



CITY OF WEST LAKE HILLS, TEXAS
NOTICE OF CITY COUNCIL REGULAR MEETING
Wednesday, May 10, 2023 at 7:00 PM

Notice is hereby given that the City Council of the City of West Lake Hills, Texas, will hold a Regular Meeting on the 10th day of May 2023 at 7:00 p.m., in the Council Chambers, Municipal Building, 911 Westlake Drive, West Lake Hills, Texas, at which time the following items will be discussed, to-wit:

REMOTE ACCESS:

Due to the COVID-19 status in Travis County, any citizens or applicants that wish to speak at the meeting are encouraged to attend virtually, as the number of people in the chambers will be limited due to physical distancing. Facial Coverings are not required, but highly recommended, and will be available for any that need one.

Join Zoom Meeting:

<https://us02web.zoom.us/j/3499549035>

Meeting ID: 349 954 9035

If you wish to listen to the meeting via telephone: Dial (346) 248-7799, Meeting ID 349 954 9035.

If you wish to speak during the meeting or provide written comments, please email your name, phone number, comments, and the item number you wish to speak/comment on to citysec@westlakehills.gov by 1:00 P.M. on May 10, 2023.

1. Call to Order
2. Citizen Communications The City Council welcomes public comments at this point on any issue. If the issue is listed on the agenda, the speaker may choose to comment during the Public Comment period or when the specific agenda item is taken up by the Council later in the meeting. The Council cannot respond to or discuss matters not listed on the agenda. The Council may provide factual information, refer the item to a staff member, or request the item be added to a future meeting agenda. Speakers shall limit their comments to five (5) minutes each.
3. Proclamation Mayor Pro Tem to proclaim May 21-27, 2023 as Public Works Week.

4. Consent Agenda All Consent Agenda items listed are considered to be routine by the City Council and will be enacted by one (1) motion. No separate discussion or action on any of the items is necessary unless requested by a Council Member.
 - a. Approval of the April 26, 2023 Regular Meeting Minutes.
5. Resolution Discuss and consider action on a resolution obligating the remaining American Rescue Plan Act (ARPA) Funds for the new municipal complex.
6. Resolution Discuss and consider action on a resolution of the City Council of the City of West Lake Hills, Texas, approving and authorizing publication and posting of Notice of Intention to Issue Certificates of Obligation and matters related thereto; and providing an effective date.
7. Administration Discuss and consider action to schedule a called meeting of the City Council for the purpose of canvassing the May 6, 2023 General Election.
8. Executive Session In accordance with Texas Government Code, Section 551.001, et seq, the City Council will recess in Executive Session (closed meeting) to discuss the following:
 - a. Section 551.071: Consultation with the attorney regarding pending or contemplated litigation, or settlement offer; or on a matter 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 the Texas Open Meetings Act, re: City of West Lake Hills vs. the following:
 1. Jaffe - 1405 Wildcat Hollow;
 2. Alvarez - 1505 Wildcat Hollow; and
 3. 1836 Real Estate, LLC - 707 Butler Cove.
9. Executive Session Reconvene into Open Session and take action if and as deemed appropriate in the City Councils' discretion regarding consultation with attorney.
10. Adjournment

Approved by: Linda Anthony, Mayor

Certificate

I certify that the above Notice of the May 10, 2023 City Council Regular Meeting was posted on the bulletin board at the Municipal Building, 911 Westlake Drive, West Lake Hills, Texas on Friday, May 5, 2023 by 5:00 pm. and will remain posted continuously until said meeting is convened.

Signed by: Terry Blanchard, City Secretary

The City of West Lake Hills is committed to compliance with the Americans with Disabilities Act. Reasonable accommodations and equal access to communications will be provided upon request.

All items on the agenda are for discussion and/or action. City Council reserves the right to adjourn into executive session at any time during the course of this meeting to discuss any of the matters listed above, as authorized by Texas Government Code Sections 551.071 (Consultation with Attorney), 551.072 (Deliberations about Real Property), 551.073 (Deliberations about Gifts and Donations), 551.074 (Personnel Matters), 551.076 (Deliberations about Security Devices), and 551.086 (Economic Development).



City of West Lake Hills City Council

AGENDA REPORT

Meeting Date:	<u>May 10, 2023</u>	Item Number:	<u>3</u>
Department:	<u>Administration</u>		
	<u>Trey Fletcher,</u>		
Prepared By:	<u>City Administrator</u>	Cost / Budget:	<u></u>
Exhibits:	<u>Proclamation</u>	Source of Funds:	<u></u>

Subject

Mayor Pro Tem to proclaim May 21-27, 2023 as Public Works Week.

Recommendation

The basis of this item is to proclaim Public Works Week in the City of West Lake Hills. No action is being taken.

Discussion

The essence of public works week is to recognize the particular contributions made to the City of West Lake Hills and its stakeholders by our public works team. This team, while managed and directed by the Building & Development Services staff, is contract staff – Doyle Massa. Doyle and his team have been rendering public works services for several years, but by virtue of this proclamation we seek to recognize their tireless efforts performing the diverse services to ensure that our city rights-of-way, streets, drainage and properties are properly maintained. Their efforts in the preparation, response and recovery related to Winter Storm Mara were also noteworthy



Proclamation of the Mayor

of the City of West Lake Hills, Texas

Whereas, public works professionals focus on infrastructure, facilities and services that are of vital importance to sustainable and resilient communities and to the public health, high quality of life and well-being of the people of West Lake Hills; and

Whereas, these infrastructure, facilities and services could not be provided without the dedicated efforts of public works professionals, who are engineers, managers, and employees at all levels of government and the private sector, who are responsible for rebuilding, improving, and protecting our nation's transportation, water supply, water treatment and solid waste systems, public buildings, and other structures and facilities essential for our citizens; and

Whereas, it is in the public interest for the citizens, civic leaders and children in the City of West Lake Hills to gain knowledge of and to maintain an ongoing interest and understanding of the importance of public works and public works programs in their respective communities; and

Whereas, the year 2023 marks the 63rd annual National Public Works Week sponsored by the American Public Works Association.

