



City Council
Agenda Memo

TO: David A. Vela, Interim City Manager
FROM: Mindy Patterson, Director of Finance
SUBJECT: Ordinance Authorizing Issuance and Sale of Combination Tax and Surplus Revenue Certificates of Obligation, Series 2015, for Water and Wastewater System Improvements

City Council
Meeting Date: 04/09/15

GENERAL INFORMATION

The certificates of obligation sale will finance \$69,510,000 for the purpose of constructing, acquiring, installing, and equipping additions, extensions and improvements to provide additional water supply for the City's water and wastewater system, including water treatment improvements, distribution lines and pump stations, and engineering fees and acquisition of easements. The Attorney General has indicated that they will not approve certificates of obligation issued for the portion of the project related to the pipeline from Hubbard Creek, based on the form of contract with the West Central Texas Municipal Water District. Therefore, the certificates of obligation will finance an equivalent amount of projects in the Water Department Capital Improvements Program (CIP) so that the same amount of funds can be used for the cost of the pipeline from Hubbard Creek.

The issuance of the certificates will be a negotiated sale on April 8, 2015. The interest rates and debt service will be reported at the Council meeting on April 9, 2015 on approval.

FUNDING/FISCAL IMPACT

The \$69,510,000 for water and sewer projects will be funded from water and sewer revenue. Therefore a rate increase was necessary for this issue. The credit rating from Standard and Poor's is affirmed at AA+, and the rating from Fitch Ratings is AA+. We are utilizing a projected 3.77% interest rate on the certificates.

STAFF RECOMMENDATION

Staff recommends passage of the ordinance authorizing issuance of \$69,510,000 in certificates of obligation for water and wastewater system improvements.

ATTACHMENTS

Due to the size of the documents, the Official Statement and proposed ordinance authorizing issuance of the certificates are on file in the City Secretary's office.

Prepared By: Name <u>Mindy Patterson</u> Title <u>Director of Finance</u>	Item No. <u>7.1</u>	Disposition by City Council <input type="checkbox"/> Approved <input type="checkbox"/> Denied <input type="checkbox"/> Other Ord/Res # _____ _____ City Secretary
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