



BOND REFUNDING OPPORTUNITY

PH-17-048A

November 7, 2017

Bond Refunding

Overview

2

- A bond refunding involves issuing new bonds and using the proceeds to pay off old bonds.
 - ▣ New bonds have a lower interest rate.
 - ▣ Similar to refinancing a house.
- Current bond refunding opportunity:
 - ▣ Refund \$30,295,000 of existing bonds.
 - ▣ Estimated interest savings of over \$2.2 million.
 - ▣ Amount of outstanding bonds will not increase.
 - ▣ There is no extension to the term of existing debt.

Bond Refunding Potential Bonds

3

Issue	Interest Rate	Amount
Series 2010 GO Refunding Bonds	4.0%	\$3,120,000
Series 2010 GO Bonds	4.0%	\$1,435,000
Series 2011 Certificates of Obligation	4.6-5.0%	\$12,145,000
Series 2011 PTF Bonds	5.0%	\$2,300,000
Series 2011A PTF Bonds	3.1-5.0%	<u>\$11,295,000</u>
Total Refunding Opportunity		<u><u>\$30,295,000</u></u>

Bond Refunding Estimated Savings

4

FYE 9/30	Pre- Refunding Net D-S	Post- Refunding Net D/S	Annual Savings
2018	\$ 6,556,783	\$ 6,543,027	\$ 13,756
2019	6,562,645	6,498,858	63,788
2020	5,692,850	5,629,063	63,788
2021	5,695,500	5,561,713	133,788
2022	5,699,450	5,564,713	134,738
2023	5,701,050	5,564,913	136,138
2024	3,558,525	3,425,913	132,613
2025	2,098,575	1,962,763	135,813
2026	2,098,175	1,962,763	135,413
2027	1,661,375	1,526,113	135,263
2028	3,360,575	3,228,013	132,563
2029	3,360,975	3,224,013	136,963
2030	3,362,775	3,230,063	132,713
2031	2,750,775	2,615,463	135,313
2032	2,751,988	2,678,713	73,275
2033	4,764,900	4,631,625	133,275
2034	4,758,750	4,625,438	133,313
2035	4,764,825	4,627,638	137,188
2036	2,414,488	2,277,600	136,888
	\$77,614,978	\$75,378,397	\$ 2,236,581

Preliminary Summary of Results

True Interest Cost (TIC) 2.817%

Total Debt Service Savings	\$ 2,236,581
Net Present Value Savings (\$)	\$ 1,684,423
Net Present Value Savings (%)	5.560%

Bond Refunding

Delegation of Authority

5

- Texas law provides two options:
 1. Adopt an ordinance with final pricing terms; or
 2. Adopt a delegation ordinance
 - City official or employee sets final pricing terms.
 - Final pricing terms must fall within certain parameters.
- Option 2 provides flexibility to choose the pricing date based on favorable market conditions.
 - City Manager and Mayor have been appointed Pricing Officer by delegation in the past.

Bond Refunding

Delegation of Authority

6

- Delegation ordinance parameters:
 - ▣ Maximum principal amount refunded: \$40,115,000
 - Higher than the \$30,295,000 to allow for additional bonds to be refunded if market conditions permit (additional interest savings).
 - ▣ Maximum maturity date: August 1, 2036
 - ▣ Minimum net present value: 5%
 - ▣ Maximum interest rate: 5%
 - ▣ Eligible outstanding bonds: all outstanding bonds falling within the above parameters.
- Amount of outstanding bonds will not increase.
- There is no extension to the term of existing debt.

Bond Refunding

Next Steps

7

Date	Action
November 8, 2017	Application to Stand & Poor's for bond rating.
November 14, 2017	City Council considers Delegation Ordinance.
November 16, 2017	Rating conference call or meeting.
November 20, 2017	Preliminary Official Statement issued.
November 28, 2017	Rating is received.
November 30, 2017	Refunding bonds priced and awarded.
December 21, 2017	Funds delivered to escrow agent.