

City Council Regular Meeting

DEPARTMENT: FINANCE


FROM: Harlan Jefferson, Deputy City Manager

MEETING: June 15, 2026

SUBJECT:

Consider and take possible action on a resolution directing publication of notice of intention to issue combination tax and revenue certificates of obligation. *(Staff Contact: Harlan Jefferson, Deputy City Manager)*

STRATEGIC PRIORITY AND GOAL(S):

Strategic Priority	Strategic Goal
 <p>High Performing City Organization Providing Exceptional, People Focused Services</p>	<p>1.4 Be a responsible steward of the city's financial resources by providing rates and fees that represent a strong value to our citizens; providing timely, accurate and transparent financial reporting; and utilizing long-range planning.</p>

SUMMARY:

The publication of a Notice of Intent to Issue Certificates of Obligation is a required step under Texas law prior to the consideration of debt issuance by the City Council. Publication of the notice does not obligate the City to issue debt but preserves the City's ability to consider financing for identified capital projects. Following the notice period, City Council may consider an ordinance authorizing the issuance of the Certificates of Obligation and will have the opportunity to review the final project scope, and financing structure.

The proposed Certificates of Obligation would fund various capital projects, including street improvements and public safety equipment and expansion. These projects have been identified through the City's planning and budgeting processes and are intended to address current and future service needs.

As part of the FY 2025-2026 Capital Improvement Program (CIP), projects approved by the City Council during the budget process and presented in reimbursement resolutions also approved by the City Council on October 10, 2025 and on May 18, 2026, are being proposed by staff for the issuance of Certificates of Obligation (CO's). The debt issuance by each Fund is as follows:

- \$ 5,076,529 General Government (General Fund)
- \$ 23,333,837 Water and Sewer (Self-Supported)
- \$ 5,000,000 4A Economic Development Corporation (Self-Supported CO Bond)
- \$ 990,376 4B Community Service Corporation (Self-Supported)
- \$ 0 TIF #2 (Self-Supported)
- \$ 34,400,742 Total

The proposed amounts for debt issuance will be rounded to the nearest \$5,000.

We anticipate issuing \$17,210,778 in General Obligation Bonds at the same time as we issue the Certificates of Obligation and \$6,026,519 for 4A Economic Development Corporation Revenue Bonds. The additional debt is associated with the voter approved 2022 General Obligation Bond Program.

Additionally, staff plans to issue debt to refund the 2012 W&S Series as discussed and recommended by the Finance Committee on May 27, 2026.

On November 13, 2025, S&P Global Ratings revised its outlook for Burleson's outstanding utility revenue bonds to negative from stable. While they affirmed the 'AA-' rating at that time, the shift to a negative outlook serves as a formal notice that there is a "one-in-three chance" of a downgrade over the next two years.

The city no longer issues revenue bonds and the age of the existing utility revenue debt is approximately 14 years old. The city issues COs for water/sewer bonds and pays the debt through the revenue from the utility fund.

Staff recommended to the Finance Committee that we transition a portion of our outstanding utility revenue debt into Certificates of Obligation (COs). This shift is a proactive measure designed to address the recent negative outlook from S&P Global Ratings by leveraging the city's stronger 'AA' General Obligation credit rating. It will strengthen our debt service coverage ratios and directly mitigate the risk of a rating downgrade, ensuring the city maintains its high-grade credit standing for future infrastructure needs.

To begin the bond issuance process and notification, Council action is required to approve a resolution of the Notice of Intent to issue Certificates of Obligation.

OPTIONS:

- Approve the resolution
- Deny the resolution with changes
- Deny the resolution

RECOMMENDATION:

Move to adopt a Resolution directing publication of notice of intention to issue combination tax and revenue certificates of obligation.

PRIOR ACTION/INPUT (Council, Boards, Citizens):

On June 16, 2025, the Council approved a resolution directing publication of notice of intentions to issue combination tax and revenue certificates of obligation; and resolving other matters relating to the subject.

On September 8, 2025, the Council approved the final reading of the City's FY 2026-2030 annual budget with the five-year Capital Improvement Plan (CIP) (CSO#5910-09-2025).

On October 10, 2025, the Council approved a reimbursement resolution not to exceed \$6,750,000 for certain capital expenditures with proceeds from debt.

On October 20, 2025, the Council adopted an ordinance to amend the City's FY 2026-2030 five-year Capital Improvement Plan (CIP) (CSO#5973-10-2025).

On December 15, 2025, the Council adopted a resolution to amend the City's FY 2026-2030 five-year Capital Improvement Plan (CIP) (CSO#6011-12-2025).

On March 23, 2026 (First Reading) and April 20, 2026 (Final Reading), the Council adopted an ordinance to amend the City's FY 2026-2030 five-year Capital Improvement Plan (CIP) (CSO#6109-04-2026).

On April 20, 2026, the Council adopted an ordinance to amend the City's FY 2026-2030 five-year Capital Improvement Plan (CIP) (CSO#6114-04-2026).

On May 4, 2026, the Council adopted an ordinance to amend the City's FY 2026-2030 five-year Capital Improvement Plan (CIP) (CSO#6126-05-2026).

On May 18, 2026, the City Council approved a reimbursement resolution not to exceed \$2,652,000 for certain capital expenditures with proceeds from debt.

On May 27, 2026 staff discussed with the Finance Committee refunding opportunities and the recommendation to refund the 2012 W&S. The committee gave staff feedback and direction to move forward with the refunding.

REFERENCE:

CSO#5910-09-2025

FISCAL IMPACT:

N/A

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