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**GFOAT**

# BOND ELECTION – Before the Election is Called

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- Defining vision of success
  - What does the City want to be or achieve?
- Engage consultants
  - Demographer
  - Architect/Engineer
  - Financial Advisor
  - Bond Counsel
- Preliminary finance plan is created
  - Starting point – two approaches: tax rate impact vs. dollar amount
    - Tax rate impact – for example, a city targets a tax rate impact of 10 cents tied to issuance of the bonds; based on the 10 cent impact, that will allow the city to sell “X” amount of bonds
    - Dollar amount – a city has an amount of bonds it wants to issue; this amount of bonds requires a tax rate of “X”
  - Council is briefed on the planned finance plan
    - Multiple scenarios
    - Preliminary structure of the bond issue
    - Projected tax rate impact to citizens
- Bond counsel begins drafting election documents
- Timing: Legislation now limits bond elections to May and November

## **BOND ELECTION – Calling the Election and After the Election is Called**

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- Council passes a bond election ordinance
  - Includes bond election amount
  - Includes general description of projects
  - Date of the bond election
  - Wording of the proposition
- “Town hall” meetings
- Brochures
  - Bond election amount
  - Key dates for voting
  - Anticipated use(s) of bond proceeds
  - Estimated tax rate impact
- Link to information on city’s website or provide a dedicated website focusing on potential bond program
- Any information put out by the city must be neutral, i.e., no public dollars can be used to suggest or ask for a “Yes” vote
- PAC can be formed, raise money and campaign for a “Yes” vote

## **BOND ELECTION – Keys to a Successful Election**

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- Provide simple and clear information to the public
- Transparency by the Council
- Unanimous support from the Council
- Public input leading up to calling the election
- Plenty of time between beginning and calling election
- Most failures due to uncertainty and lack of confidence
- After the votes are counted:
  - Thank everyone who supported
  - Recognize those who assisted
  - Publicize construction plan with periodic updates
  - Pave the way for next time
- Successful bond elections, and effective implementation of the related improvements and finance plan, breed successful future bond elections

## BOND ELECTION – Election Passes, Now What?

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- Passage of the bond election gives the city the right to issue bonds, but not the obligation
- City canvasses the election results
- Financial advisor is working with city staff to get all necessary information for the Preliminary Official Statement
  - Local economy
  - Finances of the city
  - Operating information of the city
- Finalize the finance plan structure
- Apply for credit rating(s)
- Sell bonds; final terms subject to council approval
- Delivery of bond proceeds approximately 30 days later
- Miscellaneous
  - Bonds may be issued in one or more series
  - Different methods for selling the bonds: negotiated, competitive, private placement
  - Typically bond election approvals are good for approximately 10 years

# BOND SALE

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- Goals of a bond sale
  - Provide the city with all of the needed bond proceeds
  - Achieve the lowest cost of capital, i.e. minimize tax rate impact on the citizens
  - Maintain maximum future flexibility for the city
- Factors
  - Amount of planned debt
  - Timing of planned debt
  - Assumption on tax values
  - Repayment term on the debt
  - Structure of the debt
  - Assumption on interest rates
- Best thing a city manager or council can say:

*“We completed all of the projects included in the Bond Program on time, at or under budget and the tax rate impact was at or below what was communicated to the voters.”*