



COUNCIL AGENDA ITEM MEMORANDUM

DEPT./DIVISION SUBMISSION & REVIEW:

Traci Barnard, Director of Finance

Melissa Przybylski, Assistant Director of Finance

ITEM DESCRIPTION: FIRST & FINAL READING – PUBLIC HEARING: Consideration and action with respect to the "Thirteenth Supplemental Ordinance to the Master Ordinance Establishing the City of Temple, Texas Utility System Revenue Financing Program" related to the issuance of City of Temple, Texas Utility System Revenue Bond, Series 2025 in the aggregate principal amount not to exceed \$103,000,000*.

BACKGROUND: This ordinance will delegate the Director of Finance or in her absence, the City Manager as the pricing officer to execute pricing certificates and finalize pricing within parameters defined in the ordinance. The Bonds will be issued in one or more Series in the aggregate principal amount not to exceed \$103,000,000*.

This not to exceed amount has been set to allow flexibility in response to market conditions. In an effort to optimize debt issuance in accordance with market conditions, the City retains the option to reduce the aggregate principal amount of the Bonds to \$95,500,000 should final project pricing align with or come in below the original Opinion of Probable Cost of construction (as presented in table below).

On September 21, 2006, the City Council adopted a "Master Ordinance Establishing the City of Temple, Texas Utility System Revenue Financing Program" (referred to as the "Master Ordinance"). In order to enable the City to provide for the financing and refinancing of the utility system projects authorized by Chapter 1502, Texas Government Code, as amended, and any other applicable provisions of State law, the Master Ordinance establishes a revenue financing program pursuant to which the City can issue and enter into obligations, including bonds and other types of obligations, secured by and payable from a pledge of and lien on all or part of the Security.

Staff, with recommendations from bond counsel, deems it necessary to issue Parity Debt pursuant to this "Thirteenth Supplemental Ordinance to the Master Ordinance establishing the City of Temple, Texas Utility System Revenue Financing Program" (the "Thirteenth Supplement"). The City has

previously issued and has outstanding several series of obligations payable from water and sewer utility system revenues pursuant to the Master Ordinance.

The proceeds from the sale of this series of Bonds will be used for the purposes of (i) paying costs of acquiring, purchasing, constructing, improving, renovating, expanding or equipping the City's Utility System and (ii) paying the costs of issuing such Bonds. Specific major project construction and improvements for which the proceeds will be used are as follows:

Project Description	FY 2025 Amount
Temple-Belton Wastewater Treatment Plant Expansion Phase 2 - IFAS	\$ 55,000,000
Northwest 36" Transmission Main	13,900,000
SH 317 Ground Storage and Pump Station	7,500,000
WTP Lagoon Improvements - Task 3B Sludge Handling	7,400,000
Northwest Little Elm Wastewater Line Upsizing	2,000,000
Water Line Upgrades - Pipe Bursting or Replacing	2,000,000
N 42nd Street Reconstruction - Utility Improvements	1,900,000
FM 2483 Elevated Storage Tank Rehabilitation	1,200,000
SSES - Manhole Rehabilitation by Basin	1,000,000
Purchase of Downtown Texell Office Building	750,000
Contingency	2,850,000
Total	\$ 95,500,000

The City has applied for a rating of the Utility System Revenue Bonds, Series 2025 from Standard & Poor's Ratings Services. A rating call was conducted with Standard & Poor's on April 29, 2025. It is anticipated the bonds will be assigned its 'AA' rating which is the same previous Utility System Revenue Bonds. The rating should be published before May 15, 2025.

The Bonds authorized to be issued by this Thirteenth Supplement are to be issued and delivered pursuant to the City Charter and Chapters 1502 of the Texas Government Code, as amended, and other applicable State laws.

*** THE ISSUE SIZE IS PRELIMINARY AND WILL BE SIZED AT THE TIME OF PRICING.**

ALIGNMENT WITH ADOPTED PLANS:

Plan	Comments
Strategic Plan	This item supports the City of Temple’s Strategic Plan goal of “Infrastructure and systems that support exceptional services and community growth,” as well as the Strategic Plan commitment to “Plan for, design, construct, and maintain high quality water, wastewater, and drainage infrastructure, systems, and services that meet the needs of the community now and in the future.” This item also supports the Strategic Plan goal of “An open, responsive, and accountable government,” and the commitment to “Employ fiscally-responsible practices and policies that ensure City investments are made based on sound review and analysis.”

STAFF RECOMMENDATION: Adopt ordinance as presented in item description.

BOARDS & COMMISSIONS RECOMMENDATION: This item was not reviewed by any of the official boards and commissions.

FISCAL IMPACT: At the not to exceed amount of \$103,000,000, the estimated average annual debt service for the bonds will be \$6,621,606 with a maximum maturity of not greater than 30 years.

The current water and wastewater rates will support the debt service for this issue. The FY 2025-FY2030 Business Plan includes an appropriation for debt service payments on this series of bonds. However, with delaying the issuance of the bonds to align with project readiness, the amortization schedule for the bonds does not have a payment due in FY 2025.

ATTACHMENTS:

Ordinance