



LIMITED TAX NOTE ISSUE FOR FIRE VEHICLES

OR-22-020

November 8, 2022

Background

2

- ❑ Texas Government Code, Chapter 1431, authorizes municipalities to issue tax notes
- ❑ Financial Governance Policy allows City to issue tax notes
- ❑ Machinery and equipment are an allowed use
- ❑ Short-term debt security that must be repaid within seven years
- ❑ Competitive bank replacement or open-market

Tax Note Information

3

- ❑ Five Fire vehicles and associated equipment
 - ▣ 3 pumper trucks, aerial ladder truck and an ambulance
- ❑ Estimated \$5 million limited tax notes
- ❑ Tax notes paid over seven years at approximately \$820,000 annually
- ❑ Payments made from accumulated fund balance in Debt Service Fund
- ❑ No change to tax rate from issuing tax notes

Aerial Truck (Ladder Truck)

4



Pumper Truck (Engine Truck)

5



New Ambulance for Fire Station #4

6



Process

7

- ❑ Competitive bank placement
 - ▣ Cost savings due to no offering documents or rating
 - ▣ Banks receive a term sheet
 - ▣ Banks perform own due diligence, buy and hold note
 - ▣ Bids can be rejected if not competitive
- ❑ Receive bids and present to City Council on November 15th
- ❑ Requires City Council approval

Timeline

8

Date	Event
October 18 th	City Council update on timeline and process
October 26 th	Term sheet is distributed to potential bidders
November 14 th	Bids are received on the Notes
November 15 th	Sale – Notes are awarded and an Ordinance approved by the City Council
December 1 st	Notice is sent to the Purchaser(s) regarding the Closing Date
December 8 th	Delivery Date – the City receives funds from the Purchaser(s) of the Notes