



**Monday, March 29, 2021
Bond Committee Meeting**

This meeting will begin at 6:30 p.m.

MEETING HELD AS A TELEPHONE CONFERENCE CALL

A temporary suspension of the Open Meetings Act to allow telephone or videoconference public meetings has been granted by Governor Greg Abbott. These actions are being taken to mitigate the spread of COVID-19 by avoiding meetings that bring people into a group setting and in accordance with Section 418.016 of the Texas Government Code.

We encourage members of the public to listen to the telephone conference meeting.

If you have any comments to submit regarding the agenda or other items related to the agenda, please e-mail those to lrse@cityofsachse.com.

INSTRUCTIONS FOR ACCESSING THE TELEPHONE CONFERENCE CALL:

Citizens may join the Zoom Meeting by logging on at:

<https://us02web.zoom.us/j/89862327854>

Or Telephone: 877-853-5247

Webinar ID: 898 6232 7854

A. Regular Meeting

1. Call to Order: The Bond Committee of the City of Sachse will hold a Regular Meeting on Monday, March 29, 2021 at 6:30 p.m. to consider the following items of business:
2. Invocation and Pledge of Allegiance to the U.S. and Texas Flags.
3. Receive a welcome and overview of the Bond 2021 Committee.
4. Review the charge issued to the Bond 2021 Committee by the City Council.
5. Receive nominations and elect officers to serve as the Bond 2021 Committee Chairperson, Vice Chairperson, and Second Vice Chairperson.
6. Receive a Capital Improvement Plan (CIP) presentation from Corey Nesbit, Director of Public Works and CIP.
7. Receive an overview of municipal bonds and various financing options from the City's Financial Advisor.
8. Receive an overview of the bond election process from the City's Bond Counsel.
9. Set future meeting dates.
10. Adjournment.

I, the undersigned authority, do hereby certify that this notice of meeting was posted in accordance with the regulations of the Texas Open Meetings Act and was posted on the bulletin board, an accessible location at Sachse City Hall.

Michelle Lewis Sirianni, City Secretary



Agenda Item Details

Meeting	Mar 29, 2021 - Bond Committee Meeting
Category	A. Regular Meeting
Subject	3. Receive a welcome and overview of the Bond 2021 Committee.
Access	Public
Type	Information

Public Content

BACKGROUND

Lauren Rose, Director of Strategic Services and staff liaison to the Bond 2021 Committee, will provide a welcome and an overview of the Bond 2021 process. Staff and Committee introductions will follow.

POLICY CONSIDERATIONS

There are no policy considerations affiliated with this item.

RECOMMENDATION

There are no recommendations affiliated with this item.



Agenda Item Details

Meeting	Mar 29, 2021 - Bond Committee Meeting
Category	A. Regular Meeting
Subject	4. Review the charge issued to the Bond 2021 Committee by the City Council.
Access	Public
Type	Discussion, Information

Public Content

BACKGROUND

At its March 15, 2021, regular meeting, the City Council issued the following charge to the Bond 2021 Committee:

"Make a recommendation to the City Council regarding the need and size of a bond package to submit to Sachse voters in a November 2, 2021, referendum in light of:

- The condition of residential, collector, and arterial streets citywide;
- The condition of drainage systems citywide;
- The condition of select city facilities;
- The condition of select screening walls;
- The tax rate impact of various bond package amounts; and,
- The potential for a successful election outcome."

POLICY CONSIDERATIONS

The City Council issued this charge to provide the Bond 2021 Committee with a basis for its conversation during this process. This is not an exhaustive list of projects, nor is it intended to limit the Committee in any way.

RECOMMENDATION

There is no recommendation affiliated with this item. This is just a review of the charge that was issued to the Bond 2021 Committee by the City Council.

