



CITY OF GRAND PRAIRIE ORDINANCE

MEETING DATE: 09/03/2024

PRESENTER: Thao Vo, Management Services Director

TITLE: Discussion and consideration of all matters incident and related to the issuance and sale of "City of Grand Prairie, Texas, Tax Note, Series 2024", including the adoption of an ordinance authorizing the issuance of tax notes with an estimated par amount of \$ 8,441,000

REVIEWING COMMITTEE: (Finance and Government Committee 08/06/2024)

PURPOSE OF REQUEST:

Staff requests authorization to issue tax anticipation notes to fund a portion of the 2024-2025 Capital Improvement (CIP) program.

Texas Local Government Code Chapter 1431 allows local governments to issue tax notes to fund capital assets with a shorter useful life, such as equipment and other short-term needs. Tax notes do not require a notice period because they are non-rated. They require a majority vote of the governing body via City ordinance and have a quick closing and delivery time. Because tax notes are short-term debt instruments they have shorter amortization of 1 year with a call feature that allows early repayment within 6 months.

The 2024-2025 Capital Improvement Plan includes a total of \$77.1 million in necessary bond funding via three issuances.

1. Tax Note, Series 2024 with an estimated par of \$8.4 million to be issued and closed by 09/26/2024
2. Certificates of Obligations, Series 2025 with an estimated par of \$56.7 million with a notice of intent to issue bonds planned for October 15, 2024
3. Water/Wastewater Revenue Bonds, Series 2025, with an estimated par of \$20.3 million with a notice of intent to issue bonds planned for October 15, 2024

The tax notes will be used to fund the following: improving and replacing City information technology equipment and systems, purchasing materials, supplies, equipment, machinery, and vehicles for Municipal Court, Police, Fire, Transportation and Mobility Services, Building Inspections, Engineering, Facilities and Fleet Management, and Parks and Recreations departments.

The city's current property tax rate can support the new debt issuance without an increase. We plan on issuing the debt via private placement. This means all banks will be welcome to bid on our bonds, and whichever provides the lowest rate will be selected.

FINANCIAL CONSIDERATION:

Council is committing to levying a property tax sufficient to make our debt service payments over the next 1 year. The current property tax rate would be sufficient to cover this payment with the size of the city's tax base.

ATTACHMENTS / SUPPORTING DOCUMENTS:

Ordinance