



City of Denton

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

AGENDA INFORMATION SHEET

DEPARTMENT: Finance

DCM: Bryan Langley

DATE: May 22, 2018

SUBJECT

Consider adoption of an ordinance considering all matters incident and related to the issuance, sale and delivery of up to \$19,750,000 in principal amount of "City of Denton General Obligation Bonds, Series 2018"; authorizing the issuance of the Bonds; delegating the authority to certain City officials to execute certain documents relating to the sale of the Bonds; approving and authorizing instruments and procedures relating to said Bonds; enacting other provisions relating to the subject; and providing an effective date.

BACKGROUND

This bond sale was previously discussed with the Audit/Finance Committee on April 10, 2018, and the City Council on April 17, 2018. Additionally, the bond sale was discussed with the 2014 Bond Oversight Committee on January 30, 2018, and March 8, 2018.

The proposed bond sale represents a reduction of \$5,440,000 from the FY 2017-18 Adopted CIP. The primary reduction is due to the postponement of the Ruddell Realignment project of \$4,990,000 as discussed with the Audit/Finance Committee. Staff will discuss this project with the Audit/Finance Committee and City Council after a comprehensive review of the Mingo Road corridor is completed. Below is a breakdown of the reduction by proposition:

Proposition	Adopted CIP	Proposed CIP	Difference
Streets	\$21,340,000	\$15,650,000	(\$5,690,000)
Public Safety	\$0	\$0	\$0
Drainage	\$2,585,000	\$2,585,000	\$0
Parks	\$1,265,000	\$1,515,000	\$250,000
Total	\$25,190,000	\$19,750,000	(\$5,440,000)

The GO amount below represents the funding for the fourth year of projects approved by the voters in the 2014 Bond Election.

1. Street Reconstructions –	\$ 6,000,000
2. Bonnie Brae Phase 4 (IH35E to North of Scripture) –	\$ 7,500,000
3. Miscellaneous Sidewalks –	\$ 350,000
4. Bonnie Brae Phase 5 & 6 (North of Scripture to Windsor / Rights-of-Way & Land Acquisition) –	\$ 1,400,000
5. Miscellaneous Roadways –	\$ 400,000
Subtotal – Street Improvements (Proposition 1)	\$15,650,000

6. PEC-4 Drainage Improvements Phase 2 (West of Locust to Prairie) –	\$ 2,485,000
7. South Bell Drainage System (Downtown Implementation Plan) –	\$ 100,000
Subtotal – Drainage Improvements (Proposition 3)	\$ 2,585,000
8. Playground Replacements –	\$ 450,000
9. Park Improvements –	\$ 300,000
10. Tennis Center Remodel & Expansion –	\$ 765,000
Subtotal – Park System (Proposition 4)	\$ 1,515,000
Total General Obligation Bonds –	\$19,750,000

The below chart provides a summary of voter approved bonds including amounts previously issued and those being recommended:

Purpose	Date Authorized	Amount Authorized	Amount Heretofore Issued	Amount Being Proposed	Remaining Balance
Streets	11/6/2012	\$20,400,000	\$16,400,000	\$ 4,000,000	\$ -
Streets	11/4/2014	\$61,710,000	\$18,290,000	\$15,650,000	\$27,770,000
Public Safety	11/4/2014	\$16,565,000	\$16,565,000	\$ -	\$ -
Drainage	11/4/2014	\$ 8,545,000	\$ 5,255,000	\$ 2,585,000	\$ 705,000
Parks	11/4/2014	\$11,355,000	\$ 4,280,000	\$ 1,515,000	\$ 5,560,000

Since bond market conditions can change rapidly, staff is recommending that the City Council approve a delegated parameters sale for the GOs. The parameters ordinance sets the following requirements in order to complete the sale of the GOs.

- Maximum amount of sale is \$19,750,000
- Final stated maturity of February 15, 2038 (20 year term)
- Maximum net effective interest rate of 4.00%
- Delegation authority ends November 22, 2018

By doing so, City staff will be authorized to execute the sale without additional Council action. Once the exact terms of the transaction are determined, staff will provide the City Council with additional information in an informal staff report.

RECOMMENDATION

Staff recommends adoption of the ordinance.

PRIOR ACTION/REVIEW (Council, Boards, Commissions)

On April 17, 2018, the City Council adopted Ordinance No. 18-621 directing the publication of a Notice of Intention to Issue Certificates of Obligation of the City of Denton totaling \$10,110,000. Staff informed the City Council of the planned GO Bond sale along with the Audit/Finance Committee direction to remove the \$4,990,000 for the Ruddell Realignment project.

On April 10, 2018, the Audit/Finance Committee received a presentation on the bond program and Notice of Intent Ordinance. The Audit/Finance Committee unanimously recommended approval to forward the upcoming bond issuance to the City Council for consideration. The Committee directed staff to remove the \$4,990,000 for the Ruddell Realignment project which was included in the FY 2017-18 Adopted CIP.

On March 8, 2018, the 2014 Bond Oversight Committee received a presentation on the General Obligation bond sale. The Committee unanimously approve the GO bond issuance timeline (2014 Bond Election) be forwarded to the City Council for consideration and approval.

On January 30, 2018, the 2014 Bond Oversight Committee received a presentation on the General Obligation bond sale.

STRATEGIC PLAN RELATIONSHIP

The City of Denton's Strategic Plan is an action-oriented road map that will help the City achieve its vision. The foundation for the plan is the five long-term Key Focus Areas (KFA): Organizational Excellence; Public Infrastructure; Economic Development; Safe, Livable, and Family-Friendly Community; and Sustainability and Environmental Stewardship. While individual items may support multiple KFAs, this specific City Council agenda item contributes most directly to the following KFA and goal:

Related Key Focus Area: Organizational Excellence

Related Goal: 1.1 Manage financial resources in a responsible manner

EXHIBITS

1. Agenda Information Sheet
2. Municipal Bond Rates
3. Preliminary Official Statement
4. 2014 GO Bond Issuance Timeline
5. Ordinance

Respectfully submitted:
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Director of Finance