[Bond 2021 Committee.pdf \(99 KB\)](#)

Bond 2021 Committee

March 29, 2021



Tonight's Agenda and Speakers

- Review the charge issued to the Bond 2021 Committee by the City Council
- Elect officers for the Bond 2021 Committee
- Corey Nesbit will provide an overview of the City's Capital Improvement Plan (CIP)
- Jason Hughes, the City's Financial Advisor with Hilltop Securities, will provide an overview of municipal bonds
- Chris Settle, the City's Bond Counsel with McCall Parkhurst, will provide an overview of the bond election process



Staff Team

- Leah Granger, Public Works Coordinator—Primary contact if you need materials from the meetings, need login information, or have a meeting conflict
 - B.A. in Psychology from University of Texas at Dallas
- Corey Nesbit, Director of Public Works and CIP
 - B.S. Civil Engineering from Michigan Tech, C.F.M, P.E., M.P.A from the University of Texas at Arlington
- Lauren Rose, Director of Strategic Services
 - B.A. in Political Science from Austin College; M.P.A. from Syracuse University



Committee Introductions

- Name
- How long you've lived in Sachse
- What you hope to achieve as a part of this process

Overview of the Process

- Virtual meetings, once a month
 - Meeting one: Information about the process, projects
 - Meeting two: Information about the projects (tour, greater detail)
 - Meeting three: Discussion and review of public input, and formation of a recommendation for Council
 - Meeting four (if needed): Discussion, review of public input, and formation of a recommendation for Council
- Critically important that everyone be in attendance as the initial meetings will contain a lot of information, subsequent meetings will include a lot of discussion

Overview of the Process

- Continuous public engagement ongoing in between meetings
 - Staff will provide briefings to the Bond Committee about the public input received to date
 - Dedicated email account for questions: bond2021@cityofsachse.com
 - Dedicated website: www.cityofsachse.com/Bond2021
 - Zoom Live Q&A scheduled (morning, evening, weekend) once Bond 2021 Committee meetings are set



Review of the Charge

Committee Charge

- “Make a recommendation to the City Council regarding the need and size of a bond package to submit to Sachse voters in a November 2, 2021, referendum in light of:
 - The condition of residential, collector, and arterial streets citywide;
 - The condition of drainage systems citywide;
 - The condition of select city facilities;
 - The condition of select screening walls;
 - The tax rate impact of various bond package amounts; and,
 - The potential for a successful election outcome.”





Agenda Item Details

Meeting	Mar 29, 2021 - Bond Committee Meeting
Category	A. Regular Meeting
Subject	5. Receive nominations and elect officers to serve as the Bond 2021 Committee Chairperson, Vice Chairperson, and Second Vice Chairperson.
Access	Public
Type	Action, Procedural
Preferred Date	Mar 29, 2021
Absolute Date	Mar 29, 2021
Fiscal Impact	No
Budget Source	n/a
Recommended Action	Motion to elect the following: Bond 2021 Committee Chairperson: Bond 2021 Committee Vice Chairperson: Bond 2021 Committee Second Vice Chairperson:

Public Content

BACKGROUND

The Chairperson will lead the discussions at future Bond 2021 Committee meetings. The Vice Chair and the Second Vice Chair will lead in the absence of the Chair.

POLICY CONSIDERATIONS

There are no policy considerations affiliated with this item.

RECOMMENDATION

Receive nominations and elect individuals to serve as the Bond 2021 Committee Chairperson, Bond 2021 Committee Vice Chairperson, and Bond 2021 Committee Second Vice Chairperson.



Agenda Item Details

Meeting	Mar 29, 2021 - Bond Committee Meeting
Category	A. Regular Meeting
Subject	6. Receive a Capital Improvement Plan (CIP) presentation from Corey Nesbit, Director of Public Works and CIP.
Access	Public
Type	Discussion, Information

Public Content

BACKGROUND

Corey Nesbit, Director of Public Works and CIP, will present an overview of the City's Capital Improvement Plan (CIP) process and a list of potential projects for consideration by the Bond 2021 Committee.

OVERVIEW

This presentation was provided to the City Council on several occasions, including at its most recent City Council meeting on March 15, 2021.

POLICY CONSIDERATIONS

There are no policy considerations affiliated with this item.

