



Legislation Text

File #: PRE 17-002, **Version:** 1

Presentation and discussion of issues related to the sale of Certificates of Obligation, Series 2017 for the construction of DPCDC improvements.

Summary: On October 24, 2016, the Board of Directors ("Board") of the Deer Park Community Development Corporation ("DPCDC") approved a recommendation to the Deer Park City Council ("City Council") to approve a notice of intent to issue certificates of obligation for the construction of DPCDC improvements. On December 6, 2016, City Council approved Resolution No. 2016-15 authorizing the publication of the City's intention to issue \$2,700,000 of certificates of obligation.

These certificates are the second of three planned debt issues to fund Type B projects approved by the voters on May 9, 2015. The specific projects to be funded by these certificates are as follows:

Girls Softball Renovations at Youth Sports Complex - \$2,700,000

Also on October 24, 2016, the Board, approved an Agreement Regarding the Construction of Improvements ("Agreement"), whereby in Section 1.04 (b), the Board, authorized the President or his designee to acknowledge receipt of the a final schedule of the principal and interest payments due on each series of certificates upon the pricing of same. Additionally, the final schedule of the principal and interest payments due on each series of certificates shall be incorporated into the Agreement.

The Certificates of Obligation, Series 2017 were issued through a private placement via a competitive bidding process on January 17, 2017. Nine bids were received ranging from a rate of 1.89% to 2.90%. The lowest bid was presented by First National Bank Texas. The total interest cost of \$232,895 is \$300,918 less than what was estimated in October 2016 (at an estimated rate of 3.75%). City Council approved Ordinance No. 3873 authorizing the issuance and sale of the certificates at their regular meeting on January 17, 2017.

Attached is a copy of the signed agreement between the City of Deer Park and the DPCDC, whereby the City agrees to issue and sell one or more series of certificates and to use the proceeds to pay the costs of the projects (Section 1.03), and the DPCDC agrees to make payments to the City in amounts sufficient to pay the principal of and interest on the certificates (Section 1.04). Also attached is the final pricing presentation prepared by the Financial Advisor and a copy of the acknowledgement signed by the Board President, T.J. Haight, which includes a final schedule of the principal and interest payments due on each series of certificates.

Fiscal/Budgetary Impact:

In accordance with the agreement between the City and the DPCDC, funding of the debt service payments and the associated issuance costs for the certificates will be from the dedicated 0.50% sales and use tax revenues of the DPCDC.

Discussion only.