Now, Therefore, I, Gordon Bowman, Mayor Pro Tem of the City of West Lake Hills, do hereby designate the week of May 21-27, 2023 as

National Public Works Week

I urge all citizens to join with representatives of the American Public Works Association and government agencies in activities, events, and ceremonies designed to pay tribute to our public works professionals, engineers, managers, and employees and to recognize the substantial contributions they make to protecting our national health, safety, and quality of life.

In witness thereof, I have hereto set my hand and cause the seal of the City of West Lake Hills to be affixed on this the 10th day of May 2023.

Gordon Bowman, Mayor Pro Tem

CITY OF WEST LAKE HILLS, TEXAS
MINUTES OF A CITY COUNCIL REGULAR MEETING
Wednesday, April 26, 2023 at 7:00 PM

1. Call to Order

With a quorum present, Mayor Anthony called the meeting to order at 7:05 p.m.

CITY COUNCIL PRESENT:

Mayor Linda Anthony (❖left early @ 8:48 pm)
Mayor Pro Tem Gordon Bowman
James Vaughan
Brian Plunkett
Beth South

CITY STAFF PRESENT:

City Administrator Trey Fletcher
City Secretary Terry Blanchard
Chief of Police Scott Gerdes
Interim Director of BDS Brian McDougal
City Attorney Patty Akers

2. Citizen Communications The City Council welcomes public comments at this point on any issue. If the issue is listed on the agenda, the speaker may choose to comment during the Public Comment period or when the specific agenda item is taken up by the Council later in the meeting. The Council cannot respond to or discuss matters not listed on the agenda. The Council may provide factual information, refer the item to a staff member, or request the item be added to a future meeting agenda. Speakers shall limit their comments to five (5) minutes each.

Mayor Anthony opened the meeting for public comments. Hearing none, the public comment section was closed.

3. Consent Agenda All Consent Agenda items listed are considered to be routine by the City Council and will be enacted by one (1) motion. No separate discussion or action on any of the items is necessary unless requested by a Council Member.
- a. Approval of the April 12, 2023 Regular Meeting Minutes.
 - b. Approval of FY 23 Q2 Reports for:
 - 1. Building and Development Services Department;
 - 2. Investment;
 - 3. Municipal Court; and
 - 4. Public Safety.

MOTION: Upon a motion made by Councilmember Bowman and a second by Councilmember Vaughan, the Council voted three (3) for and none (0) opposed with one (1) abstention to approve the consent agenda as presented. Councilmember Plunkett abstained. Motion carried.

4. Proclamation Acknowledge the student group from Hill Country Middle School for their Go Fund Me project to benefit Uganda.

Mayor Anthony read the proclamation. Members of Team Perseverance gave a brief summary of the project.

5. Public Hearing Conduct a public hearing to receive comments regarding the Stormwater Management Program (SWMP), the Stormwater Pollution Prevention Ordinance, and the Municipal Separate Storm Sewer System (MS4).

The public hearing was opened at 7:25 p.m. Brian McDougal gave a brief summary. Hearing no further comments, the public hearing was closed at 7:27 p.m.

6. Administration Discuss and consider action on a report from the city administrator regarding contracts and expenditures for debris and brush removal services associated with Winter Storm Mara.

Trey Fletcher gave a brief summary. Door hangers will be distributed to property owners as necessary regarding brush piles. One dumpster remains on-site awaiting removal. An updated expenditure list was provided to Council. Once final invoices are received, a budget amendment will be brought to Council for consideration.

7. Administration Discuss and consider action on a presentation by RAS regarding pavement management.

Trey Fletcher gave a brief summary. Scott Gordon, CEO of Roadway Asset Services, gave a presentation to Council regarding pavement management.

8. Administration Discuss and consider action on bond items regarding Proposition A (new municipal complex) and Proposition B (street and drainage projects).

Trey Fletcher gave a brief summary.

- Proposition A - Staff continues working with design team to finalize layout.
- Proposition B - Mayor stated that Laurel Valley is in worse condition than Terrace Mountain. Council may want to revisit the priority order of listed streets.

9. Administration Pursuant to Government Code Section 551.045, the City of West Lake Hills City Council will consider and take possible action on an emergency or urgent public necessity regarding extending Mayor Linda Anthony's declaration of a local emergency related to Wildcat Hollow on April 11, 2023, pursuant to Section 418.108(b) of the Texas Government Code and Chapter 34 of the City of West Lake Hills, Texas Code of Ordinances regarding a dangerous condition in a public right-of-way located at or near 1405 Wildcat Hollow, West Lake Hills, Texas.

MOTION: Upon a motion made by Councilmember Plunkett and a second by Councilmember Bowman, the Council voted four (4) for and none (0) opposed to extend the Emergency Declaration ordered by Mayor Anthony on April 11, 2023 until such time as dangerous roadway conditions are resolved and area is restored and approved (by the City) to City standards. Motion carried.

10. Executive Session In accordance with Texas Government Code, Section 551.001, et seq, the City Council will recess in Executive Session (closed meeting) to discuss the following:
- a. Section 551.071: Consultation with the attorney regarding pending or contemplated litigation, or settlement offer; or on a matter 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 the Texas Open Meetings Act, re: City of West Lake Hills v. the following:
 - 1. Jaffe - 1405 Wildcat Hollow;
 - 2. Alvarez - 1505 Wildcat Hollow;
 - 3. Lambert - 1600 Westlake Drive; and
 - 4. 1836 Real Estate, LLC - 707 Butler Cove.
 - b. Section 551.072: Deliberations about real property to discuss acquisition of public easements within the City.

