



City of Denton

City Hall
215 E. McKinney Street
Denton, Texas
www.cityofdenton.com

AGENDA INFORMATION SHEET

DEPARTMENT: Finance

ACM: Christine Taylor

DATE: July 15, 2025

SUBJECT

Consider adoption of an ordinance of the City of Denton considering all matters incident and related to the issuance, sale and delivery of up to \$254,050,000 in principal amount of "City of Denton Certificates of Obligation, Series 2025"; authorizing the issuance of the certificates; delegating the authority to certain city officials to execute certain documents relating to the sale of the certificates; approving and authorizing instruments and procedures relating to said certificates; enacting other provisions relating to the subject; and providing an effective date. The Public Utilities Board recommends approval (5-0).

BACKGROUND

On May 20, 2025, the City Council adopted Ordinance Nos. 25-454 and 25-455 directing the publication of Notice of Intentions (NOI) to issue Certificates of Obligation (COs) for General Government, Solid Waste, Water, Wastewater and Electric projects. The notices were published in a newspaper of general circulation (Denton Record Chronicle) on May 24, 2025, and May 31, 2025, as required by state law. The notices were also posted on the City of Denton website.

COs require NOIs to be issued early in the bond sale process calculating costs based on current market conditions and CO Utility project totals. GO and CO bond sale costs are a shared expense. The estimated issuance cost used in the COs NOI process will also be used to cover the GO bond sale costs.

The COs will be issued as a single series of obligations totaling \$254,050,000. The below table summarizes the totals for each fund and the estimated associated issuance cost.

General Government	\$ 33,647,270
Solid Waste	11,125,711
Water	80,614,615
Wastewater	77,131,286
Electric	44,000,000
Subtotal	\$ 246,518,882
Issuance Cost*	7,531,118
CO Bond Sale Total	\$ 254,050,000

*Shared with GO Bond Sale

The adopted FY 2024-25 debt funded CIP budget included \$307,839,583 in General Government, Solid Waste, Water, Wastewater and Electric projects however, the project list amounts were reduced by \$61.3 million after an internal analysis of funding and product availability as well as project timelines, reducing the Bond Sale project list to \$246,518,882 for these funds.

It is important to note that the City sells bonds in accordance with the useful life of the asset that is being acquired. For example, vehicles are typically sold with bonds that will be paid within five years. The 2025 bond sale includes debt issuance terms below. All issued debt will have a 9-year call option.

- General Government \$23,581,270 will be 20-year debt, \$1,380,000 will be 10-year debt and \$8,686,000 will be 5-year debt.
- Solid Waste \$7,190,000 will be 20-year and \$3,935,711 will be 5-year debt.
- Water \$80,614,615 will be 20-year debt.
- Wastewater \$77,131,286 will be 20-year debt.
- Electric \$30,015,724 will be 30-year debt and \$13,984,276 will be 10-year debt.

Since bond market conditions can change rapidly, staff is recommending that the City Council approve a delegated parameters sale for the COs. The parameters ordinance sets the following requirements in order to complete the sale of the COs. By doing so, City staff will be authorized to execute the sale without additional approval.

- Maximum amount of sale is \$254,050,000
- Final stated maturity of February 15, 2055
- Maximum net effective interest rate of 5.00%
- Delegation authority ends January 15, 2026

Below is a listing of the recommended CO funded projects.

	NOI	BOND SALE
Fleet HVAC (Int. Svc. - Fleet)	\$ 1,000,000	\$ 1,000,000
End User Computing (Technology Services)	941,000	941,000
Infrastructure Replacement (Tech Services)	1,000,000	-
Radios & Modems (Tech Services)	300,000	300,000
Citywide Fiber Replacement (Tech Services)	500,000	500,000
Internal Service Total	\$ 3,741,000	\$ 2,741,000

