



AGENDA MEMO

Business of the City Council City of Sweeny, Texas

Meeting Date	11.15.2023	Agenda Item	
Approved by City Manager	Yes	Presenter(s)	Wade Thompson, Lindsay Koskiniemi
Reviewed by City Attorney	No	Department	Finance – Debt Service, CIP
Subject	Discussion and possible action on Limited Tax Note, Series 2023.		
Attachments	1) Limited Tax Note Series 2023 debt schedule 2) TexPool statement – May 2023 3) TexPool statement – November 2023		
Financial Information	Expenditure Required:	N/A	
	Amount Budgeted:	N/A	
	Account Number:		
	Additional Appropriation Required:		
	Additional Account Number:		

Executive Summary

12/8/2023 Updated: Finance Director notified City Manager last week prior to repayment that there was a \$45,000 issuance fee for the loan. The City has not earned enough interest from investment interest revenue to pay for both the Interest Payment 1 of \$58,843 and the Issuance fee of \$45,000. The first interest payment was made by the due date of 12/01/2023. Mayor Hopkins instructed the City Manager to present the information to City Council.

On 12/13/2023, Wade Thompson will present Council with information on the possibility of repayment and/or issuance of certificates with the intent to bring the annual principal and interest payments down and extend the loan terms to increase bond capacity. The thought is to “make lemonade” and put the funds toward waterline replacement and a manganese filtration system to attack the top priority issue in Sweeny currently: Water Quality and Coloration (also, a Council-delegated ‘top 3’ project for the City Manager).

Prior to taking the \$2.5 million loan in June 2023, the May 2023 balance of the Sidewalk Fund was \$275,178.78.

The November 2023 balance was \$2,842,404.39, and the first interest payment that was made 12/01/2023 will reduce the amount by \$58,843. Total interest revenue the City has earned from the loan is \$67,225.61(June 2023 – November 2023).

From 11/15/2023: In 2023, the City of Sweeny took a loan in the amount of \$2.54 million in anticipation of selection for an 80/20 shared reimbursable project through the Texas Department of Transportation. Unfortunately, the City’s project to install safe walking paths along routes commonly accessed by student pedestrians was not selected. The City’s appeal of the decision is currently (as of 11/9/2023) by the TxDOT executive director.

In planning for the likely event that the decision to deny the City’s second application for this project stands, the City has this debt, held in TexPool, which is gaining interest at over 5.5% - enough to cover the 4.65% interest payment due in December. This loan was designed to be short-term, as



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the project was anticipated to take place over 36 months. That said, the loan payments for each year a high, in excess of \$430,000, as it was intended to be repaid over 7 years.

The City has the option to retain the debt, as there are numerous capital needs around the City – the most imperative being replacement of metal water lines, possible installation of a manganese filter, and required improvements at the sewer plant.

Wade Thompson of Government Capital will address Council and provide options. The first interest payment in the amount of \$58,843 is due December 01, 2023. Should City Council choose to retain the Limited Tax Note (2023), management's guidance is to work with Mr. Thompson to refinance and extend the note to bring the annual payments down.

Recommended Action

Update to Recommendation:

City Council should consider a new loan or certificate option that would bring down the annual principal and interest costs and put the funds toward a city-wide water improvement project backed by engineering to determine the city's highest-priority water infrastructure needs and address waterline replacement accordingly.

Prior Recommendation:

Should City Council choose to retain the Limited Tax Note (2023), management's guidance is to work with Mr. Thompson to refinance and extend the note to bring the annual payments down.