Council convened into Executive Session at 8:16 p.m.

❖ Mayor Anthony left early at 8:48 p.m.

11. Executive Session Reconvene into Open Session and take action if and as deemed appropriate in the City Council's discretion regarding consultation with attorney and deliberation about real property.

Council reconvened in Open Session at 9:52 p.m.

No action was taken.

12. Adjournment

MOTION: Upon a motion made by Councilmember Vaughan and a second by Councilmember South, the Council voted four (4) for and none (0) opposed to adjourn the meeting at 9:52 p.m. Motion carried.

Respectfully submitted,

LINDA ANTHONY, MAYOR

ATTEST:

Terry Blanchard, TRMC
City Secretary

These minutes were approved on May 10, 2023.



City of West Lake Hills City Council

AGENDA REPORT

Meeting Date:	<u>May 10, 2023</u>	Item Number:	<u>5</u>
Department:	<u>Finance</u>		
Prepared By:	<u>Vonda Ragsdale</u>	Cost / Budget:	<u>\$551,859.25</u>
			<u>American Rescue Plan Act</u>
Exhibits:	<u>Resolution</u>	Source of Funds:	<u>(ARPA)</u>

Subject

Discuss and consider action on a resolution obligating the remaining American Rescue Plan Act (ARPA) Funds for the new municipal complex.

Recommendation

Staff recommends obligating the balance of ARPA funds in the amount of \$551,859.25.

Discussion

This item is coming forward for consideration to obligate unencumbered ARPA Funds for the new municipal complex. Action is recommended due to the potential of federal legislation that has been proposed to take back any unobligated ARPA funds as early as December 31, 2023. The City of West Lake Hills has until December 31, 2026, to actually spend the funds. Approving the resolution would allow the city to utilize the funds for generators, information technology-related expenses, and other items that meet the federal use guidelines, to better prepare the city for any future epidemics or disasters.

In total, the City of West Lake Hills has received \$816,833.79 in ARPA funds. To date, the City of West Lake Hills has spent \$263,974.54 on IT upgrades, salaries for COVID illnesses, revenue replacement revenue for Court, Automated External Defibrillator's (AED's).

RESOLUTION NO. 2023-05-01

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF WEST LAKE HILLS OBLIGATING THE REMAINING AMERICAN RESCUE PLAN ACT (ARPA) FUNDS FOR THE NEW MUNICIPAL COMPLEX.

WHEREAS, the City Council of the City of West Lake Hills (“City Council”) issued disaster declarations in response to the novel coronavirus (COVID-19) pandemic in order to protect public health; and

WHEREAS, the United States government provided certain funds to aid the City in addressing unforeseen financial needs and risks created by the COVID-19 public health emergency; and

WHEREAS, the City Council allocated and appropriated funds to provide relief services and assistance to the City of West Lake Hills to address the needs created by this public health emergency.

NOW, THEREFORE, BE IT RESOLVED by the City Council of West Lake Hills:

1. **Findings of Fact**: The foregoing recitals are incorporated into this Resolution by reference as findings of fact as if expressly set forth herein.
2. **Effective Date**: This Resolution shall be effective immediately upon passage.
3. **Obligation of Funds**: The City Council obligates the remaining American Rescue Plan Act (ARPA) funds for the new municipal complex and authorizes the City Administrator to use the funds flexibility so as to maximize the lawful use of the federal funds within the framework established.
4. **Repealer**: Any conflicting policy or rule of the City’s is hereby repealed to the extent necessary to give effect to this Resolution.
5. **Filing**: The Council directs the City Secretary to include this Resolution in and among the City’s official records.
6. **Proper Notice & Meeting**: It is hereby officially found and determined that the meeting at which this Resolution was passed was open to the public, and that public notice of the time, place and purpose of said meeting was given as required by the Open Meetings Act, Texas Government Code, Chapter 551. Notice was also provided as required by Chapter 52 of the Texas Local Government Code.

PASSED & ADOPTED this, the 10th day of May, 2023.

Linda Anthony, Mayor

ATTEST:

Terry Blanchard, TRMC
City Secretary



City of West Lake Hills City Council

AGENDA REPORT

Meeting Date:	<u>May 10, 2023</u>	Item Number:	<u>6</u>
Department:	<u>Administration</u> Trey Fletcher, City Administrator	Cost / Budget:	<u>\$13.2 million</u>
Exhibits:	<u>Proclamation</u>	Source of Funds:	<u>Proposition A / 2022 Bonds</u>

Subject

Discuss and consider action on a resolution of the City Council of the City of West Lake Hills, Texas, approving and authorizing publication and posting of Notice of Intention to Issue Certificates of Obligation and matters related thereto; and providing an effective date.

Recommendation

Staff recommends approval of the Resolution authorizing the Notice of Intent as presented.

Discussion

The purpose of the proposed Certificates of Obligation (CO) is to replace the project funds that were spent on the land acquisition for the new Municipal Complex and to account for significant cost escalation since the building program was developed pre-pandemic. This will ensure that the project can be completed and meet the intent of the 2021 Proposition A building program scope that was approved by voters in 2021.

The authorized \$13.2M bond was based on concepts and project cost estimates that were prepared by the architect prior to the pandemic. At that time, the plan was to construct the new building on the existing city hall site at 911 Westlake Drive. However, the existing site presented a number of challenges and constraints to municipal operations. The former Westbank Bible Church at 4010 Bee Cave Road became available and is more suitable considering its larger size and flatter topography. The city pursued and successfully acquired this property for \$6.25M and closed in May 2022.

