



City of League City, TX

300 West Walker
League City TX 77573

Text File

File Number: 20-0465

Agenda Date: 10/13/2020

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Status: ATS Review

In Control: Finance

File Type: Agenda Item

Title

Consider and take action on an ordinance authorizing the issuance of City of League City, Texas General Obligation Refunding Bonds, Series 2020; levying a tax in payment thereof; authorizing the issuance of the bonds in accordance with specified parameters; authorizing the redemption prior to maturity of certain outstanding obligations; approving the preparation and distribution of an official statement; and enacting other provisions relating thereto; and providing for the effective date thereof (Director of Finance)

Staff requests first and final reading.

..Background:

If approved, this ordinance authorizes the issuance of General Obligation Refunding Bonds. Principal will not be extended beyond its original maturity date. The final maturity will be in February of 2033, for a term of 12.5 years. The purpose of the refunding is to reduce annual payments for savings. There are three issues that will be refunded representing \$42,155,000 of par. Gross savings are expected to exceed \$5,640,000. Annual savings will be realized in each year based on the debt outstanding from the original debt schedule on a uniform basis. See schedule of debt to be refunded below.

Original Bond Issue	Original Use of Proceeds	This Issue Refunded Par	Final Maturity
GO Refunding Bonds, Series 2012	Recreational Facilities/BLD	\$ 3,940,000	2033
	Utility System	\$ 3,255,000	2025
Comb Tax & Revenue CO, Series 2012A	Public Safety Building, Streets, ROW	\$ 22,465,000	2032
Comb Tax & Revenue CO, Series 2012B	<u>Utility System</u>	<u>\$ 12,495,000</u>	<u>2032</u>
Total Principal to be Refunded		\$ 42,155,000	

This bond sale is to be competitive with delegated authority to the Mayor, City Manager and Director of Finance. Based on current market conditions, the competitive sale approach with delegated authority 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) 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 refunding of bonds and the initial proposed payment schedule. Please note the attached draft of the POS is likely to change to ensure the most up-to-date information is provided up to the time of posting. As with the recently issued general obligation bonds, it is expected that this issue will sell at a premium. The expected premium of approximately \$4,700,000 will offset some of the principal needed to refund the existing debt resulting in the issuance of fewer bonds.

The bond ordinance approves the sale with the parameters that will control the approval of the sale by the Mayor, City Manager and Director of Finance. This includes:

1. A sale of bonds not to exceed \$42,155,000 in principal;

2. A maximum maturity date no later than February 15, 2033 for the refunding bonds;
3. Authority to approve the sale as late as March 13, 2021;
4. An interest rate not to exceed 1.85%.

Staff intends to conduct the sale on or about Thursday, October 29, 2020. The bond calendar will be monitored and a date for the sale chosen that is advantageous to the City relative to other bond sales and market conditions. The following firms are providing professional services for the sale:

1. The City authorized a contract with Hilltop Securities to provide financial advisory services to the City on April 22, 2020.
2. The City authorized Bracewell, LLP to serve as legal counsel for the issuance of bonds

CONTRACT ORIGINATION: N/A

Attachments:

1. Data Sheet
2. Proposed Ordinance
3. Cost of Issuance Analysis
4. Draft Preliminary Official Statement

FUNDING

{ } Funds are available from Account # _____
{ } Requires Budget Amendment to transfer from Account # _____ to Account # _____
{x} NOT APPLICABLE

STRATEGIC PLANNING

{ } Addresses Strategic Planning Critical Success Factor # _____ and Initiative # _____
{x} NOT APPLICABLE