



LIMITED TAX NOTES FOR FIRE VEHICLES AND EQUIPMENT

DS-20-042

June 9, 2020

Background

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- ❑ Financial Governance Policy allows City to issue tax notes
 - ▣ The 25% debt tax rate target applies when new debt amount exceeds the amount being retired during year
- ❑ Texas Government Code, Chapter 1431, authorizes municipalities to issue tax notes
- ❑ Machinery and Equipment are an allowed use
- ❑ Short-term debt security that must be repaid within seven years
- ❑ Competitive bank placement or open-market

Tax Note Information

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- Five Fire vehicles and associated equipment
 - ▣ Aerial truck, 3 pumper trucks, and a rescue truck
- Estimated \$4.9 million limited tax notes
- Tax notes paid over seven years at approximately \$750,000 annually
- Payments made from accumulated fund balance in Debt Service Fund
- No change to tax rate from issuing tax notes

Aerial Truck (Ladder Truck)

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Pumper Truck(Engine Truck)

5



Rescue Truck

6



Process

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- ❑ 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 June 23
- ❑ Requires City Council approval