RECOMMENDATION

There are no recommendations affiliated with this item. This is a presentation only.

[2021 Bond CIP Update.pdf \(555 KB\)](#)

2021 Bond CIP Update

March 29, 2021



Overview

- Capital Projects
 - Capital Road Projects
 - Neighborhood streets
 - Maintenance and preservation
- Facility Projects
 - Animal Shelter
 - Public Works/Parks facility
- Screening Walls Project
- CIP Summary

Capital Projects



Capital Road Projects

- Sachse Road
 - Phase 2 – Miles Road to Merritt Road
 - Phase 3 – Merritt Road to Country Club Drive
 - Phase 4 – Country Club Drive to City limit (Includes Muddy Creek Bridge)

Capital Road Projects

- **Blackburn-Ingram Road**
 - Hilltop Trail to Dewitt Road
- **West Creek**
 - Sachse Road to Timbercreek
- **Williford Road**
 - SH 78 to Bailey (0.75 Miles)
 - Include drainage improvements recommended by Longbranch Flood Study
- **Bailey/Hooper Road**
 - SH78 to Sachse Road (1.1 Miles)

Capital Road Projects – Neighborhood Streets

- Propose that funding be allocated to do residential and collector streets
- Utilize pavement ratings (PASER) to prioritize streets and areas
- Hierarchy would have to consider additional aspects such as drainage and utilities
- Expand on alley program to repair streets and alleys

Capital Road Projects – Maintenance and Preservation

- Propose that funding be allocated for maintenance of existing streets
- Extend longevity and life of roads in good to excellent condition
- Reduce long term costs associated with remove and replacement
- Important strategy to consider as Sachse roads continue to age
- Explore additional tools for pavement management



Facility Projects



Animal Shelter and Public Works/Parks Facility



Animal Shelter Building

- Project Scope
 - Animal Shelter building with a dog park area for the public and associated parking



Animal Shelter Building

- Project Scope
 - Public Works/Parks building
 - Vehicle service building
 - Covered parking/storage
 - Enclosed storage building



Screening Walls

Screening Walls

- Some of the neighborhood walls are being neglected and not maintained
- Often there is no HOA and responsibility falls to the homeowner, who may be unable to take on significant maintenance costs
- Other walls are on private property



CIP Summary

- Like all cities, Sachse has multiple major projects that have been identified as long-term needs for the community
- Funding based on savings is not feasible for major projects
- Major focus would be towards large scale road projects
- Provide for neighborhood revitalization with screening wall replacement
- Sachse has growing facility needs related to City services:
 - Animal Shelter Facility with public dog park
 - Public Works/Parks Maintenance Facility
- Throughout the past year, staff has made recommendations for potential projects
- We will be seeking additional feedback from the Bond Committee to supplement these based on input and direction provided





Agenda Item Details

Meeting	Mar 29, 2021 - Bond Committee Meeting
Category	A. Regular Meeting
Subject	7. Receive an overview of municipal bonds and various financing options from the City's Financial Advisor.
Access	Public
Type	Discussion, Information

Public Content

BACKGROUND

Hilltop Securities serves as the City's Financial Advisor. Their role is to assist the City in implementing successful financing programs related to the City's Capital Improvement Plan. Jason Hughes will provide an overview of the bond issuance process to the Bond 2021 Committee.

POLICY CONSIDERATIONS

There are no policy considerations affiliated with this item.

RECOMMENDATION

There is no recommendation affiliated with this item. This is a presentation only.

