

CITY COUNCIL MEMORANDUM

AGENDA ITEM

**CONSIDER AN ORDINANCE AUTHORIZING THE
ISSUANCE AND SALE OF THE CITY OF KILLEEN,
TEXAS, GENERAL OBLIGATION REFUNDING AND
IMPROVEMENT BONDS SERIES 2014**

ORIGINATING DEPARTMENT FINANCE

BACKGROUND INFORMATION

The City of Killeen has identified approximately \$20,000,000 in projects relating to general government activities. These projects include constructing, improving and repairing city fire facilities and community service facilities, and completing various street projects. In 2002, voters approved the issuance of General Obligation debt in the amount of \$64,295,000 for streets, public safety improvements and parks and recreation projects. \$6,190,000 has not been issued to date.

It is recommended that the remaining General Obligation debt in the amount of \$6,190,000 be issued along with Certificates of Obligation Debt in the amount of \$13,950,000 to fund these projects. Additional funds of \$140,000 will also be needed for debt issuance costs.

In addition, Specialized Public Finance Inc. has identified several outstanding ad valorem tax obligations that are subject to refunding as a result of favorable market conditions.

DISCUSSION/CONCLUSION

There will be two parts to the recommended debt issuance:

1. It is recommended that the City issue the remaining General Obligation debt from the 2002 bond election for public safety buildings and facilities in the amount of \$1,590,000 and parks and recreation projects in the amount of \$4,600,000, for a total of \$6,190,000.
2. It is recommended that the City issue refunding bonds for outstanding ad valorem tax obligations as a result of favorable market conditions to achieve present value savings in the current interest rate environment.

FISCAL IMPACT

The Certificates of Obligation and the General Obligation debt will be repaid by property tax receipts.

RECOMMENDATION

Staff recommends that the attached ordinance authorizing the city manager and city staff to proceed with the issuance of the City of Killeen, Texas, General Obligation Refunding and Improvement Bonds be approved.