The land acquisition was not contemplated with the bond proceeds; therefore, City Council authorized the use of \$3M from the City's fund balance. The proceeds from disposing of the existing city hall site at 911 Westlake Drive can help offset costs, but these funds are not yet available to directly benefit the project. Additionally, since the election, bonds were sold at a very low interest rate for a 25-year term, but due to the pandemic and related factors, cost escalation is a significant factor related to labor, materials and long lead times on certain items. These factors have been confirmed through completing the schematic design process and collaborating with our contractor, SpawGlass, using a construction manager at risk project delivery method. Design continues to progress in the Design Development phase. The project schedule and the issuance schedule are expected to align at the end of summer.

The issuance of \$9.5MM in additional debt service is recommended, but the following shows a projected total interest and sinking (I&S) tax rate impact and related increase as follows:

1. \$9.5MM – 6.15 cents, an increase of 1.72 cents
2. \$9MM – 6.07 cents, an increase of 1.64 cents
3. \$8MM – 5.8 cents, an increase of 1.37 cents
4. \$7MM – 5.6 cents, an increase of 1.17 cents

The City's current I&S portion of the tax rate is 4.43-cents, so in round numbers, this CO will require a 1 to 2 penny tax rate increase on the City's debt tax rate as noted above.

Each scenario has been structured with level debt service payments (roughly equal each year) over a 25-year repayment period.

RESOLUTION 2023-05-02

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF WEST LAKE HILLS, TEXAS, APPROVING AND AUTHORIZING PUBLICATION AND POSTING OF NOTICE OF INTENTION TO ISSUE CERTIFICATES OF OBLIGATION AND MATTERS RELATED THERETO; AND PROVIDING AN EFFECTIVE DATE

WHEREAS, the City Council of the City of West Lake Hills, Texas (the “City”), has determined that certificates of obligation should be issued under and pursuant to the provisions of Subchapter C of Chapter 271, Texas Local Government Code, as amended, for the purposes set forth in Exhibit A hereto; and

WHEREAS, no proposition to authorize the issuance of bonds for the same purpose as any of the purposes identified for financing with proceeds of such certificates has been submitted to the voters of the City during the preceding three years and failed to be approved; and

WHEREAS, prior to the issuance of such certificates, the City Council is required to (a) publish in a newspaper of general circulation in the City and (b) post on the City’s website notice of its intention to issue the same, said notice stating (i) the time and place the City Council tentatively proposes to pass the ordinance(s) authorizing the issuance of the certificates, (ii) the purposes for which the certificates are to be issued, (iii) the manner in which the City Council proposes to pay the certificates, (iv) the current principal of all outstanding debt obligations of the City, the combined principal and interest required to pay all outstanding debt obligations of the City on time and in full, the maximum principal amount of the certificates to be authorized, and the estimated combined principal and interest required to pay the certificates to be authorized on time and in full, (v) the estimated interest rate for the certificates to be authorized, and (vi) the maximum maturity date of the certificates to be authorized;

NOW, THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF WEST LAKE HILLS, TEXAS:

Section 1. The findings, definitions and recitations set out in the preamble to this Resolution are found to be true and correct and are hereby adopted by City Council and made a part hereof for all purposes.

Section 2. The City Secretary is hereby authorized and directed to cause notice to be published and posted of the City Council’s intention to issue certificates of obligation, in one or more series, in the principal amount and for the purposes set forth in the form of notice attached hereto as Exhibit A (the “Notice”), and such Notice is hereby approved and incorporated herein by reference as a part of this Resolution for all purposes.

Section 3. The City Secretary shall cause the Notice to be (i) published in a newspaper of general circulation in the City, once a week for two (2) consecutive weeks, the date of the first publication to be at least forty-six (46) days before the date stated therein for the passage of the ordinance(s) authorizing the issuance of the certificates of obligation and (ii) posted continuously on the City’s website for at least forty-five (45) days before the date stated therein for the passage of the ordinance(s) authorizing the issuance of the certificates of obligation.

Section 4. For purposes of the Notice and Section 271.049(e), Texas Local Government Code, the City hereby designates the public securities, if any, identified in the attached Exhibit B as self-supporting (collectively, the “Self-Supporting Debt”), the debt service on which the City currently pays (and intends to continue paying) from sources other than ad valorem tax receipts. If applicable, the City expects to continue to pay debt service on any Self-Supporting Debt from sources other than ad valorem tax receipts; however, in the event that such other sources are not budgeted in amounts sufficient to pay debt service in respect to any Self-Supporting Debt, the City may be required to levy and collect ad valorem taxes sufficient to offset any deficiency in the amounts provided by such other sources.

Section 5. The Mayor, City Secretary and other officers and agents of the City are hereby authorized and directed to do any and all things necessary or desirable to carry out the provisions of this Resolution.

Section 6. It is officially found, determined, and declared that the meeting at which this Resolution is adopted was open to the public and public notice of the time, place, and subject matter of the public business to be considered at such meeting, including this Resolution, was given, all as required by Chapter 551, Texas Government Code, as amended.

Section 7. This Resolution shall be in force and effect from and after its passage on the date shown below.

[The remainder of this page is intentionally left blank.]

PASSED AND ADOPTED BY THE CITY COUNCIL OF THE CITY OF WEST LAKE
HILLS, TEXAS on this 10th day of May, 2023.

