



City of Denton

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

AGENDA INFORMATION SHEET

DEPARTMENT: Finance

ACM: Cassey Ogden

DATE: June 6, 2023

SUBJECT

Consider adoption of an ordinance considering all matters incident and related to the issuance, sale and delivery of up to \$158,500,000 in principal amount of "City of Denton Certificates of Obligation, Series 2023"; 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 6-0.

BACKGROUND

On April 4, 2023, the City Council adopted Ordinance Nos. 23-195 and 23-196 directing the publication of Notice of Intentions 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 April 13, 2023, and April 20, 2023, as required by state law. The notices were also posted on the City of Denton website. The COs will be issued as a single series of obligations totaling \$158,500,000. The below table summarizes the totals for each fund and the associated issuance cost.

Internal Service/Enterprise Total	\$ 2,453,000
General Government Total	\$ 31,176,718
Solid Waste Total	\$ 16,000,000
Water Total	\$ 21,188,000
Wastewater Total	\$ 16,596,000
Electric Total	\$ 70,000,000
Issuance Cost	\$ 1,086,282
Total	\$158,500,000

The adopted FY 2022-23 budget included \$166,347,641 in Solid Waste, Water, Wastewater and Electric projects increasing to \$181,771,000 for the Notice of Intent (NOI). However, the NOI project amounts were reduced by \$57.9 million after an internal analysis of funding and product availability as well as project timelines, reducing the Bond Sale project list to \$123,784,000 for these funds.

The City sells bonds in accordance with the useful life of the asset that is being acquired. Below are the terms of the current funds included in this CO sale.

Source	Projects Total	Term in Years
General Government	\$ 5,191,718	5
General Government	\$ 6,450,000	10
General Government	\$ 21,988,000	20
Solid Waste	\$ 1,200,000	5
Solid Waste	\$ 14,800,000	20
Water	\$ 21,188,000	20
Wastewater	\$ 16,596,000	20
Electric	\$ 70,000,000	30

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 \$158,000,000
- Final stated maturity of February 15, 2053
- Maximum net effective interest rate of 5.00%
- Delegation authority ends December 6, 2023

Below is a listing of the recommended CO funded projects:

Certificate of Obligation Funded Projects	FY 22-23 NOI	FY 22-23 BOND SALE
Pavement Reconstruction (Airport)	\$ 1,800,000	\$ 1,000,000
Vehicle Replacement (Airport)	\$ 420,000	\$ -
End User Computing (Technology Services)	\$ 153,000	\$ 153,000
Fleet Management Software (Int. Svc - Fleet)	\$ 1,000,000	\$ 1,000,000
Fleet Fuel Infrastructure (Int. Svc. - Fleet)	\$ 300,000	\$ 300,000
Internal Service/Enterprise Total	\$ 3,673,000	\$ 2,453,000
Finance ERP (Finance)	\$ 2,000,000	\$ 2,000,000
Facilities Maintenance Program (Facilities)	\$ 4,000,000	\$ 4,000,000
Security System Upgrades (Facilities)	\$ 680,000	\$ 680,000
Fire Station # 9: Airport (Facilities)	\$ 13,100,000	\$ 13,100,000
Police Headquarters Renovation (Facilities)	\$ 4,220,000	\$ 4,220,000
ADA Accessibility Upgrades & Park Improvements (Parks)	\$ 770,000	\$ 770,000
Inclusive Playground (Parks)	\$ 200,000	\$ 200,000
Parkside Playground (Parks)	\$ 280,000	\$ -
Signal Cabinets (Traffic)	\$ 208,000	\$ 208,000
Emergency Vehicle Signal Preemption (Traffic)	\$ 720,000	\$ 720,000
Gridsmart Vehicle Detection (Traffic)	\$ 240,000	\$ 240,000
Public Safety Radios & Modems (Technology Services)	\$ 972,000	\$ 972,000
Vehicle Replacements (Motorpool)	\$ 3,802,000	\$ 3,323,718
Vehicle Additions (Motorpool)	\$ 743,000	\$ 743,000
General Government Total	\$ 31,935,000	\$ 31,176,718
Scalehouse Update & Scale Replacement	\$ 1,300,000	\$ 1,300,000
Home Chemical Collection Storage Capacity	\$ 1,000,000	\$ 1,000,000
Landfill Roads & Infrastructure	\$ 2,000,000	\$ 2,000,000
Fleet Shop at Solid Waste	\$ 10,500,000	\$ 10,500,000
Case/Steiger Scraper	\$ 1,200,000	\$ 1,200,000
Solid Waste Total	\$ 16,000,000	\$ 16,000,000

