



Legislation Details (With Text)

File #: 19-0544 **Version:** 1 **Name:** General Obligation Refunding and Improvement Bonds 2019
Type: Agenda Item **Status:** Approved
File created: 9/30/2019 **In control:** Finance
On agenda: 10/8/2019 **Final action:** 10/8/2019

Title: Consider and take action on an ordinance authorizing the issuance of City of League City, Texas general obligation refunding and improvement bonds, series 2019; 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.

Sponsors:

Indexes:

Code sections:

Attachments: 1. Data Sheet, 2. Proposed Ordinance, 3. Cash Defeasance vs Refunding Memo, 4. Cost of Issuance Analysis, 5. Summary of Bond Issuance, 6. Proposed Cash Defeasance, 7. Draft Preliminary Statement

Date	Ver.	Action By	Action	Result
10/8/2019	1	City Council	Approved	Pass
10/8/2019	1	City Council	Approved First and Final Reading	Pass

Consider and take action on an ordinance authorizing the issuance of City of League City, Texas general obligation refunding and improvement bonds, series 2019; 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.

This ordinance authorizes the issuance of General Obligation Refunding and Improvement Bonds. The estimated net present value savings on the refunding of the bonds is \$3,097,800. The plan includes refunding bonds originally sold in 2011 at higher interest rates with the savings reducing both the Tax Supported and the Water Utility Debt Service expenses. 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 delegated authority to the Mayor, City Manager and Director of Finance. Based on current market conditions, the competitive sales 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 use of bond proceeds, and the initial proposed payment schedule for the 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 \$39,425,000 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, 2039 for improvement bonds.
4. A maximum maturity date no later than February 15, 2031 for refunding bonds.
4. Authority to approve the sale as late as March 8, 2020.

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 authorized a contract with Hilltop Securities to provide financial advisory services to the City through August 18, 2020.
2. The City authorized Bracewell, LLP to serve as legal counsel for the issuance of refunding bonds and certificates of obligation for 2019. The Cost of Issuance Analysis estimates \$46,000 for those bond counsel services. Those costs are included in the projected savings for these issues.

CONTRACT ORIGINATION: N/A

Attachments:

1. Data Sheet
2. Proposed Ordinance
3. Defeasance vs. Refunding Memo
4. Cost of Issuance Analysis
5. Summary of Bond Issuance
6. Proposed Cash Defeasance
7. 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