Sachse - Overview of Municipal Bonds 3.29.21.pdf (871 KB)



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City of Sachse

March 29, 2021

Overview of Municipal Bonds

Issuance of Debt

Issuance of Bonds for Capital Projects

- Finance projects over their useful lives with a variety of repayment options
- Can finance larger projects on a more timely basis
- Helps minimize impact on property tax and/or user rates
- Future beneficiaries pay their “fair share” for public improvements/services
- Tax-exempt feature provides low cost, long-term financing
- Allows a city access to another revenue stream, the Interest & Sinking Fund tax rate
 - Outside of rollback

Alternatives to Issuing Debt

- Use cash reserves – can have credit implications, cash flow concerns
- Defer purchases/improvements – may deter growth, may cost issuer more in long run in the form of lost assessed valuation or economic development
- Pay-as-you-go
 - Budget for excess revenues over time to use for capital projects/improvements
 - May be difficult for large projects due to inability to have funds on hand to enter into construction project
 - Does not allow you to leverage cash flow
 - Puts majority of cost on current user, not future user
 - City may consider a reimbursement resolution; allows for City to reimburse cash spent on project through the issuance of debt

Issuance of Bonds – When, What For and How Much

- **When?**
 - Typically when funds are needed
 - Not uncommon to issue earlier if interest rates warrant

- **What For?**
 - For a municipality, typically for public purposes
 - Useful life of greater than 1 year

- **How Much?**
 - Cost of the project(s)
 - Legal constraint
 - Voter constraint

- Debt component is only one factor of the rating process

Considerations When Issuing Debt

- Debt Structure and Timing
 - Planning for the future
 - Does the term match the asset life?
 - Deferral of principal
 - Call feature
 - Ability to achieve the lowest true interest cost while maintaining future flexibility
- Credit Ratings
- Disclosure
 - Timing
 - Materiality
 - Consistency and accuracy

Types of Bonds

General Obligation Bonds “GOs”

- Requires bond election for authorization
- Issued for any public purpose
 - Real Property
 - Personal Property
 - Legal Judgment
 - Land Acquisition
- Legal limit of 40 years; however, City typically finances debt over 25 years or less
- Secured in Texas by issuer’s ad valorem taxing power
 - Viewed as City’s most secure obligation
 - Home Rule City - up to \$2.50 tax (\$1.50 I&S) as determined by City Charter
- Attracts lowest interest rate
- I&S tax rate to pay back debt service is not subject to rollback

Certificates of Obligation “COs”

- Requires no voter authorization
 - A petition signed by 5% of the registered voters can force an election
- Notice of Intent to Issue is required
 - Includes 1) general list of projects, 2) not-to-exceed par amount and 3) Council meeting date of sale
 - 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
- When secured by an ad valorem tax and a revenue pledge, they can be issued for the same lawful purposes as GOs
- Sell at interest rates similar to GO bonds
- I&S tax rate to pay debt service is not subject to rollback

Tax Notes

- Require authorization by ordinance and have a maximum maturity of seven years
- Secured by the following sources:
 - Pledge of anticipated ad valorem taxes or revenues
 - Proceeds from bonds previously authorized but not yet issued
 - Current revenue sources
- Issued to finance the following:
 - May be used for any public purpose, just like GO bonds
 - Pay contractual obligations incurred for professional services
 - Fund cash flow short fall (must be repaid following year)
- Sell at interest rates similar to GOs
- I&S tax rate to pay debt service is not subject to rollback

Summary of Debt Options

	General Obligation Bonds	Certificates of Obligation	Tax Notes
Public Approval	Bond Election; Council Approval of Sale	Council Approval of Notice of Intent; Council Approval of Sale	Council Approval of Sale
Security/Pledge	Taxes Only	Taxes and Revenues	Taxes and/or Revenues
Other Considerations	If the Election fails, how does the City Address Needs?	Subject to Petition by 5% of Registered Voters	Maximum Maturity of 7 Years
Ratings	Highest Rated Credit for a City Based on Ad Valorem Tax Pledge		

Professionals Involved in the Debt Issuance Process

Summary of Professionals

	Financial Advisor	Bond Counsel	Underwriter	Texas Attorney General
Responsibilities	Advises the City on all financial matters related to capital improvement program and bond issuance	Opines on legal matters related to bond issuance	Firm(s) tasked with marketing and selling the City's bonds	Reviews public bond sales in Texas
	Structure overall finance plan to maximize marketability and minimize borrowing cost	Ensure City is in compliance with State law and Federal tax law	May acquire the securities by either competitive or negotiated sale	Review period is approximately 30 days
	Fiduciary responsibility to the City	Drafting of legal documents; shepherd bond transactions through the AG's office	Fiduciary responsibility is to bond investors, not the City	Once AG has approved the issuance, it is incontestable

