



**Monday, March 16, 2020  
Regular Combined City Council Meeting**

**Council Chambers  
3815 Sachse Road, Building B  
6:30 p.m.**

**The City of Sachse reserves the right to reconvene, recess or realign the workshop meeting, regular meeting, called Executive Session or order of business at any time prior to adjournment.**

**As authorized by Section 551.071(2) of the Texas Government Code, these meetings may be convened into closed Executive Session at any time during the City Council workshop or regular meeting for the purpose of seeking confidential legal advice from the City Attorney on any workshop or regular meeting agenda item listed herein.**

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**A. 6:30 PM WORKSHOP MEETING**

1. Call to Order: The City Council of the City of Sachse will hold a Workshop Meeting on Monday, March 16, 2020 at 6:30 p.m. in the Council Chambers at Sachse City Hall, 3815 Sachse Road, Building B, Sachse, Texas to consider the following items of business:
2. The City Council will convene into Executive Session pursuant to the Texas Government Code, Section §551.087(1) Economic Development Negotiations: to deliberate regarding a business prospect that the City desires to have locate in the City: Project Dig.
3. Discussion of City Council meeting agenda items.
4. Adjournment.

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**B. 7:30 PM REGULAR MEETING**

1. Call to Order: The City Council of the City of Sachse will hold a Regular Meeting on Monday, March 16, 2020 at 7:30 p.m. in the Council Chambers at Sachse City Hall, 3815 Sachse Road, Building B, Sachse, Texas to consider the following items of business:
2. Invocation and Pledges of Allegiance.

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**C. Special Announcements**

1. Mayor and City Council announcements regarding special events, current activities, and local achievements.

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**D. Citizen Input**

1. Citizen Input: The public is invited at this time to address the Council. Please come to the microphone and state your name and address for the record. If your remarks pertain to a specific agenda item, please hold them until that item, at which time the Mayor may solicit your comments. Time limit is 3 minutes per speaker. The City Council is prohibited by state law from discussing any item not posted on the agenda according to the Texas Open Meetings Act, but may take them under advisement. Issues raised may be referred to City Staff for research and possible future action.

**E. Consent Agenda - All items listed on the consent agenda will be considered by the City Council and will be enacted on by one motion. There will be no separate discussion of these items unless a Councilmember or citizen so requests.**

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1. Approve the minutes of the March 2, 2020, combined meeting.

2. Approve the Consent Agenda Items as presented.

#### **F. Regular Agenda Items**

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1. Take any action as a result of Executive Session (Workshop).
2. Receive a presentation and discuss the Texas Coalition for Affordable Power (TCAP) Strategic Hedging Program.
3. Receive a Municipal Debt 101 presentation from Jason Hughes, the City's Financial Advisor.
4. Make appointments to the Bond 2020 Committee.

#### **G. Executive Session**

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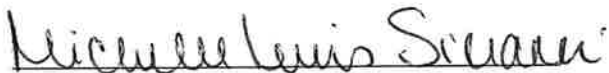
1. The City Council will convene into Executive Session pursuant to the Texas Government Code, Section §551.071(2) to consult with legal counsel on matters in which the duty of the attorney to the governmental body under the Texas Disciplinary Rules of Professional Conduct of the State Bar of Texas clearly conflicts with Chapter 551 of the Government Code; wholesale water rates imposed by North Texas Municipal Water District (NTMWD) paid by Sachse as a customer city.
2. Take any action as a result of Executive Session.

#### **H. Regular Meeting Closing**

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1. 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

Accommodation requests for persons with disabilities should be made at least 48 hours prior to the meeting by contacting Lauren Rose, ADA Coordinator, via phone at 972.429.4770, via email at lrose@cityofsachse.com, or by appointment at 3815 Sachse Road, Building B, Sachse, Texas 75048.

**Agenda Item Details**

|          |                                                                                                                                                                                                                                                                  |
|----------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Meeting  | Mar 16, 2020 - Regular Combined City Council Meeting                                                                                                                                                                                                             |
| Category | A. 6:30 PM WORKSHOP MEETING                                                                                                                                                                                                                                      |
| Subject  | 2. The City Council will convene into Executive Session pursuant to the Texas Government Code, Section §551.087(1) Economic Development Negotiations: to deliberate regarding a business prospect that the City desires to have locate in the City: Project Dig. |
| Access   | Public                                                                                                                                                                                                                                                           |
| Type     | Closed Session                                                                                                                                                                                                                                                   |

**Public Content****RECOMMENDATION**

Conduct Executive Session as appropriate.