CITY OF WEST LAKE HILLS, TEXAS

Mayor

ATTEST:

City Secretary

(City Seal)

[Signature Page]

EXHIBIT A

NOTICE OF INTENTION TO ISSUE CITY OF WEST LAKE HILLS, TEXAS, CERTIFICATES OF OBLIGATION

TAKE NOTICE that the City Council of the City of West Lake Hills, Texas, shall convene at 7:00 p.m. on July 26, 2023, at its regular meeting place at the Council Chambers, Municipal Building, 911 Westlake Drive, West Lake Hills, Texas 78746, and, during such meeting, the City Council will consider the passage of one or more ordinances authorizing the issuance of not to exceed \$9,500,000 total principal amount of certificates of obligation, in one or more series (collectively, the "Certificates"), bearing interest at any rate or rates not to exceed the maximum interest rate authorized by law, as shall be determined within the discretion of the City Council at the time of issuance of the Certificates, and maturing over a period of not to exceed forty (40) years from their date of issuance, for the purpose of paying contractual obligations to be incurred for (i) paying the costs of constructing, acquiring, improving, renovating, expanding and developing the new City Hall and Police Building and related infrastructure and (ii) related professional services, including legal, fiscal, engineering and design fees, and costs of issuance, and such Certificates are to be payable from ad valorem taxes and a pledge of the surplus revenues of the City's wastewater system, such pledge of surplus revenues being limited to \$1,000. The estimated combined principal and interest required to pay the Certificates on time and in full is \$16,013,300. Such estimate is provided for illustrative purposes only and is based on an assumed interest rate of 4.50%. Market conditions affecting interest rates vary based on a number of factors beyond the control of the City, and the City cannot provide any assurance regarding the rate of interest that the Certificates will bear upon their issuance. As of the date of this notice, the aggregate principal amount of outstanding public securities of the City secured by and payable from ad valorem taxes (excluding public securities secured by an ad valorem tax but designated by the City as self-supporting) is \$23,585,000, and based on the City's expectations, as of the date of this notice the combined principal and interest required to pay all of the outstanding public securities of the City secured by and payable from ad valorem taxes (excluding public securities secured by an ad valorem tax but designated by the City as self-supporting) on time and in full is \$33,151,869. The Certificates are to be issued, and this notice is given, under and pursuant to the provisions of Subchapter C of Chapter 271, Texas Local Government Code, as amended.

City Secretary
City of West Lake Hills, Texas



City of West Lake Hills

Certificates of Obligation, Series 2023

PFM Financial Advisors LLC

May 10, 2023

PFM Financial Advisors LLC
pfm.com

111 Congress Ave
Suite 2150
Austin, Texas 78701
512.809.2714

Blake Roberts
robertsb@pfm.com
512.809.2714



Plan of financing for Certificates of Obligation, Series 2023

- Voter-approved bond projects require additional funding to complete because of construction cost inflation
- City staff, PFM (City's Financial Advisor) and Orrick (City's Bond Counsel) have discussed the issuance of Certificates of Obligation ("COs") to bridge this financing gap
- If approved by City Council, the financing team will bring the COs to market in July for sale and approval by City Council
- COs will be issued competitively and awarded on the lowest True Interest Cost ("TIC")
- Assumptions for the additional bonds:
 - Maximum issuance amount of \$9.5 million
 - 25-year repayment period
 - Level debt service
 - AAA bond rating
- Bond sale in July and closing in August 2023
- Current debt rate is 4.43 cents; estimated increase of up to 1.7 cents



