



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 \$80,500,000 in principal amount of "City of Denton General Obligation refunding and improvement bonds, Series 2023"; 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. The Public Utilities Board recommends 6-0.

BACKGROUND

The General Obligation (GO) Bonds will be the fourth issuance of bonds for the 2019 Bond Election. In addition to funding \$34,355,000 for streets, the GO Bonds will include a refunding component. The City's Financial Advisors, Hilltop Securities, identified two refunding opportunities this year including the Certificates of Obligation, Series 2012 and 2013 and General Obligation Refunding and Improvement Bonds, Series 2012 and 2013. The total outstanding amount is \$45,560,000 and includes General Government, Solid Waste, Water, Wastewater, Electric and Airport debt. The projected savings is approximately \$1.446 million based on current market conditions.

The below table summarizes the 2023 GO issuance including associated issuance costs.

| | |
|--------------------------------|---------------------|
| General Fund | \$34,355,000 |
| Refunding (Includes Utilities) | \$45,560,000 |
| Issuance Costs | \$ 585,000 |
| Total | \$80,500,000 |

The projected savings associated with each fund is as follows.

| Gen Gov | Solid Waste | Water | Wastewater | Electric | Airport | Total* |
|-----------|-------------|----------|------------|-----------|----------|-------------|
| \$311,635 | \$40,244 | \$32,013 | \$137,305 | \$892,174 | \$33,469 | \$1,446,839 |

*Preliminary, subject to change.

Since bond market conditions can change rapidly, staff is recommending 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. By doing so, City staff will be authorized to execute the sale without additional approval.

- Maximum amount of sale is \$80,500,000
- Final stated maturity of February 15, 2043
- Maximum net effective interest rate of 4.50%
- Delegation authority ends December 6, 2023

Below is a listing of the GO funded projects:

| | FY 22-23 CIP Budget | FY 22-23 Bond Sale |
|--------------------------------|------------------------|-----------------------|
| Street Reconstruction | \$ 20,000,000 | \$ 20,000,000 |
| Bonnie Brae | \$ 7,500,000 | \$ 7,500,000 |
| Hickory Creek | \$ 4,855,000 | \$ 4,855,000 |
| Sidewalks | \$ 2,000,000 | \$ 2,000,000 |
| Total 2019 Bond Program | \$ 34,355,000 | \$ 34,355,000 |

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 May 22, 2023, the Public Utilities Board recommended this item which includes Utilities refunding to the City Council for consideration.

EXHIBITS

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

Respectfully submitted:
Aimee Kaslik
Interim Director of Finance

Prepared by:
Randee Klingele
Treasury Manager