**Agenda Item Details**

|                    |                                                                                                                                                                                                                                            |
|--------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Meeting            | Mar 16, 2020 - Regular Combined City Council Meeting                                                                                                                                                                                       |
| Category           | E. Consent Agenda - All items listed on the consent agenda will be considered by the City Council and will be enacted on by one motion. There will be no separate discussion of these items unless a Councilmember or citizen so requests. |
| Subject            | 1. Approve the minutes of the March 2, 2020, combined meeting.                                                                                                                                                                             |
| Access             | Public                                                                                                                                                                                                                                     |
| Type               | Action (Consent), Minutes                                                                                                                                                                                                                  |
| Recommended Action | Approve minutes as presented.                                                                                                                                                                                                              |
| Minutes            | View Minutes for Mar 2, 2020 - Regular Combined City Council Meeting                                                                                                                                                                       |

**Public Content****BACKGROUND**

Minutes of the March 2, 2020, combined meeting.

**POLICY CONSIDERATIONS**

There are no policy considerations affiliated with this item.

**RECOMMENDATION**

Approve the minutes of the March 2, 2020, combined meeting.

03.02.20 Combined Meeting Minutes.pdf (47 KB)

*All items listed on the consent agenda will be considered by the City Council and will be enacted on by one motion. There will be no separate discussion of these items unless a Councilmember or citizen so requests.*

**CITY COUNCIL OF THE CITY OF SACHSE**  
**MEETING MINUTES**  
**MARCH 2, 2020**

The City Council of the City of Sachse held a regular meeting on Monday, March 2, 2020, at 6:30 p.m. at Sachse City Hall, 3815 Sachse Road, Building B, Sachse, Texas. Those present were Mayor Mike Felix, Mayor Pro Tem Michelle Howarth, Councilmembers Brett Franks, Paul Watkins, Chance Lindsey, Cullen King, and Jeff Bickerstaff; City Manager, Gina Nash; City Secretary, Michelle Lewis Sirianni; Strategic Services Manager, Lauren Rose; Finance Director, Teresa Savage; Finance Manager, Berna Fitzpatrick-Walker; IT Manager, Danny Wheeler; Parks and Recreation Director, Lance Whitworth; Public Works and CIP Director, Corey Nesbit; Development Services Director, Matt Robinson; Human Resources Director, Melinda Walter; Fire Chief, Marty Wade; and Police Chief, Bryan Sylvester.

Mayor Felix opened the workshop meeting at 6:30 p.m.

**EXECUTIVE SESSION:**

The City Council shall convene into Executive Session pursuant to the Texas Government Code, Section §551.074 Personnel: Regarding the mid-year review of the City Secretary.

The City Council will convene into Executive Session pursuant to the Texas Government Code, Section §551.087(1) Economic Development Negotiations: to deliberate regarding a business prospect that the City desires to have locate in the City: Project Dig.

At 6:30 p.m., the City Council recessed into Executive Session.

At 7:25 p.m., the City Council reconvened back into the workshop session.

**ADJOURNMENT:**

Mayor Felix adjourned the workshop at 7:26 p.m.

Mayor Felix opened the regular meeting at 7:35 p.m.

**INVOCATION AND PLEDGE OF ALLEGIANCE TO U.S. AND STATE FLAGS:**  
Councilman King offered the invocation and Councilman Watkins led the pledges.

**MAYOR AND CITY COUNCIL ANNOUNCEMENTS REGARDING SPECIAL EVENTS:**

Councilman King recognized the Eagle Scout responsible for building the outdoor cat shelter at the Animal Shelter and reminded everyone to consider adopting a pet. He also stated that the Garland Independent School District (GISD) is seeking mentors to be a part of its mentoring program.

Councilman Franks highlighted the success of the Daddy/Daughter Dance that was recently held for the first time at the Michael J. Felix Community Center.

Mayor Pro Tem Howarth announced upcoming Library events.

Councilman Bickerstaff noted that he is a part of the GISD mentoring program and stressed the value and importance in being part of the program. He encouraged citizens to participate if they can.

Mayor Felix thanked the Parks and Recreation Department for their hard work and success of the Daddy/Daughter Dance.

### **CITIZENS INPUT:**

No comments were made.

**CONSENT AGENDA:** All items listed on the Consent Agenda are considered routine and will be acted on by one motion, with no separate discussion of these items unless a City Councilmember or citizen so requests.

