



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		
Financial Information	Expenditure Required:	N/A	
	Amount Budgeted:	N/A	
	Account Number:		
	Additional Appropriation Required:		
	Additional Account Number:		

Executive Summary

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 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

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.