



FINANCE DEPARTMENT

To: Mayor and Town Council

From: Sandy Mattick, Interim Finance Director

Through: Ron K. Patterson, Interim Town Manager
Robert B. Scott, Executive Director of Administrative Services

Re: Certificates of Obligation

Town Council Meeting – September 27, 2022

Agenda Item:

Consider all matters incident and related to the issuance and sale of “Town of Prosper, Texas, Combination Tax and Surplus Revenue Certificates of Obligation, Series 2022”, including the adoption of an ordinance authorizing the issuance of such obligations and establishing procedures and delegating authority for the sale and delivery of such obligations.

Description of Agenda Item:

Town Council at the July 26, 2022, meeting approved beginning the required process for issuance of certificates of obligations through a Notice of Intent, required advertising and setting a timetable for issuance. The attached ordinance establishes the parameters for issuance of certificates of obligation for the projects:

Water Distribution	\$12,746,000
Stormwater Drainage	\$ 685,000

The Town has historically sold debt through a competitive sale on the Tuesday morning of a Town Council meeting and then completed the sale with Town Council approval that evening. Due to the challenging circumstances in the current year (uncertain market conditions), it is recommended that Town Council pass an Ordinance on September 27, 2022 authorizing issuance of the certificates of obligation with delegated authority to the Town Manager or Executive Director of Administrative Services, to complete final pricing of the debt. This method is commonly used in refunding debt issues or during uncertain market conditions. The ordinance would allow for delegation to the Town Manager that meets the following conditions:

- Issue the certificates through a competitive or negotiated sale;
- for an amount not to exceed \$13,700,000;
- at a maximum interest rate of 4.75%;
- with a final maturity of August 15, 2042.

This will allow greater flexibility.

Budget Impact:

The debt service payments for the Certificates will be funded from the Water and Sewer Fund and the Stormwater Drainage Fund.

Legal Obligations and Review:

Chris Settle of McCall, Parkhurst and Horton, the Town's bond counsel, prepared the attached Ordinance, and Terrence Welch of Brown & Hofmeister, L.L.P. has reviewed the ordinance as to form and legality.

Attached Documents:

1. Ordinance

Town Staff Recommendation:

Town staff recommends adoption of the Ordinance authorizing issuance of certificates of obligation within the specified parameters to finance the obligations associated with the aforementioned projects.

Proposed Motion:

I move to adopt an ordinance authorizing the issuance and sale of "Town of Prosper, Texas, Combination Tax and Surplus Revenue Certificates of Obligation, Series 2022" and approving all other matters related thereto.