and terms thereof and certain other matters relating thereto; and other matters in connection therewith (Assistant City Manager)

State law requires one reading only.

..Background:

This ordinance authorizes the issuance of General Obligation Refunding Bonds to refinance existing bonds. The estimated net present value savings on the refunding of the bonds is \$1.61 million. Comparing the total debt service cost of the new bonds, with the value of the debt service cost of the old bonds, the City will save a gross amount of \$2.9 million. The plan includes refunding bonds originally sold in 2006-2009 at higher interest rates with the savings reducing both the Tax Supported and the Water Utility Debt Service expenses. (See Attachment A). This refunding does not include any restructuring of the overall term and will assist in maintaining an overall level debt structure. There are no interest only payments or balloon payments in the proposed structure.

This bond sale is to be competitive with final approval authority granted to the City Manager to be provided on the day of the sale. Based on current market conditions, the competitive sales approach is intended to achieve the lowest overall cost to the City for this sale in terms of total interest cost.

The Preliminary Official Statement (POS) (see Attachment B) is the offering document used to present the City’s sale to the marketplace. The POS contains financial, organizational, programmatic and legal information about the City, including planned use of bond proceeds, and the initial proposed payment schedule for the bonds.

The bond ordinance (see Attachment C) approves the sale with the parameters that will control the approval of the sale by the City Manager. This includes:

1. A sale of bonds not to exceed \$14,000,000 in principal;
2. A requirement that net present value savings from the refunding will be at least 4 percent in accordance with City policy;
3. A maximum maturity date no later than February 15, 2034. No maturity will be extended.
4. Authority to approve the sale as late as December 31, 2016.

Staff intends to conduct the sale as soon as possible after City Council approves the ordinance, so that savings could be realized as soon as possible. The following firms are providing professional services for the sale:

1. The City Council authorized a contract with First Southwest (a division of Hilltop Securities) to

provide financial advisory services to the City through August 18, 2017.

2. On February 23, 2016, the City Council authorized Norton Rose Fulbright to serve as legal counsel for the issuance of refunding bonds and certificates of obligation for 2016. The data sheet reflected an estimated cost of \$73,000 for those services. This issue was not anticipated at that time, and will result in an additional \$35,000 in legal cost. Those costs are included in the projected savings for this refunding issue.

Attachments

1. Data Sheet
2. Attachment A - Estimated savings on refunding
3. Attachment B - Draft Preliminary official statement
4. Attachment C - Draft Ordinance authorizing bond issuance
5. Attachment D - Draft Paying agency agreement
6. Attachment E - Draft Escrow agreement

FUNDING

{X} NOT APPLICABLE

{ } Funds are available from Account # _____