Credit Rating Agencies

- Primary Rating Criteria for Tax-Backed Bonds
 - General Economy
 - Finances
 - Management
 - Debt and Contingent Liabilities
 - Institutional Framework
- Moody's and Standard & Poor's assign their credit rating via a scorecard approach

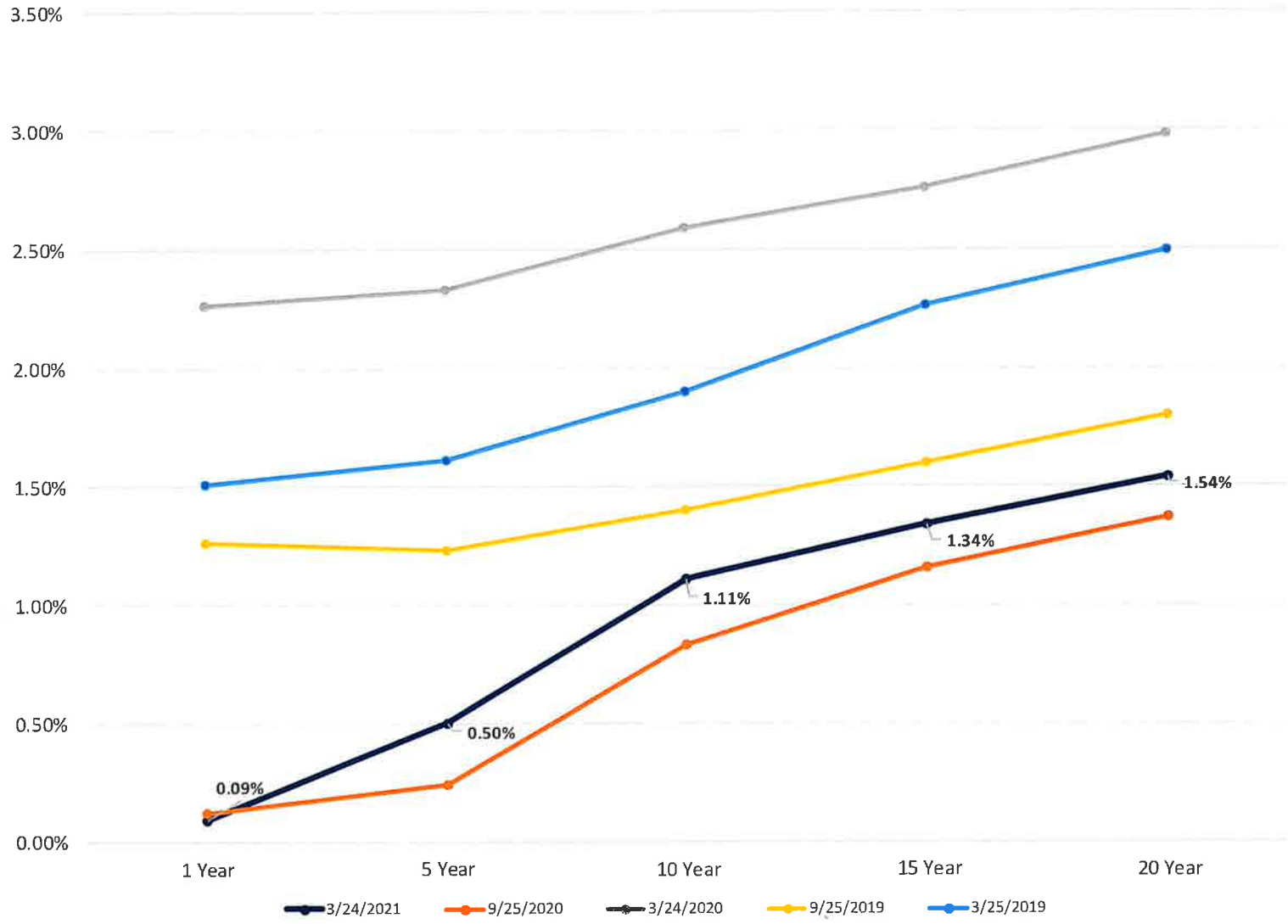
	Moody's Investors Service	Standard & Poor's Rating Service
Highest	Aaa	AAA
	Aa1	AA+
	Aa2	AA
	Aa3	AA-
	A1	A+
	A2	A
	A3	A-
	Baa1	BBB+
	Baa2	BBB
Lowest	Baa3	BBB-

