



Agenda Item Report

Legislative Board: City Council
Date: September 17, 2024
Contact: Bianca Redmon
Agenda Item ID / Number: 2024-777- / 1.6

ITEM TITLE: Deliberation and possible action to consider an Ordinance on first and final reading and to adopt said Ordinance to authorize the issuance of City of Buda, Texas Combination Tax and Limited Revenue Certificates of Obligation, Series 2024; levying an ad valorem tax and pledging certain revenues in support of the certificates; approving an official statement, a paying agent/registrar agreement, and other related documents; awarding the sale of the certificates and authorizing other matters relating to the certificates (Finance Director Bianca Redmon, Jennifer Ritter of Specialized Public Finance, and Richard Donoghue of MPH Legal) [PUBLIC TESTIMONY]

1. EXECUTIVE SUMMARY

The City of Buda is proposing the issuance of \$12.4 million in Certificates of Obligation (COs) to fund critical projects as part of its 2024 Capital Improvement Plan (CIP). These COs will support the expansion of the Public Works and Parks facility, as well as significant improvements to the city's Sports Complex.

2. BACKGROUND/HISTORY

Notice of Intent:

On July 16, 2024, the City Council adopted a resolution authorizing the publication of notice of intent to issue CO's. This notice was published in the Hays Free Press on July 24, 2024, and July 31, 2024, and posted on the city's website, in compliance with legal requirements.

Project Highlights:

- **Public Works & Parks Facility Expansion (CIP F01):** This Phase I project includes an addition of approximately 6,000 sf to the existing Public Works building providing additional office space and renovation of the existing space for covered storage. Additionally, approximately 8,000 square feet of canopies for equipment storage, screened fencing, paving, and other amenities would improve the aesthetics of the site which is adjacent to City Park and Garison Park.
- **Sports Complex Improvements (CIP P04):** Enhancements to the Sports Complex are set to include extra parking and roughly 1000 feet of sidewalks leading to the softball fields, along with the construction of a concession stand complete with restrooms for both the softball and soccer complexes. Additional improvements encompass a maintenance shed, expanded parking facilities, perimeter fencing around the softball fields, the addition of two more softball fields, spectator stands and benches at both complexes, batters' eyes for softball, scoreboards, shade structures, comprehensive irrigation system repairs and upgrades, sod replacement for the softball areas, and the installation of batting cages.

Credit Rating:

The City had a ratings call with S&P Global ratings on August 26, 2024. S&P Global Ratings has affirmed the City's existing AA rating for the Series 2024 COs, reflecting Buda's strong financial

management, growing economy, and stable reserves.

3. ANALYSIS

The City of Buda has been assigned an AA credit rating by S&P Global Ratings for its Series 2024 Certificates of Obligation (COs). The AA rating provides the City of Buda with access to favorable interest rates in the bond market, ultimately reducing the cost of borrowing for the Series 2024 CO's. This rating also reflects investor confidence in the city's ability to meet its long-term financial obligations, reinforcing Buda's reputation for strong fiscal stewardship.

4. FINANCIAL IMPACT

Although the obligation bonds are secured by and payable from ad valorem taxes, a portion of the debt service will be paid using water and wastewater revenues. Funding for both projects is shown below:

- Public Works and Parks Facility Expansion - \$7,250,000
 - General CIP Fund - \$2,416,667
 - Water Fund - \$2,416,667
 - Wastewater Fund - \$2,416,666
- Sports Complex Improvements - \$5,150,000
 - Parks Capital Fund - \$5,150,000

5. STRATEGIC PLAN/GOALS

EXCEPTIONAL CITY SERVICES WITH A LOW TAX RATE

6. STRATEGIC PLAN OBJECTIVES

Deliver City services in a cost-effective and efficient manner; Fun Experiences for All - Outdoor Capitol of Texas

7. PROS AND CONS

Pro: Immediate access to capital for critical projects
Con: Increased long-term debt obligations

8. ALTERNATIVES

Council can choose to not issue bonds.

9. REQUESTED ACTION / SUGGESTED MOTION / RECOMMENDATION

Approval of this Ordinance will finalize the bond pricing and award the sale. Because the pricing will not occur until September 17th, the pricing and results of the sale will be presented to City Council during the meeting.

Attachments:

[CO 2024 Overview.pdf](#)
[Draft 2024 CO Ordinance](#)
[Project Allocation_CO 2024.pdf](#)
[2024 CO Proposed Timeline.pdf](#)
[Standard & Poors Rating Report.pdf](#)