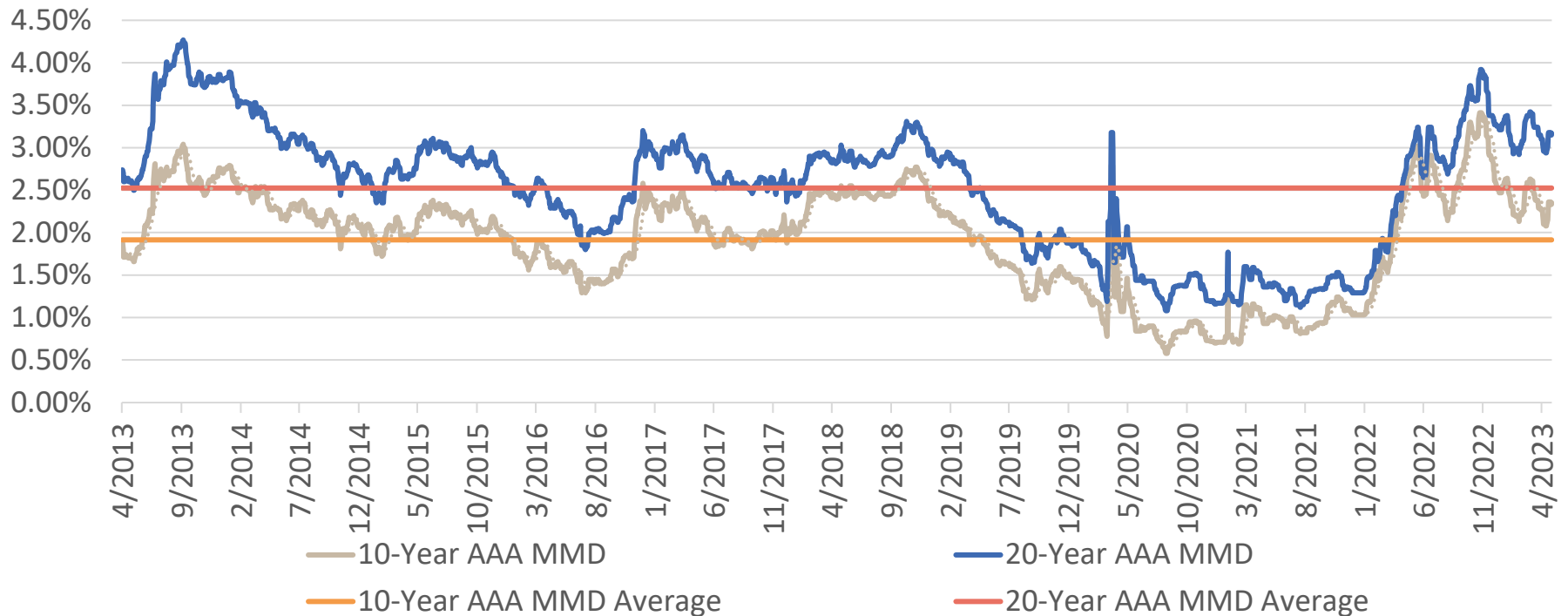
Overview of key dates

- May 10 – City Council approval of the Notice of Intent to Issuer Certificates of Obligation in an amount not to exceed \$9.5 million
- June 21 – Meeting with S&P for bond rating
- July 14 – Receive bond rating from S&P
- July 19 – Post Notice of Sale and offering document for bidders to review
- July 26 – Bond sale
 - Bids due on bonds
 - City Council approval of bond sale and award of bonds
- August 22 – Closing; City receives bond funds



Interest rates in the last 10 years

(April 01, 2013 - April 27, 2023)



Source: Refinitiv
(Formerly Thomson-Reuters)

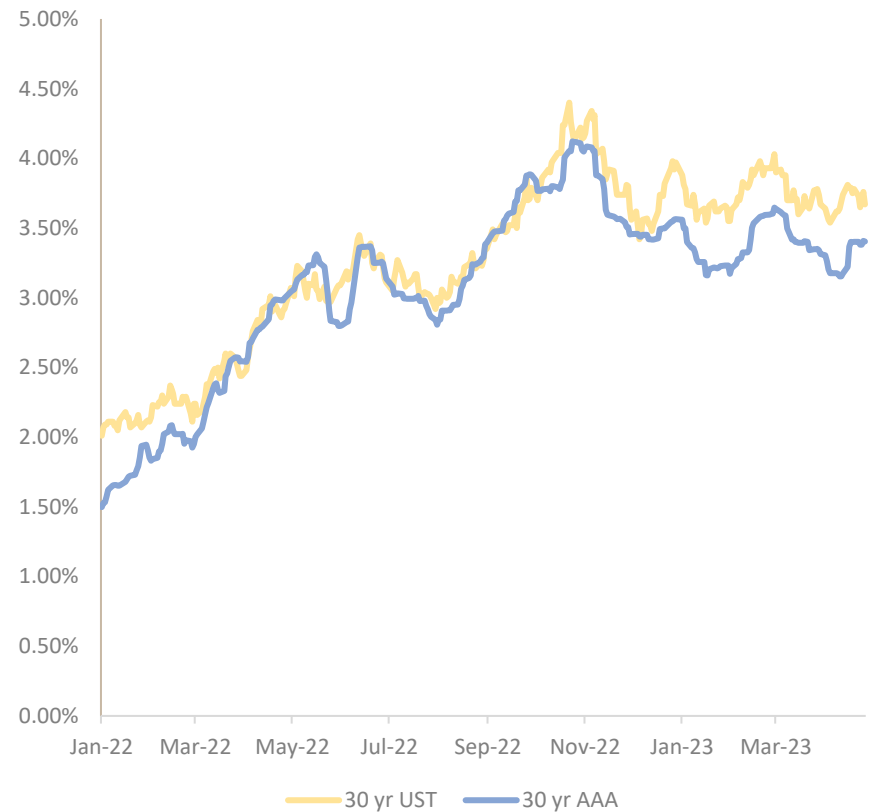


Interest rates since 2022

AAA Municipal and U.S. Treasury Yields
(10 year Spot)



AAA Municipal and U.S. Treasury Yields
(30 year Spot)





West Lake Hills maintains highest possible bond rating

● The City received a **AAA** rating from S&P in 2022

- Very strong economy and property values
- Strong management with good financial policies and practices
- Positive budget performance
- Strong reserves (general fund balance)
- Consistent, strong tax base growth
- Conservative budgeting practices

S&P	Rating Descriptor
AAA	Highest Quality Credit (Lowest default risk)
AA+	High Grade / High Quality
AA	
AA-	
A+	Upper Medium Grade
A	
A-	
BBB+	Minimum Investment Grade
BBB	
BBB-	
BB+, BB, BB-	Non-Investment Grade / Speculative
C	Highly Speculative
D	Imminent or in Default

Source: S&P rating reported dated January 27, 2022.

Summary:

West Lake Hills, Texas; General Obligation

Credit Profile

US\$25.0 mil GO bonds ser 2022 dtd 03/09/2022 due 02/01/2047

Long Term Rating

AAA/Stable

New

Rating Action

S&P Global Ratings assigned its 'AAA' long-term rating to the City of West Lake Hills, Texas' \$25 million general obligation (GO) bonds. This will be the city's first tax-supported debt issuance. The outlook is stable.

The series 2022 bonds are direct obligations of West Lake Hills, payable from the proceeds of a continuing, direct annual ad valorem tax, within the limits prescribed by law, on all taxable property within the city. Despite state statutory tax rate limitations, we make no distinction between the rating on the city's limited-tax debt and West Lake Hills' general creditworthiness because the ad valorem taxes are collected from a broad tax base, and because there are no restrictions on what the limited tax can be used for, which supports our view of the city's overall ability and willingness to pay debt service. State statutes limit the ad valorem tax rate for cities to \$1.50 per \$100 of taxable assessed value for all purposes. In addition, the Texas attorney general will permit the allocation of \$1.00 of the \$1.50 maximum tax rate for ad valorem tax debt service. The city currently levies an operations and maintenance tax rate of 7.86 cents and it will begin levying a tax rate for debt service in fiscal 2023. Bond proceeds will be used for road drainage projects as well as the construction of a new municipal building to house administration and police.

