



City of University Park

City Hall
3800 University Blvd.
University Park, TX 75205

Meeting Minutes City Council

Tuesday, June 29, 2021

5:00 PM

Council Chamber

Work Session

I. CALL TO ORDER

Rollcall

Present: 5 - Mayor Pro Tem Randy Biddle, Councilmember Gage Prichard, Councilmember Liz Farley, Mayor Tommy Stewart and Councilmember Mark Aldredge

II. OPEN WORK SESSION - No action was taken

The City Council received a report from staff regarding potential debt financing of stormwater improvement projects.

City Manager Robbie Corder gave an introduction and overview of the City's Capital Improvement Program that has been funded with a pay-as-you-go financing model. With the City's Five Year Capital Improvement Plan, the City has been able to look ahead to a wave of capital improvements costs related to three large projects: Snider Plaza, Miracle Mile, and Stormwater. Robbie said that the Long Term Financial Planning Sub-Committee and the Finance Advisory Committee spent three years studying funding solutions for these projects, and the groups unanimously recommended issuing debt to finance stormwater infrastructure improvements. Robbie said that the proposed debt issuance is \$15 million.

Director of Public Works Jacob Speer gave an overview of the Stormwater Master Plan that was developed to identify the scope of the City's stormwater problem and potential solutions. He explained that engineers developed a computer model showing the effect of various rainfall events within the study area. The watershed was divided into three areas of interest (AOI) and the improvements were prioritized to determine the most effective sequence for construction of the improvements. AOI 1 was further divided into three projects to make the work more manageable in terms of resident impact and budget. AOI Project 1 has an estimated cost of \$5.46 million, Project 2 is estimated at \$9.45 million, and Project 3 is estimated at \$5.25 million.

Jeff Leuschel, partner with McCall Parkhurst & Horton, gave a presentation. Robbie said that this firm was selected because the City has worked with it before and has a comfort level with the services they provide. Boyd London, Managing Director of Hilltop Securities, introduced himself.

Marti Shew, Senior Vice President of Hilltop Securities, gave an overview of Certificates of Obligation (COs):

- Require no voter authorization
 - A petition signed by 5% of the eligible voters can force an election
- Notice of Intent to Issue is required:
 - ✓ Authorized by City Council Action
 - ✓ Published in the local paper on the same day of two consecutive weeks
 - ✓ First publication must be at least 45 days prior to sale date, sets forth an anticipated Sale Date
 - ✓ Sets forth a proposed maximum par amount or issue size:
 - Set the maximum size to allow flexibility for market changes,
 - Acts as a "ceiling" or limit for the issuance,
 - The City is not obligated to issue up to the full notice amount.
- Sell at Interest Rates similar to General Obligation Bonds.

Director of Finance Tom Tvardzik gave a presentation and explained that the certificates of obligation will be repaid by revenues from the Stormwater Fund, not from property taxes. The debt service will be funded through a series of increases on stormwater fees within utility bills. He said that currently, 70% of all homeowners pay between \$5.57 and \$7.12 per month in stormwater rates. The present rate structure yields \$500,000 in revenue per year. Debt service on certificates of obligation will cost (roughly) \$1,000,000 per year. Therefore, stormwater rates will need to triple in a graduated schedule to service the debt and maintain the current level of revenue.

The proposed Certificates of Obligation issuance is as follows:

Loan Amount:	\$15 million
Interest Rate:	1.5%
Loan Period:	15 year
Annual Payment:	\$1.1 million

Robbie Corder said that the next step to issuing the COs is for the Council to approve a resolution authorizing publication of a Notice of Intent for the COs. He said this should be scheduled on the July 6 agenda.

III. ADJOURNMENT

As there was no further business, Mayor Stewart adjourned the meeting.

Considered and approved this the 6th day of July, 2021

Tommy Stewart, Mayor

ATTEST:

Christine Green, City Secretary