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## CITY COUNCIL CONSIDERATION ITEM

### CITY OF FAIR OAKS RANCH, TEXAS

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**AGENDA TOPIC:** Consideration and approval of an ordinance authorizing the issuance of “City of Fair Oaks Ranch, Texas General Obligation Bonds, Series 2024;” levying a continuing direct annual ad valorem tax, within the limitations prescribed by law, for the payment of the bonds; authorizing the execution of any necessary engagement agreement with the City’s financial advisors; and providing an effective date.

**DATE:** September 5, 2024

**DEPARTMENT:** Finance

**PRESENTED BY:** Summer Fleming, CGFO, Director of Finance  
Andrew Friedman, Managing Director, SAMCO Capital

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#### **INTRODUCTION/BACKGROUND:**

On May 4, 2024, the City held a successful bond election that authorized the issuance of up to \$16 million in general obligation bonds for the purpose of designing, demolishing, constructing, renovating, improving, reconstructing, restructuring and extending streets and thoroughfares and related land and right-of-way sidewalks, streetscapes, collectors, drainage, landscape, signage, acquiring lands and rights-of-way necessary thereto or incidental therewith for the following street projects: Dietz Elkhorn, Battle Intense, Rolling Acres Trail, and Ammann Road.

The approved bond authorization will be split over four separate issuances to accommodate a five-year project schedule, with the first issuance totaling \$3.585 million. Bids from potential purchasers of the bonds are due on Thursday, September 5, 2024, at 10:30am CST.

In this presentation, Andrew Friedman, Managing Director of SAMCO Capital, will review the bids received and ask for authorization to issue the general obligation bonds. The authorization must be received the same day the bids are received to lock in pricing. Because of this the ordinance must be approved in one reading under the provision afforded by Texas Local Government Code §1201.028. This provision states the ordinance to approve the issuance of debt can be done at the same time the bids are received in one reading, and therefore overrides any local government charter requirements of multiple ordinance readings.

The attached ordinance (**Exhibit A**) is only a draft as the final ordinance cannot be completed until the bids are received on September 5, 2024.

#### **POLICY ANALYSIS/BENEFIT(S) TO CITIZENS:**

- Supports priority 1.4 of the Strategic Action Plan to develop sustainable financing strategies aligned with service delivery expectations.
- Supports priority 3.4 of the Strategic Action Plan to enhance and ensure continuity of reliable roadway improvement initiatives.

One important benefit of using debt to fund the capital budget is that each generation of taxpayer pays for its use of capital facilities and infrastructure. Other advantages are that tax rates can be maintained at consistent levels and projects can be built as they are needed rather than delayed until sufficient funds for their construction are accumulated.

**LONGTERM FINANCIAL & BUDGETARY IMPACT:**

The first issuance of \$3.585 million in general obligation bonds will result in debt obligations, including principal and interest, totaling an estimated \$5,208,883 over 20 years. Based on the proposed debt schedule provided by SAMCO Capital, the City's I&S tax rate will increase 1.12 cents in FY 2024-25 to 3.41 cents per \$100 taxable value.

**LEGAL ANALYSIS:**

Approved as to form.

**RECOMMENDATION/PROPOSED MOTION:**

I move to adopt an ordinance authorizing the issuance of "City of Fair Oaks Ranch, Texas General Obligation Bonds, Series 2024."