- 1. Approve the minutes of the February 17, 2020, combined meeting.**
- 2. Accept the Quarterly Budget and Investment Reports for the quarter ended December 31, 2019.**
- 3. Accept the monthly revenue and expenditure report for the period ending January 31, 2020.**

Councilman King made a motion to approve the consent agenda items as presented. Councilman Bickerstaff seconded that motion and the motion was unanimously approved.

### **REGULAR AGENDA ITEMS:**

**Consider and act on parkland conveyance and development agreements between PMB Acquisitions, LLC and the City of Sachse and, Meritage Homes of Texas, LLC and the City of Sachse.**

Mr. Robinson stated as a part of the Ranch Road Rezoning (PD-37) that was approved in May 2019, the development was required to dedicate a minimum of four acres of land for a public park, construct 50 parking spaces, and extend utility stub outs for future parkland. The proposed development agreements set forth the park improvements on the western and eastern sides of the development, and allows for the acceptance of parkland dedication outside the typical final plat acceptance process. Staff is recommending approval.

Councilman Bickerstaff made a motion to approve the development agreements between PMB Acquisitions, LLC and the City of Sachse and, Meritage Homes of Texas, LLC and the City of Sachse as presented. Councilman King seconded that motion and the motion was unanimously approved.

**Review and discuss the potential Bond 2020 projects and public engagement plan.**

Mrs. Nash, City Manager, introduced this item with a recap of the Capital Improvement Projects (CIP) presentation history.

Mr. Nesbit, Director of Public Works and CIP, outlined the CIP presentations regarding streets, utilities, drainage, facilities, and screening walls along with the estimated totals in each category.

Mrs. Nash reviewed characteristics of a bond committee and meeting schedule timeline. Mrs. Nash noted the committee would make its recommendation to Council in August and the City Council would call for the election if they decided to move forward.

Mrs. Rose, Strategic Services Manager, outlined the public engagement plan including the methods of communication they would be using to keep residents informed.

Mrs. Nash stated staff is seeking feedback on the public engagement plan and outlined next steps regarding the process of a potential bond election.

Mayor Felix opened comments to the public.

Glenn Shipley, 3922 6<sup>th</sup> Street, asked if they would be considering sidewalks or the infrastructure within Salmon Estates. He is in support of a bond election

Matthew Holboke, 5511 Oakridge Circle, asked to see the ranking of the projects.

Councilman Bickerstaff asked if the bond counsel would be presenting an overview to the committee. Mrs. Nash confirmed that Mr. Hughes would be providing an overview of debt and bond related items to the committee.

Councilman Franks commented that he would like to see the committee prioritize the list of projects.

Councilman King asked if the committee meetings would be open to the public. Mrs. Nash responded all meetings will be open to for the public to attend.

Councilman Watkins stated he would like to see a short-term plan for some of the projects on the list that have a more immediate need.

Mayor Felix indicated that he would like to receive direction from the committee on projects to be included.

No further comments were made.

**EXECUTIVE SESSION:**

No action taken.

**ADJOURNMENT:**

Mayor Felix adjourned the meeting at 8:20 p.m.

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MIKE J. FELIX, MAYOR

ATTEST:

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Michelle Lewis Sirianni, City Secretary

**Agenda Item Details**

|          |                                                                                                                    |
|----------|--------------------------------------------------------------------------------------------------------------------|
| Meeting  | Mar 16, 2020 - Regular Combined City Council Meeting                                                               |
| Category | F. Regular Agenda Items                                                                                            |
| Subject  | 2. Receive a presentation and discuss the Texas Coalition for Affordable Power (TCAP) Strategic Hedging Program.   |
| Access   | Public                                                                                                             |
| Type     | Discussion, Information                                                                                            |
| Goals    | Be a model of financial stewardship through growth management, responsible investment, and financial transparency. |

**Public Content****BACKGROUND**

The City's current contract for the purchase of electrical power for the City's needs was executed in the spring of 2016 covering the period January 1, 2018-December 31, 2022. The price for the four-year term is 3.684 cents per kwh. Sachse joined the Texas Coalition for Affordable Power (TCAP) in 2006. The TCAP Board consists of representatives from member cities with a focus on competitive but stable pricing for government entities.

**OVERVIEW**

The current outlook for energy supplies is positive and indicates overall stable pricing. TCAP is proposing a change to its process of procuring power for participating entities. The current practice of multi-year power contracts results in prices that include a risk premium. The proposed method of more frequent procurements for the shorter term should result in overall lower power costs, while still providing pricing in advance of each fiscal year's budgeting process. Margaret Somereve, Executive Director of TCAP, will present more detailed information on the new procurement process.

