

A stylized graphic of the number 1, composed of several grey geometric shapes. A curved line starts from the bottom left and points upwards and to the right, ending in a five-pointed star.

BOND REFUNDING OPPORTUNITY

OR-26-008

April 7, 2026

Bond Refunding Overview

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- A bond refunding involves issuing new bonds and using the proceeds to pay off old bonds.
 - ▣ No new debt issuance
 - ▣ No extension of maturities
 - ▣ Interest cost saving strategy
- Current bond refunding opportunity
 - ▣ Refund \$28,465,000 million of existing bonds
 - ▣ Net Present Value (NPV) Savings: \$1,029,871

Estimated Savings (Preliminary)

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- Estimated Par Amount: \$26,195,000
 - ▣ Maturities remain 2027-2034
 - ▣ Estimated True Interest Cost (TIC): 2.796%
- Total Debt Service Savings: \$1,195,569
 - ▣ Net Present Value (NPV) Savings: \$1,029,871
 - ▣ NPV Savings Ratio: 3.618%

Bond Refunding Potential Bonds

Issue	Interest Rate	Amount
Series 2015 G.O. Refunding Bonds	3.00%-4.00%	\$ 6,560,000
Series 2016 G.O. Refunding Bonds	4.00%-5.00%	\$ 21,905,000
Total		\$ 28,465,000

Bond Refunding Estimated Savings

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FYE 9/30	Pre- Refunding Net D/S	Post- Refunding Net D/S	Annual Savings
2026	\$ 582,500	\$ 580,714	\$ 1,786
2027	6,510,000	6,362,167	147,833
2028	4,816,800	4,666,500	150,300
2029	4,825,400	4,676,750	148,650
2030	4,127,400	3,977,500	149,900
2031	4,135,800	3,988,750	147,050
2032	4,143,200	3,991,250	151,950
2033	2,139,400	1,990,000	149,400
2034	2,138,450	1,989,750	148,700
	33,418,950	32,223,381	1,195,569

Preliminary Summary of Results	
Total Debt Service Savings	\$ 1,195,569
Net Present Value Savings (\$)	\$ 1,029,871
Net Present Value Savings (%)	3.618%

Bond Refunding Delegation of Authority

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- 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.

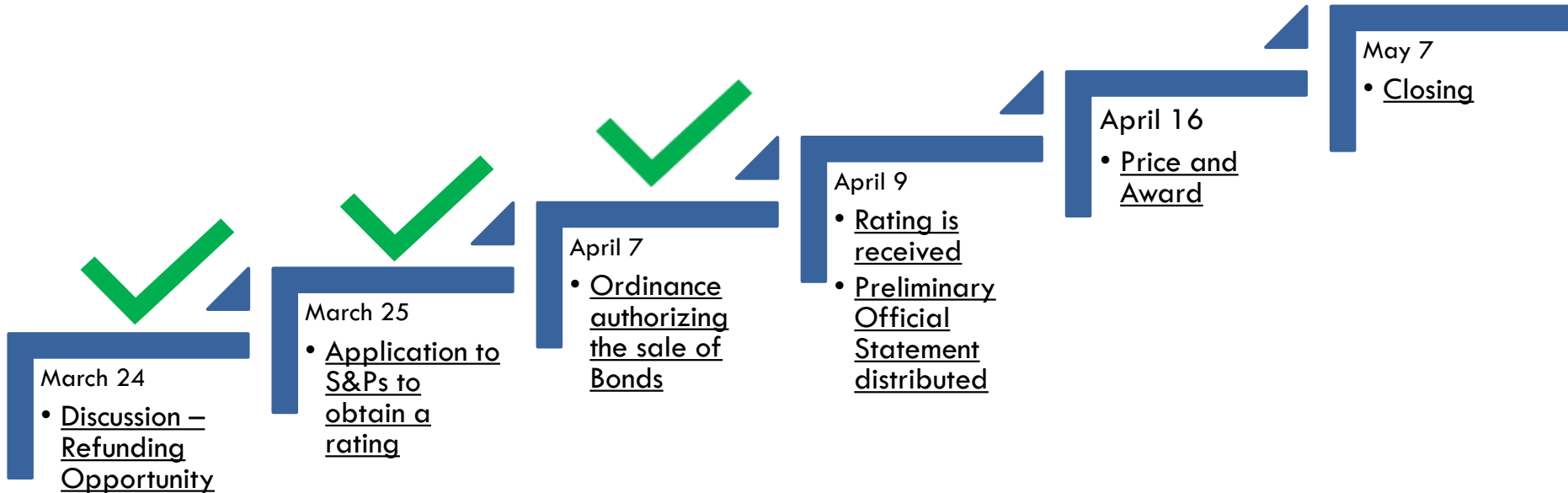
Bond Refunding Delegation of Authority

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- Delegation ordinance parameters:
 - ▣ Maximum principal amount refunded: \$29,250,000
 - Higher than the \$29,120,000 to allow for additional bonds to be refunded if market conditions permit (additional interest savings).
 - ▣ Maximum maturity date: 08/01/2034
 - ▣ Minimum net present value: 2%
 - ▣ Maximum interest rate: 3.75%
 - ▣ 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

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Recommendation

Staff recommends approval of an ordinance designating the City Manager as the pricing officer and authorizing the issuance and sale of the City of Killeen, TX General Obligation Bonds, in one or more series.