Debt Position and Market Environment

Summary of Debt Position

FYE	TOTAL DEBT			TOTAL WATER/SEWER DEBT			I&S-Backed Debt Service
	Principal	Interest	Total	Principal	Interest	Total	Total
2021	\$ 4,020,000	\$ 1,684,030	\$ 5,704,030	\$ 365,000	\$ 405,763	\$ 770,763	\$ 4,933,268
2022	3,210,000	1,617,731	4,827,731	380,000	393,413	773,413	4,054,319
2023	2,880,000	1,536,621	4,416,621	405,000	379,013	784,013	3,632,609
2024	2,785,000	1,446,857	4,231,857	415,000	362,613	777,613	3,454,245
2025	2,870,000	1,356,325	4,226,325	435,000	345,613	780,613	3,445,713
2026	2,805,000	1,263,575	4,068,575	450,000	327,913	777,913	3,290,663
2027	2,910,000	1,158,900	4,068,900	470,000	309,513	779,513	3,289,388
2028	3,035,000	1,040,000	4,075,000	490,000	290,313	780,313	3,294,688
2029	2,725,000	924,800	3,649,800	510,000	270,313	780,313	2,869,488
2030	2,840,000	813,500	3,653,500	535,000	249,413	784,413	2,869,088
2031	2,955,000	700,350	3,655,350	550,000	230,463	780,463	2,874,888
2032	3,340,000	582,325	3,922,325	570,000	213,663	783,663	3,138,663
2033	3,450,000	467,700	3,917,700	585,000	196,338	781,338	3,136,363
2034	3,560,000	361,350	3,921,350	605,000	178,488	783,488	3,137,863
2035	1,115,000	291,225	1,406,225	620,000	160,113	780,113	626,113
2036	1,150,000	257,250	1,407,250	640,000	141,213	781,213	626,038
2037	1,180,000	221,972	1,401,972	655,000	121,788	776,788	625,184
2038	1,225,000	185,228	1,410,228	680,000	101,763	781,763	628,466
2039	1,260,000	146,825	1,406,825	700,000	80,625	780,625	626,200
2040	1,300,000	106,825	1,406,825	720,000	58,438	778,438	628,387
2041	1,340,000	65,203	1,405,203	745,000	35,547	780,547	624,656
2042	1,380,000	21,947	1,401,947	765,000	11,953	776,953	624,994
	<u>\$ 53,335,000</u>	<u>\$ 16,250,540</u>	<u>\$ 69,585,540</u>	<u>\$ 12,290,000</u>	<u>\$ 4,864,263</u>	<u>\$ 17,154,263</u>	<u>\$ 52,431,277</u>

Summary of MMD / Interest Rate Environment





Agenda Item Details

Meeting	Mar 29, 2021 - Bond Committee Meeting
Category	A. Regular Meeting
Subject	8. Receive an overview of the bond election process from the City's Bond Counsel.
Access	Public
Type	Discussion, Information

Public Content

BACKGROUND

McCall, Parkhurst, & Horton LLP serves as the City's bond counsel. Their role is to advise the City on legal matters related to bond issuance. Chris Settle, the City's Bond Counsel, will provide an overview of this process to the Bond 2021 Committee.

POLICY CONSIDERATIONS

There are no policy considerations affiliated with this item.