**RECOMMENDATION**

Discuss and provide feedback regarding TCAP Strategic Hedging Program.

**Agenda Item Details**

|          |                                                                                                                    |
|----------|--------------------------------------------------------------------------------------------------------------------|
| Meeting  | Mar 16, 2020 - Regular Combined City Council Meeting                                                               |
| Category | F. Regular Agenda Items                                                                                            |
| Subject  | 3. Receive a Municipal Debt 101 presentation from Jason Hughes, the City's Financial Advisor.                      |
| Access   | Public                                                                                                             |
| Type     | Discussion, Information                                                                                            |
| Goals    | Be a model of financial stewardship through growth management, responsible investment, and financial transparency. |

**Public Content****BACKGROUND**

The City Council has received multiple presentations on the City's Capital Improvement Program and the outstanding major infrastructure needs. Because of the significant costs associated with the procurement of the items related to these projects, municipalities across the country utilize debt and a "pay as you go" model to be able to provide residents with the solutions to the infrastructure needs in an affordable manner. Jason Hughes, the City's Financial Advisor with Hilltop Securities, will provide an overview of how cities utilize debt to provide for the infrastructure needs of its residents.

**POLICY CONSIDERATIONS**

Jason will address the ways in which municipalities utilize debt for major capital items.

**RECOMMENDATION**

Receive a Municipal Debt 101 presentation from Jason Hughes, the City's Financial Advisor.

Sachse Bonds 101 Presentation.pdf (167 KB)



**Jason Hughes**

**Managing Director**

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City of Sachse

March 16, 2020

## Overview of Municipal Bonds

# Issuance of Debt

## Issuance of Bonds for Capital Projects

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- 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

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- 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

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- 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

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- 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”

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- Requires bond election for authorization
- Issued for any public purpose
  - Real Property
  - Personal Property
  - Legal Judgment
  - Land Acquisition
- Legal limit of 40 years
- Attracts lowest interest rate
- I&S tax rate to pay back debt service is not subject to rollback

## Certificates of Obligation “COs”

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- 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

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- 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/or 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 |

