

Office of the City Manager

City of Richland Hills, Texas

Memorandum

To: Honorable Mayor Bill Agan and members of the Richland Hills City Council
From: Eric Strong, City Manager
Date: March 1st, 2016
Subject: Notice of Intent regarding Certificates of Obligation

City Council Action Requested:

Consider and act upon adoption of a resolution directing publication of notice of intention to issue combination tax and surplus revenue certificates of obligation.

Background Information:

We have been notified by our Bond Attorney that they made an error in a publication that they prepared for our Certificates of Obligation. The result of this error is that we need to redo some of the paperwork and procedures associated with the Certificates of Obligation. We will also be cancelling the already issued Certificates so that we can re-issue new ones. This has NO effect on the voter approved portion of the bonds, only the certificates that we are issuing from Type B and HOT.

The first step in fixing this problem is having council approve a new notice of intent to issue the Certificates. This agenda item accomplishes that task. The next step that Council will take will be to approve another Ordinance at our April 5th meeting approving the sale of the bonds.

This means that while the voter approved funds will still be delivered next week, the funds from the Certificates will not be delivered until mid-April. We will still be guaranteed the same interest rate, and we might actually get a slightly better interest rate if the rates continue to drop. However, our rate will NOT go up.

There are going to be some additional costs associated with the bond issuance. However, since the error was made by the Bond Attorney, they have agreed to pay all costs that result from the error.

To summarize, there is no difference in the amount of proceeds we will receive (although we might receive slightly more if interest rates continue to drop), but we do need to redo the paperwork and publications, and all those costs will be covered by our Bond Attorney.

Board/Citizen Input:

N/A

Attachments: Resolution

Staff Contacts:

Eric Strong, City Manager

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Exhibit A

CITY OF RICHLAND HILLS, TEXAS
NOTICE OF INTENTION TO ISSUE COMBINATION TAX AND SURPLUS REVENUE
CERTIFICATES OF OBLIGATION

NOTICE IS HEREBY GIVEN that the City Council of the City of Richland Hills, Texas, at its meeting to commence at 7:00 P.M. on April 5, 2016, at its regular meeting place in the City Hall, 3200 Diana Drive, Richland Hills, Texas, tentatively proposes to adopt an ordinance authorizing the issuance of interest bearing certificates of obligation, in one or more series, in an amount not to exceed \$5,000,000, for paying all or a portion of the City's contractual obligations incurred pursuant to contracts in connection with the purchase, construction and acquisition of certain real and personal property for capital improvements and parks, to wit: (i) a recreation and community activity center and a surrounding green/park space, including constructing, installing, acquiring and equipping additions, extensions, renovations and improvements, including to the City's waterworks and sewer system, and related site preparation and improvement, drainage, utility infrastructure, landscaping, lighting and signage for said projects, and the acquisition of land and interests in land and properties therefor; and (ii) for the purpose of paying all or a portion of the City's contractual obligations for professional services, including engineers, architects, attorneys, map makers, auditors, and financial advisors, and other professionals in connection with such projects and said Certificates of Obligation.

All costs to be reimbursed pursuant to this Resolution will be capital expenditures; the proposed Certificates of Obligation shall be issued within 18 months of the later of (i) the date the expenditures are paid or (ii) the date on which the property, with respect to which such expenditures were made, is placed in service; and the foregoing notwithstanding, the Certificates of Obligation will not be issued pursuant to this Resolution on a date that is more than three years after the date any expenditure which is to be reimbursed is paid.

The City proposes to provide for the payment of such certificates of obligation from the levy and collection of ad valorem taxes in the City as provided by law and from a limited pledge (not to exceed \$1,000) of the surplus revenues from the operation of the City's waterworks and sewer system, remaining after payment of all operation and maintenance expenses thereof, and all debt service, reserve, and other requirements in connection with all of the City's revenue bonds or other obligations heretofore or hereafter incurred, which are payable from all or any part of the surplus revenues of the City's waterworks and sewer system. The certificates of obligation are to be issued, and this notice is given, under and pursuant to the provisions of V.T.C.A., Local Government Code, Subchapter C of Chapter 271.

CITY OF RICHLAND HILLS, TEXAS

SIGNED AND SEALED the 1ST day of March, 2016.

Cathy Bourg, City Secretary
City of Richland Hills, Texas

(CITY SEAL)