

To: Mayor and Town Council

From: Chris Landrum, Finance Director

**Through: Mario Canizares, Town Manager
Bob Scott, Deputy Town Manager**

Re: Parameters Ordinance – Certificates of Obligation, Series 2024

Town Council Meeting – July 23, 2024

Strategic Visioning Priority: 1. Acceleration of Infrastructure

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 2024”, 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:

The Town Council at the May 28, 2024, 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:

Wastewater \$31,250,000

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. It is recommended that Town Council pass an Ordinance on July 23, 2024 authorizing issuance of the certificates of obligation with delegated authority to the Town Manager or Deputy Town Manager, 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 \$31,500,000;
- with a final maturity of August 15, 2044;

Approval of this ordinance has the following advantages to obtain the lowest interest rate for the Town’s Bond sale:

- Flexibility to sell on a day based on the best market conditions instead of only a Town Council Tuesday
- Allows for immediate award to the lowest bidder

Budget Impact:

The debt service payments for the Bonds will be funded from surplus revenue from the water and sewer fund.

Legal Obligations and Review:

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

Attached Documents:

1. Ordinance
2. Timeline (Exhibit A)
3. Use of Proceeds (Exhibit B)

Town Staff Recommendation:

Town staff recommends adoption of an ordinance authorizing the issuance and sale of "Town of Prosper, Texas Combination Tax and Surplus Revenue Certificates of Obligation, Series 2024", and approving all other matters related thereto.

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 2024" and approving all other matters related thereto.