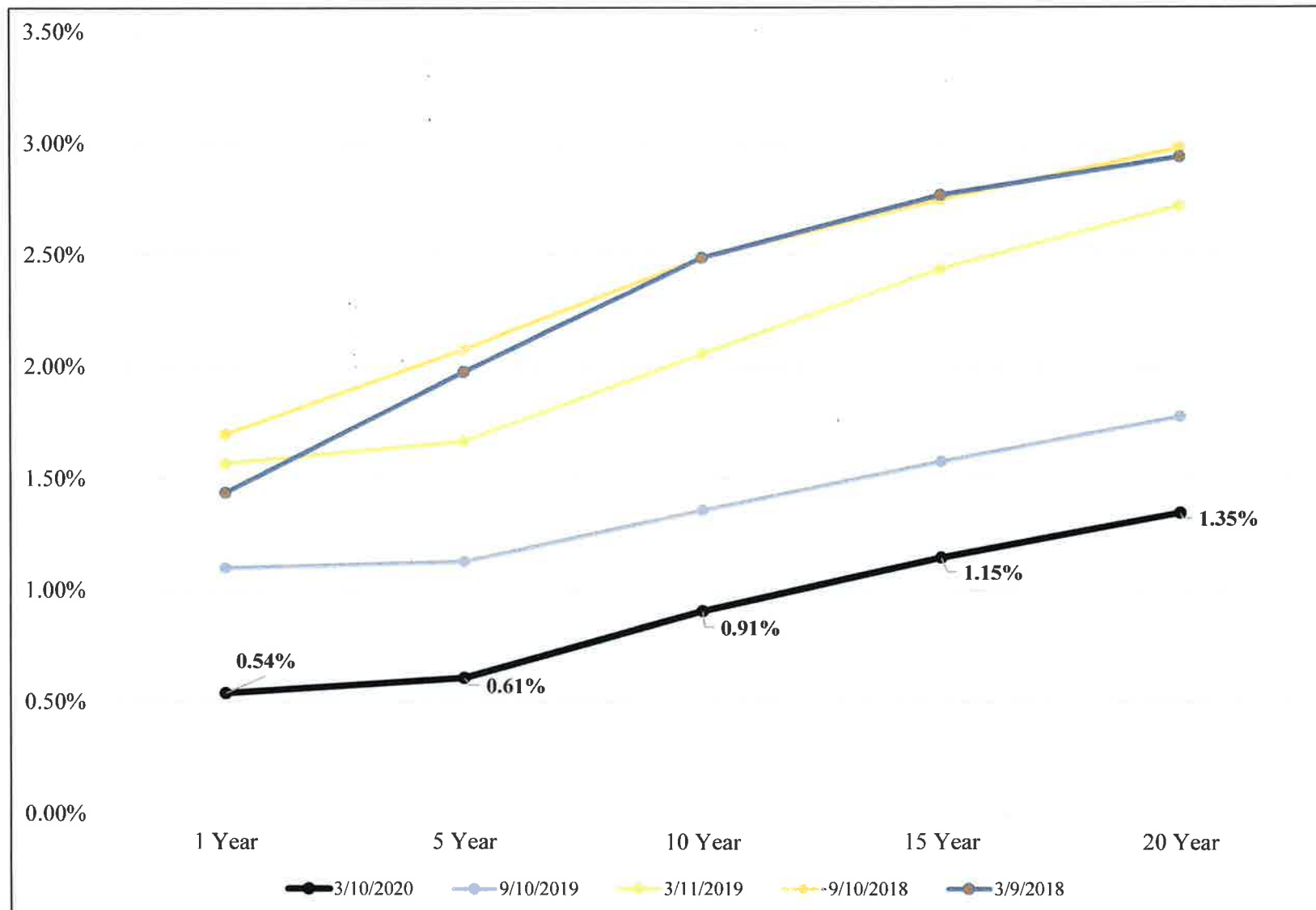
## Credit Rating Agencies

- 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<br>Investors<br>Service | Standard<br>& Poor's<br>Rating Service |
|---------|---------------------------------|----------------------------------------|
| Highest | Aaa                             | AAA                                    |
|         | Aa1                             | AA+                                    |
|         | <b>Aa2</b>                      | <b>AA</b>                              |
|         | Aa3                             | AA-                                    |
|         | A1                              | A+                                     |
|         | A2                              | A                                      |
|         | A3                              | A-                                     |
|         | Baa1                            | BBB+                                   |
|         | Baa2                            | BBB                                    |
| Lowest  | Baa3                            | BBB-                                   |

## Debt Position and Market Environment

## Summary of MMD / Interest Rate Environment



**Agenda Item Details**

|                    |                                                                                                                    |
|--------------------|--------------------------------------------------------------------------------------------------------------------|
| Meeting            | Mar 16, 2020 - Regular Combined City Council Meeting                                                               |
| Category           | F. Regular Agenda Items                                                                                            |
| Subject            | 4. Make appointments to the Bond 2020 Committee.                                                                   |
| Access             | Public                                                                                                             |
| Type               | Action, Discussion                                                                                                 |
| Preferred Date     | Mar 16, 2020                                                                                                       |
| Absolute Date      | Mar 16, 2020                                                                                                       |
| Recommended Action | Make appointments to the Bond 2020 Committee.                                                                      |
| Goals              | Be a model of financial stewardship through growth management, responsible investment, and financial transparency. |

**Public Content****BACKGROUND**

At its March 2, 2020, regular City Council meeting, the City Council received an update on the forthcoming Bond 2020 process, including the committee and the public engagement plan. At that meeting, councilmembers were provided details about the process and asked to consider those details when selecting an appointment to serve on the Bond 2020 Committee.

**OVERVIEW**

Each councilmember and the Mayor are to select one Sachse resident each to serve on the Bond 2020 Committee.

**POLICY CONSIDERATIONS**

The Bond 2020 Committee will be charged with evaluating whether to pursue a general obligation bond election in November 2020.

**RECOMMENDATION**

Make appointments to the Bond 2020 Committee.

**Agenda Item Details**

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|----------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Meeting  | Mar 16, 2020 - Regular Combined City Council Meeting                                                                                                                                                                                                                                                                                                                                                                                                                                    |
| Category | G. Executive Session                                                                                                                                                                                                                                                                                                                                                                                                                                                                    |
| Subject  | 1. The City Council will convene into Executive Session pursuant to the Texas Government Code, Section §551.071(2) to consult with legal counsel on matters in which the duty of the attorney to the governmental body under the Texas Disciplinary Rules of Professional Conduct of the State Bar of Texas clearly conflicts with Chapter 551 of the Government Code; wholesale water rates imposed by North Texas Municipal Water District (NTMWD) paid by Sachse as a customer city. |
| Access   | Public                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  |
| Type     | Closed Session                                                                                                                                                                                                                                                                                                                                                                                                                                                                          |

**Public Content**