	FY 22-23 NOI	FY 22-23 BOND SALE
Certificate of Obligation Funded Projects		
Supplement to Bond Election 2019 Projects	\$ 11,000,000	\$ 11,000,000
Westgate Road and Drainage	\$ 208,000	\$ 208,000
Morse Street Reconstruction	\$ 480,000	\$ 480,000
Transmission Line Condition Repairs	\$ 1,000,000	\$ 1,000,000
Northwest Transmission Lines & BPS	\$ 7,000,000	\$ 7,000,000
SCADA Platform Development	\$ 1,500,000	\$ 1,500,000
Water Total	\$ 33,188,000	\$ 21,188,000

Supplement to Bond Election 2019 Projects	\$ 8,000,000	\$ 8,000,000
Annual Field Service Replacements	\$ 1,400,000	\$ 1,400,000
Hickory Creek Interceptor IV	\$ 1,000,000	\$ -
Dry Fork Sanitary Sewer	\$ 1,246,000	\$ 1,246,000
Milam Creek Basin Wastewater Line and Lift Station	\$ 6,752,000	\$ -
Solids Handling Improvements	\$ 2,000,000	\$ -
Cooper Creek Bar Screen	\$ 50,000	\$ -
PCWRP Headworks Reconfiguration	\$ 3,900,000	\$ 3,900,000
Hickory Creek Forcemain Replacement	\$ 2,400,000	\$ -
Grenada Lift Station Replacement	\$ 1,600,000	\$ -
Robson Ranch Decommissioning Project	\$ 550,000	\$ 550,000
SCADA Platform Development	\$ 1,500,000	\$ 1,500,000
Wastewater Total	\$ 30,398,000	\$ 16,596,000

Automated Meter Reading	\$ 1,102,000	\$ 2,930,223
Distribution Substations	\$ 7,745,000	\$ 1,024,000
Distribution Transformers	\$ 21,800,000	\$ 20,837,973
Feeder Extensions & Improvements	\$ 12,613,000	\$ 5,510,062
New Residential & Commercial	\$ 4,955,000	\$ 7,956,298
Over to Under Conversions	\$ 45,000	\$ -
Power Factor Improvements	\$ 500,000	\$ 205,000
Street Lighting	\$ 4,000,000	\$ 1,859,899
Transmission Lines	\$ 12,541,000	\$ 2,601,239
Transmission Substations	\$ 21,248,000	\$ 15,120,502
Production Plant Improvements	\$ 2,200,000	\$ 270,000
Technology - Software/Hardware	\$ 3,488,000	\$ 4,093,081
Electric Relocations	\$ 9,948,000	\$ 7,258,601
Miscellaneous Equipment	\$ -	\$ 333,122
Electric Total	\$ 102,185,000	\$ 70,000,000

RECOMMENDATION

Staff recommends adoption of the ordinance.

PRIOR ACTION/REVIEW (Council, Boards, Commissions)

On October 18, 2022, the City Council adopted a reimbursement ordinance (Ord. 22-1924) authorizing General Obligation Bonds and Certificates of Obligation funded projects in preparation of the 2023 Bond Sale.

On April 4, 2023, the City Council approved amending the FY 2022-23 Capital Improvement Program's budget by \$29,223,360, increasing expenses related to Denton Municipal Electric's capital projects (Ord. 23-545).

On April 4, 2023, the City Council adopted ordinances (Ord. 23-195, 23-196) directing the publication of Notice of Intentions to Issue Certificates of Obligation of the City of Denton.

On May 22, 2023, 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

Prepared by:
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Treasury Manager

Respectfully submitted:
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Interim Director of Finance