	NOI	BOND SALE
Property Acquisition (Facilities)	\$ -	\$ -
Security Hardware Upgrade (Facilities)	80,000	80,000
Facilities ADA Upgrades (Facilities)	500,000	500,000
Adjacency Remodels (Facilities)	200,000	200,000
Municipal Court Renovation (Facilities)	1,000,000	1,000,000
Gun Range Cleanup (Env. Svc.)	2,000,000	2,000,000
ADA Transition Plan Improvements (Parks)	318,270	318,270
Avondale Park Playground (Parks)	341,000	-
North Pointe Park Playground (Parks)	320,000	320,000
Traffic Signal Cabinets (Traffic)	208,000	208,000
Traffic Signal Design and Rebuilds (Traffic)	1,950,000	1,950,000
ADA Transition Plan Improvements (Transportation)	1,172,500	1,172,500
HSIP Projects (Transportation)	500,000	500,000
Vision Zero Implementation Items (Transportation)	1,172,500	1,172,500
Robson Ranch Road Signal (Transportation)	600,000	600,000

	NOI	BOND SALE
Vehicle Replacement - General Fund (Motorpool)	2,860,000	2,860,000
Vehicle Addition - Fire Engine # 3 & PD Vehicles (Motorpool)	2,885,000	2,885,000
Pecan Creek Watershed Preliminary Design (Drainage)	750,000	750,000
Woodland & Longridge Street Sections (Drainage)	220,000	220,000
Oaktree Drainage Ph 1 (Drainage)	595,000	595,000
Infrastructure Repair (Drainage)	500,000	500,000
Flood Monitoring (Drainage)	75,000	75,000
Hickory Creek Road Phase 3 (Streets)	8,000,000	8,000,000
Bike Lanes: Hinkle Street Side Path Connector (Streets)	-	-
2019 Street Recon Bond Neighborhood Completion (Streets)	3,000,000	3,000,000
Bonnie Brae 5 (Streets)	2,000,000	2,000,000
General Government Total	\$ 31,247,270	\$ 30,906,270
Grand Total General Governmnet	\$ 34,988,270	\$ 33,647,270

	NOI	BOND SALE
Concrete Replacement	\$ 350,000	\$ 350,000
Scalehouse	640,000	640,000
Fleet Shop at Solid Waste	2,200,000	2,200,000
Cell 5 & 6 Construction	4,000,000	4,000,000
Vehicles - New Additions	285,711	285,711
Vehicles - Replacements	3,650,000	3,650,000
Solid Waste Total	\$ 11,125,711	\$ 11,125,711

	NOI	BOND SALE
AMI/AMR Replacements	\$ 2,000,000	\$ 2,000,000
Annual Field Service Replacements (CIP In House Cntstret)	1,050,000	1,050,000
Bonnie Brae (Phase 3)	900,000	900,000
Bonnie Brae (Phase 5)	675,000	675,000
Bonnie Brae (Phase 6)	100,000	100,000
Clear Creek Slope Maintenance	1,000,000	1,000,000
Elm and Locust (Phase 2)	3,000,000	3,000,000
VFDs at LLRWPS and the LLWTP HSPS	250,000	250,000
Fallmeadow Street Water Main	500,000	500,000
Fire Hydrant Installs	61,493	61,493
Lake Lewisville Filter Media Replacement	-	-
Lake Lewisville Raw Water Station Rehab	2,000,000	2,000,000
Lakey Street Water Main	500,000	500,000
Large Valve Replacements	-	-
LCR (Lead and Copper Rule) Compliance	1,000,000	1,000,000
LCR (Lead and Copper Rule) Remediation	500,000	500,000
LLWTP DME Pond Infill	-	-
LLWTP LAS Bulk Storage Capacity Redesign	-	-
LLWTP Raw Water Transmission Line	500,000	500,000
LLWTP Sludge Dewatering Improvement Project	1,000,000	1,000,000
McKenna Park BPS Rehab & Fence Replacement	500,000	500,000
Oversize Participation Agreements	5,360,000	5,360,000
Ray Roberts Ozone Generator PLC Upgrades	900,000	900,000
RRWTP Capacity Rerate and Performance Upgrades	29,200,000	29,200,000