RECOMMENDATION

There is no recommendation affiliated with this item. This is a presentation only.

[Sachse May Bond Election Presentation.pdf \(349 KB\)](#)

Bond Election Process, Laws & Ethics



Role of Bond Counsel in Bond Election Process

- Prepare election documents, including the ordinance calling the election, legal notices, various affidavits and canvass documents
- Advise the City as to ethics rules applicable to City officials and employees
 - No advocacy for or against election while acting in official capacity
 - No use of City funds or resources for advocacy purposes
 - Factual information only
- Assist the City in ensuring election is conducted in accordance with Texas law
 - Timeliness of ordinance calling election and ordinance canvassing election returns
 - Publication of notice of election
 - Posting of notice of election
- Election contest period
 - If no election contest is filed within 30 days of the date the election is canvassed, election becomes incontestable

Section 255.003 of the Texas Election Code

Provides as follows:

- An officer or employee of a political subdivision may not spend or authorize the spending of public funds for **political advertising**.
- This section does not apply to a communication that factually describes the purposes of a measure if the communication does not advocate passage or defeat of the measure.
- A person who violates this section commits an offense. An offense under this section is a **Class A Misdemeanor**.

Political Advertising Defined



Political Advertising is a communication that **advocates a particular outcome** in an election and includes statements made in writing or orally:

- in a newspaper, magazine or other periodical;
- broadcast by radio or television;
- in a pamphlet, circular, flyer, billboard or other sign, bumper sticker or similar form of written communication;
- emails, posters and newsletters; or
- on an Internet website.

Advocacy Defined



Most employees and officers violate the ethics laws by engaging in communication that is considered **advocacy**.

Asking for support or rejection of a bond election is advocacy and using statements such as "Vote For X" and "Defeat Y" is also advocacy.

Section 255.003 of the Texas Election Code



- In addition, an officer or employee of a political subdivision may not spend or authorize the spending of public funds for a communication describing a measure if the communication contains information that:
 - the officer or employee knows is false; and
 - is sufficiently substantial and important as to be reasonably likely to influence a voter for or against the measure.

So what does this mean?



An employee or officer who uses any funds or resources of the City to engage in political advertising is in violation of the Texas Election Code.

- City resources include use of the telephone, computers, copiers, facilities, etc.
- The City may not purchase or authorize the purchase of new materials OR use EXISTING materials for use in creating or distributing political advertising.
- Also, it is not permissible to use the paid time of City employees to create or distribute political advertising. For example, staff may not copy, staple or distribute political advertising on work time.

What is the role of the City?



- The City is required to provide **factual** information.
- It is permissible to use City resources to produce explanatory material about what is at stake in a bond election.
 - Proposed projects & costs
 - Current capacity
 - Voting times & locations
 - Age/Condition of facility, streets, etc.
 - Growth rates
 - Tax rate impact

The Good News



**ALTHOUGH YOU MAY NOT USE CITY RESOURCES FOR
POLITICAL ADVERTISING, EMPLOYEES AND OFFICERS
ARE FREE TO CAMPAIGN FOR OR AGAINST A
PROPOSITION ON THEIR OWN TIME AND WITH THEIR
OWN RESOURCES.**

Real World Examples



- Can a city council member authorize the spending of city funds to create a brochure urging support of the bond? **No**
- Can a city council member urge citizens to support the bond at a Kiwanis Club meeting using his or her own time and resources? **Yes**
- Can a city council member use a city copy machine to copy a “Vote Yes” flyer? **No**
- Can a city council member write a Letter to the Editor urging support for the bond using his or her own time and resources? **Yes**

Real World Examples



- Can a city council member use the city credit card to pay for yard signs to promote the bond? **No**
- Can a city council member personally contribute funds to a Political Action Committee to print yard signs advocating for the passage of the bond? **Yes**
- Can a city council member use the PA system at a city park urging visitors to support the bond? **No**
- Can a city council member ask members of his or her church to support the bond using their own time and resources? **Yes**