West Lake Hills' GO bonds are eligible to be rated above the sovereign because we believe the city can maintain better credit characteristics than the U.S. in a stress scenario. Under our criteria "Ratings Above The Sovereign: Corporate And Government Ratings—Methodology And Assumptions," published Nov. 19, 2013, the city has predominantly locally derived general fund revenue sources with independent taxing authority and independent treasury management from the federal government.

Credit overview

The city participates in the Austin metropolitan statistical area and has wealth and income levels that are extraordinarily high compared with that of most cities in the state. In addition, good management has resulted in historically strong budgetary performance and a large general fund reserve. Sales tax collections are strong, despite the COVID-19 pandemic, due in large part to the disposable income of local residents. There are no additional plans for debt, which will keep the debt burden manageable. These factors support our assignment of our highest rating to West Lake Hills.



Indicative financing results for \$9.5 million CO issuance

- Indicative results for \$9.5 million bond issuance
- Assumed interest rate – 4.5%
- 25-year repayment period
- Estimated I&S rate – 6.15-cents
- Principal - \$9.5 million
- Interest - \$6.5 million

City of West Lake Hills

Debt Service & Tax Rate Impact Schedule | 2023 Certificates of Obligation 25-Year Amortization

PRELIMINARY AND SUBJECT TO CHANGE

1	2	3		4	5	6	7	8
FYE (9/30)	Net Taxable Assessed Value	Est. AV Growth	Existing GO Debt Service	<u>\$9,500,000</u> <i>Certificates of Obligation, Ser 2023</i>			Total Net Tax- Debt Service	I&S Tax Rate Required for Bonds
				Principal	Interest	Total P&I		
2023	3,099,570,824	23.15%	\$ 1,364,139	-	-	-	1,364,139	0.0440
2024	3,256,385,556	5.06%	1,366,344	210,000	427,500	637,500	2,003,844	0.0615
2025	3,256,385,556	0.00%	1,365,344	225,000	418,050	643,050	2,008,394	0.0617
2026	3,256,385,556	0.00%	1,362,844	235,000	407,925	642,925	2,005,769	0.0616
2027	3,256,385,556	0.00%	1,363,719	245,000	397,350	642,350	2,006,069	0.0616
2028	3,256,385,556	0.00%	1,362,844	255,000	386,325	641,325	2,004,169	0.0615
2029	3,256,385,556	0.00%	1,365,094	265,000	374,850	639,850	2,004,944	0.0616
2030	3,256,385,556	0.00%	1,365,344	280,000	362,925	642,925	2,008,269	0.0617
2031	3,256,385,556	0.00%	1,363,594	290,000	350,325	640,325	2,003,919	0.0615
2032	3,256,385,556	0.00%	1,364,319	305,000	337,275	642,275	2,006,594	0.0616
2033	3,256,385,556	0.00%	1,367,719	315,000	323,550	638,550	2,006,269	0.0616
2034	3,256,385,556	0.00%	1,364,544	330,000	309,375	639,375	2,003,919	0.0615
2035	3,256,385,556	0.00%	1,363,931	345,000	294,525	639,525	2,003,456	0.0615
2036	3,256,385,556	0.00%	1,366,375	360,000	279,000	639,000	2,005,375	0.0616
2037	3,256,385,556	0.00%	1,367,606	380,000	262,800	642,800	2,010,406	0.0617
2038	3,256,385,556	0.00%	1,367,609	395,000	245,700	640,700	2,008,309	0.0617
2039	3,256,385,556	0.00%	1,367,019	415,000	227,925	642,925	2,009,944	0.0617
2040	3,256,385,556	0.00%	1,365,138	430,000	209,250	639,250	2,004,388	0.0616
2041	3,256,385,556	0.00%	1,366,888	450,000	189,900	639,900	2,006,788	0.0616
2042	3,256,385,556	0.00%	1,362,950	470,000	169,650	639,650	2,002,600	0.0615
2043	3,256,385,556	0.00%	1,365,250	490,000	148,500	638,500	2,003,750	0.0615
2044	3,256,385,556	0.00%	1,365,125	515,000	126,450	641,450	2,006,575	0.0616
2045	3,256,385,556	0.00%	1,365,544	535,000	103,275	638,275	2,003,819	0.0615
2046	3,256,385,556	0.00%	1,365,000	560,000	79,200	639,200	2,004,200	0.0615
2047	3,256,385,556	0.00%	1,363,494	585,000	54,000	639,000	2,002,494	0.0615
2048	3,256,385,556	0.00%		615,000	27,675	642,675	642,675	0.0197
Total				\$ 9,500,000	\$ 6,513,300	\$ 16,013,300	\$ 50,141,073	

Assumptions

(1) FY 2022-23 Assessed Valuation provided by the Travis County Appraisal District. Projected AV growth for planning purposes only and subject to change.

(2) Assumes August 2023 delivery of CO funds.

(3) First Coupon occurring February 1, 2024

(4) Tax collection factor

100%

Source: S&P rating reported dated January 27, 2022.



