

MINUTES OF THE SPECIAL WORK SESSION MEETING OF THE CITY COUNCIL OF THE CITY OF JERSEY VILLAGE, TEXAS, HELD ON SEPTEMBER 20, 2021 AT 6:00 P.M. AT THE CITY OF JERSEY VILLAGE CIVIC CENTER MEETING ROOM, 16327 LAKEVIEW DRIVE, JERSEY VILLAGE, TEXAS.

A. The meeting was called to order by Mayor Warren at 6:00 p.m. with the following present:

Mayor, Bobby Warren
Council Member, Drew Wasson
Council Member, Sheri Sheppard
Council Member, Michelle Mitcham
Council Member, James Singleton
Council Member, Gary Wubbenhorst

City Manager, Austin Bless
City Secretary, Lorri Coody
Financial Advisor, John Robuck

Staff in attendance: Matt Jones with the Parks and Recreation Department; and Isabel Kato, Director of Finance.

Bond Attorney, Marcus Deitz, was not present when the meeting was called to order but joined the meeting in progress at 6:28 p.m. via teleconference.

B. CITIZENS' COMMENTS: Citizens who have signed a card and wish to speak to the City Council will be heard at this time. In compliance with the Texas Open Meetings Act, unless the subject matter of the comment is on the agenda, the City staff and City Council Members are prevented from discussing the subject and may respond only with statements of factual information or existing policy. Citizens are limited to five (5) minutes for their comments to the City Council.

There were no Citizens' Comments.

C. Meet with the City's Bond Counsel to discuss the City's current bonds and future bonding opportunities.

Austin Bless, City Manager introduced the item. He told City Council that this item is called to discuss the City's current bonds and future bond opportunities. He introduced the City's Financial Advisor, John Robuck; and told the Council that the City's Bond Attorney, Marcus Deitz would be joining the meeting via teleconference to explain the legal aspect of the bonding process and answer Council questions.

Mr. Robuck addressed the Council with a presentation titled Current Debt and Portfolio of Future Bonding Scenarios that included the following topics:

- 1. Overview of Current Bond Market** – There was discussion about the City's AA Plus bond rating. Some members wanted to know what it would take to get a AAA bond rating. Mr. Robuck explained the process, but stated that a AAA rating is uncommon. There was also discussion on what activities would cause the bond rating to decrease. Some wanted to know if going out for debt will affect the rating. Mr. Robuck stated that as long as the City's adopted tax rate supports the City's debt the rating will not be affected. On the other hand, if the City has no debt there would be no bond rating.
- 2. Summary of Callable Bonds Outstanding** – There was discussion about what is meant by the "Principal Amount Callable" in this slide of the presentation. Mr. Robuck explained this concept. If the debt is paid off in advance, he explained that there may be an interest

WORK SESSION MEETING OF THE CITY COUNCIL
CITY OF JERSEY VILLAGE, TEXAS – September 20, 2021

saving. He went on to say that if the City has cash on hand and then takes out debt, the cash could be placed in escrow. The escrow is invested and the return on the investment would need to exceed the payoff in order to save interest. Once an escrow is set up it is no longer a part of the debt service calculations for the City's tax rate. Several scenarios were discussed, including the prospect of conducting an election.

3. **Proposed Bonds to be Refunded** – Considering the City's current bond obligations and a May 2022 election, the amount to be paid off would only be \$1,790,000.
4. **Proposed General Obligation Refunding Bonds** – Council discussed the fixed costs associated with going out for bond debt. Mr. Robuck explained the various fees. He also explained that the process can be either competitive or negotiated. An estimate of the fixed cost on refunding the City's outstanding bonds totaling \$1,790,000 would be about \$40,000. If the City went out for a bond totaling \$10M, the fixed cost would be approximately \$125,000. There was discussion about the information presented on this topic. Mr. Robuck fielded the questions and responded accordingly. The interest rate on the bonds was discussed. Interest costs would depend upon when the bonds are sold, but being conservative it is estimated at about 3.25%. Refunding is basically refinancing.
5. **Future Bonding Scenarios** – Estimates were provided for Debt Service Requirements on a proposed \$10M debt issuance and on a \$15M proposed debt issuance. These two scenarios were discussed.

In completing the presentation, Marcus Deitz joined the meeting at 6:26 p.m. via teleconference. The following questions were discussed.

1. Paying debt off sooner – This option was discussed and how it would work. If it is a private debt sale, it is possible to have the debt callable at any time but the length in which to pay the bond would be shorter and therefore more interest would be paid up front. It was also discussed if the City is not able to pay the bonds off when callable. Mr. Robuck explained that the debt would be refunded.
2. Certificate of Deposits and the new law was discussed.
3. The election was discussed. Some members wondered that should the residents approve a bond election and then interest rates on bonds skyrocket, how much time does the City have before the authorization expires. Mr. Deitz explained that there really is not an expiration date, but if the City does not go out for the bonds for some 8 to 10 years after the election, then some extra tasks may be required but it should not be an issue. He also explained that the City is not obligated to take out the full amount of debt approved by the voters. However, the City does need to balance all decisions with what is being told to the voters.
4. The bond ballot language was discussed. Mr. Deitz and Mr. Robuck explained that the ballot language can be somewhat general in nature; but there may be some limitations in the ballot language as it applies to buildings and facilities. Mr. Deitz gave information concerning the specificity of language. He stated that ultimately he would have all ballot language approved by the Attorney General before taking it to the voters. Nonetheless,

WORK SESSION MEETING OF THE CITY COUNCIL
CITY OF JERSEY VILLAGE, TEXAS – September 20, 2021

the dollar amount in the bond language must be specific. In addition, the City should consider useful life of the project.

5. The preparation period needed for election activates was discussed. Mr. Deitz stated that we should probably start discussions the first week of December 2021 or sooner if possible.

D. ADJOURN

With no further discussion, the meeting was adjourned at 6:50 p.m.

Lorri Coody, City Secretary