	NOI	BOND SALE
RRWTP Disinfection Conversion and Chemical Improvements	6,250,000	6,250,000
RRWTP Evaluation and Upgrade of Emergency Generator ATS	1,000,000	1,000,000
RRWTP Fiber Installation	750,000	750,000
RRWTP Raw Electric Assessment	-	-
RRWTP Raw Water Line Cleaning for Zebra Mussel Accumula	-	-
Sampling Station Upgrades	200,000	200,000
SCADA/HMI Upgrade Water	1,000,000	1,000,000
Service Center Renovation	3,000,000	3,000,000
Supplement to Bond Election 2019 Projects	14,000,000	14,000,000
Tank Painting	200,000	200,000
Transmission Line Condition Assessment	1,000,000	1,000,000
Transmission Line Condition Repairs	200,000	200,000
Distributor Replacement Program	-	-
Water Meters	900,000	900,000
Water Production Water Storage Tank Mechanical Mixing Eval	250,000	250,000
Water Taps	308,122	308,122
West Allred Transmission Line	-	-
Westgate Road and Drainage	560,000	560,000
Water Total	\$ 80,614,615	\$ 80,614,615

	NOI	BOND SALE
12/15-inch Robson Ranch Interceptor (HC: O-4)	\$ 500,000	\$ 500,000
21/27/30-inch Roark Branch Interceptor Phase 2 (HC: D-4)	2,500,000	2,500,000
Annual Field Service Replacements	500,000	500,000
Bonnie Brae PH 3-6 Wastewater Upgrades	2,000,000	2,000,000
Collector Replacement Program	-	-
Cooper Creek Lift Station Improvement Project	650,000	650,000
Emergency Response Equipment Storage Building	-	-
Fallmeadow Street Water Main	500,000	500,000
Granada Lift Station Replacement	500,000	500,000
Hickory Creek Interceptor IV	1,000,000	1,000,000
Hickory Creek Water Reclamation Plant Ph 1	100,000	100,000
Hobson Lift Station Electrical Upgrade	500,000	500,000
Lakey Street Water Main	500,000	500,000
Legends Sewer Line	-	-
Lift Station Replacement	500,000	500,000
Manhole Repair/Replace/Lining	150,000	150,000
Milam Creek Basin Wastewater Line and Lift Station	23,888,000	23,888,000
Mingo/Ruddell/Quiet Zone Sewer Upgrades	1,000,000	1,000,000
Oversize Participation	13,040,000	13,040,000
PCWRP Expansion to 26 MGD and 75 MGD Headworks	9,400,000	9,400,000
PCWRP Utility Power Switch Replacement	-	-
Pipe/Force Main Condition Assessment	-	-
Robson Ranch Wastewater Improvement Project Phase I & II	-	-
Robson West Lift Station	1,000,000	1,000,000
SCADA/HMI Upgrade Water Rec	1,000,000	1,000,000
Supplement to Bond Election 2019 Projects	13,000,000	13,000,000
Vehicle Replacement	903,286	903,286
Water Reclamations Grinder	-	-
Service Center Renovation	4,000,000	4,000,000
Wastewater Total	\$ 77,131,286	\$ 77,131,286

	NOI	BOND SALE
Automated Meter Reading	\$ 1,850,000	\$ 1,850,000
Land and Building Construction	3,900,000	-
Distribution Substations	5,054,394	5,054,394
Distribution Transformers	-	-
Feeder Extensions & Improvements	9,000,000	9,000,000
New Residential & Commercial	2,000,000	2,000,000
Power Factor Improvement	150,000	150,000
Street Lighting	176,330	176,330
Transmission Lines	625,000	625,000
Transmission Substation	10,160,000	10,160,000
DME Production Plant	6,358,000	6,358,000
Technology - Software/Hardware	7,626,276	7,626,276
Electric Relocations	1,000,000	1,000,000
Electric Total	\$ 47,900,000	\$ 44,000,000
TOTAL BOND CO PROJECT LIST	\$ 251,759,882	\$ 246,518,882

RECOMMENDATION

Staff recommends adoption of the ordinance.

PRIOR ACTION/REVIEW (Council, Boards, Commissions)

On October 15, 2025, the City Council adopted reimbursement ordinance (Ord. 24-166) authorizing General Obligation Bonds and Certificates of Obligation funded projects in preparation of the 2025 Bond Sale.

On May 20, 2025, the City Council adopted ordinances (Ord. 25-454, 25-455) directing the publication of Notice of Intentions to Issue Certificates of Obligation of the City of Denton.

On June 23, 2025, the Public Utilities Board recommended this item to the City Council for consideration.

EXHIBITS

1. Agenda Information Sheet
2. Preliminary Official Statement
3. CO Ordinance
4. Presentation

Respectfully submitted:
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Assistant Director of Finance

Prepared by:
Ranee Klingele
Treasury Manager