



COUNCIL AGENDA ITEM MEMORANDUM

05/15/08
Item #12
Regular Agenda
Page 1 of 2

DEPT./DIVISION SUBMISSION & REVIEW:

Traci L. Barnard, Director of Finance

ITEM DESCRIPTION: Consider adopting a resolution directing publication of notice of the City's intention to issue Combination Tax and Revenue Certificates of Obligation (C.O.) Series 2008 in the amount not to exceed \$13,975,000.

STAFF RECOMMENDATION: Adopt resolution as presented in item description.

ITEM SUMMARY: The FY 2007-2008 budget included the continuation of a significant multi-year CIP. A total of \$49,394,933 in CIP projects was proposed with various funding components for the CIP that included the following:

Certificates of Obligation (C.O.'s) - \$12,605,000*

Utility Revenue Bonds - \$15,015,000*

General Obligation Bonds - \$16,885,000*

General Operating Budget - \$4,889,933

*-Plus costs associated with issuance

This resolution addresses the CIP funding component related to the C.O.'s. The C.O. list of projects totaled \$12,605,000 with \$605,000 of those projects to be funded with interest earnings and project savings from the 2006 C.O.'s. The original list has been revised for the following project additions/deletions/changes: Deleted the reconstruction of Pea Ridge Road from Tarver to Hogan, added the extension of Tarver Road east to Old Waco Road, added HWY 93/Hartrick Bluff connector road, added the purchase of the 42.782 acres of west Temple park land, and reduced the amount needed for the NW Loop 363 Expansion (substitute for rail relocation).

The retirement of a significant amount of tax supported debt afforded the City of Temple the opportunity to re-invest those funds in much needed CIP work without adversely affecting the interest and sinking component of the tax rate. The amount of debt capacity associated with the retirement dictated the amount of funding that was available. \$10,000,000 of this available debt capacity was issued in FY 2007. The remaining amount, \$13,975,000, is the proposed amount for FY 2008. The next 'saw tooth' (year in which significant amount of debt is paid off or matures) in the City's tax supported debt will occur in FY 2013.

The proceeds from the \$13,975,000* issue will be used to fund the following projects.

- Improvements and repairs to City buildings and facilities, i.e. City Hall, Public Services Building, various Parks & Leisure Services Buildings, and Santa Fe Depot
- Design and land acquisition related to constructing a new Fire Station No. 1 and Administration Building
- Wireless Municipal Broadband Network for approximately 2-3 square miles in key strategic locations
- Library improvements to include expansion and foundation improvements
- Acquiring, renovating, and equipping building at 401 North 3rd Street for Municipal Court (additional funds to supplement 2002 GO issue and 2006 CO issue)
- Acquisition of equipment for Police Department
- Rail relocation related to the NW Loop 363 Expansion {substitution for road improvements}
- Outer Loop Road project
- Extend Tarver Road east to Old Waco Road
- Construct a connector road between HWY 93 and Hartrick Bluff Road
- Redevelopment of the Downtown area to include intersection enhancements
- Construction of 1st Street Gateway to include boulevard, landscaping, sidewalk and pedestrian improvements
- West Temple Park Land Acquisition
- Paying the legal, fiscal, architectural and engineering fees in connection with these projects including the costs associated with the issuance of the Certificates

*** THE ISSUE SIZE IS PRELIMINARY AND WILL BE SIZED AT THE TIME OF PRICING.**

A bond rating trip for the City is scheduled for Wednesday, June 11, 2008, with Moody's and Standard & Poors. The ratings will be published prior to the pricing. The negotiations on the sale of the bonds will be finalized on Wednesday, July 2, 2008. The negotiated price will then be held until Thursday, July 3, 2008, when the Council considers the recommended award.

Our financial advisor, First Southwest Company, will be at the meeting to review the offers with Council and designate the negotiated low interest rate bidder. The Council will consider the offers and award based on the recommendation of First Southwest Company.

Funds will be delivered to our depository for use on July 30, 2008.

FISCAL IMPACT: Average annual debt service for the \$13,975,000 issue based on an estimated interest rate of 4.5% with a maturity of 20 years is \$ 1,132,000. The FY 2008 interest and sinking component of the tax rate included the debt service for this CO issue.

ATTACHMENTS:

[Timetable](#)
Resolution