



# LIMITED TAX NOTE ISSUANCE FOR FIRE VEHICLES

DS-22-115

October 18, 2022

# Background

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- ❑ 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

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- ❑ 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 covered with combination of accumulated fund balance in Debt Service Fund and expiring debt service in future years
- ❑ No change to tax rate from issuing tax notes

# Aerial Truck (Ladder Truck)

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# Pumper Truck (Engine Truck)

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# New Ambulance for Fire Station #4

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# 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 November 15<sup>th</sup>
- ❑ Requires City Council approval

# Timeline

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