Indicative financing results for \$7 million CO issuance

- Indicative results for \$7 million bond issuance
- Assumed interest rate – 4.5%
- 25-year repayment period
- Estimated I&S rate – 5.6-cents
- Principal - \$7 million
- Interest - \$4.8 million

City of West Lake Hills

Debt Service & Tax Rate Impact Schedule | 2023 Certificates of Obligation 25-Year Amortization

PRELIMINARY AND SUBJECT TO CHANGE

1	2	3		4	5	6	7	8
FYE	Net		Existing	\$7,000,000			Total Net	I&S Tax Rate
(9/30)	Taxable Assessed	Est. AV	GO	Certificates of Obligation, Ser 2023			Tax-	Required
	Value	Growth	Debt Service	Principal	Interest	Total P&I	Debt Service	for Bonds
2023	3,099,570,824	23.15%	\$ 1,364,139	-	-	-	1,364,139	0.0440
2024	3,256,385,556	5.06%	1,366,344	155,000	315,000	470,000	1,836,344	0.0564
2025	3,256,385,556	0.00%	1,365,344	165,000	308,025	473,025	1,838,369	0.0565
2026	3,256,385,556	0.00%	1,362,844	170,000	300,600	470,600	1,833,444	0.0563
2027	3,256,385,556	0.00%	1,363,719	180,000	292,950	472,950	1,836,669	0.0564
2028	3,256,385,556	0.00%	1,362,844	185,000	284,850	469,850	1,832,694	0.0563
2029	3,256,385,556	0.00%	1,365,094	195,000	276,525	471,525	1,836,619	0.0564
2030	3,256,385,556	0.00%	1,365,344	205,000	267,750	472,750	1,838,094	0.0564
2031	3,256,385,556	0.00%	1,363,594	215,000	258,525	473,525	1,837,119	0.0564
2032	3,256,385,556	0.00%	1,364,319	225,000	248,850	473,850	1,838,169	0.0564
2033	3,256,385,556	0.00%	1,367,719	235,000	238,725	473,725	1,841,444	0.0565
2034	3,256,385,556	0.00%	1,364,544	245,000	228,150	473,150	1,837,694	0.0564
2035	3,256,385,556	0.00%	1,363,931	255,000	217,125	472,125	1,836,056	0.0564
2036	3,256,385,556	0.00%	1,366,375	265,000	205,650	470,650	1,837,025	0.0564
2037	3,256,385,556	0.00%	1,367,606	280,000	193,725	473,725	1,841,331	0.0565
2038	3,256,385,556	0.00%	1,367,609	290,000	181,125	471,125	1,838,734	0.0565
2039	3,256,385,556	0.00%	1,367,019	305,000	168,075	473,075	1,840,094	0.0565
2040	3,256,385,556	0.00%	1,365,138	320,000	154,350	474,350	1,839,488	0.0565
2041	3,256,385,556	0.00%	1,366,888	330,000	139,950	469,950	1,836,838	0.0564
2042	3,256,385,556	0.00%	1,362,950	345,000	125,100	470,100	1,833,050	0.0563
2043	3,256,385,556	0.00%	1,365,250	365,000	109,575	474,575	1,839,825	0.0565
2044	3,256,385,556	0.00%	1,365,125	380,000	93,150	473,150	1,838,275	0.0565
2045	3,256,385,556	0.00%	1,365,544	395,000	76,050	471,050	1,836,594	0.0564
2046	3,256,385,556	0.00%	1,365,000	415,000	58,275	473,275	1,838,275	0.0565
2047	3,256,385,556	0.00%	1,363,494	430,000	39,600	469,600	1,833,094	0.0563
2048	3,256,385,556	0.00%		450,000	20,250	470,250	470,250	0.0144
Total				\$ 7,000,000	\$ 4,801,950	\$ 11,801,950	\$ 45,929,723	

Assumptions

- FY 2022-23 Assessed Valuation provided by the Travis County Appraisal District. Projected AV growth for planning purposes only and subject to change.
- Assumes August 2023 delivery of CO funds.
- First Coupon occurring February 1, 2024
- Tax collection factor 100%

Source: S&P rating reported dated January 27, 2022.



Estimated impact to tax bills

Estimated impact to debt portion of tax bill					
CO Issuance Amount (\$000s)	Current	\$9,500,000	\$9,000,000	\$8,000,000	\$7,000,000
Debt Rate (per \$100)	\$0.0443	0.0615	0.0607	0.0585	0.0564
Average Home Value	\$1,849,101	1,849,101	1,849,101	1,849,101	1,849,101
Estimated Annual Debt Tax Bill	\$819.15	1,137.86	1,122.24	1,082.50	1,042.75
Estimated Monthly Debt Tax Bill	\$68.26	94.82	93.52	90.21	86.90
Annual Debt Tax Bill Increase	N/A	318.71	303.09	263.34	223.59
Monthly Debt Tax Bill Increase	N/A	26.56	25.26	21.95	18.63

Source: Average home value provided by the City. Assumes no exemptions. All values figures are estimated and subject to change based on actual interest rates, the adopted tax rate, and actual property values.





City of West Lake Hills City Council

AGENDA REPORT

Meeting Date:	<u>May 10, 2023</u>	Item Number:	<u>7</u>
Department:	<u>Administration</u>		
Prepared By:	<u>Terry Blanchard</u>	Cost / Budget:	<u></u>
Exhibits:	<u></u>	Source of Funds:	<u></u>

Subject

Discuss and consider action to schedule a called meeting of the City Council for the purpose of canvassing the May 6, 2023 General Election.

Recommendation

Schedule a special called meeting for Tuesday, May 16 or Wednesday, May 17, 2023.

Discussion

Per Election Code Section 67.003(c), each local canvassing authority shall convene to conduct the local canvass at the time set by the canvassing authority's presiding officer not later than the 11th day after election day and not earlier than the 3rd day after the election. The date range for canvassing this year's general election would be May 9-17, 2023.

Travis County Elections Division conducts our city elections and they have notified our office that the final canvass results will be provided to our office no later than Tuesday, May 16th at noon. Election Code Section 67.004(a) states that two (2) members of the authority constitute a quorum for purposes of canvassing an election.

According to the above information, the special called meeting to canvass the election could be scheduled for Tuesday, May 16th in the afternoon/evening or at any time on Wednesday, May 17th. The special meeting will be for the purpose of canvassing the returns and declaring the results. The candidates will be presented their Certificates of Election and given their Oath of Office at the regular City Council meeting on May 24, 2023.

