



# City of Denton

City Hall  
215 E. McKinney Street  
Denton, Texas  
[www.cityofdenton.com](http://www.cityofdenton.com)

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## AGENDA INFORMATION SHEET

**DEPARTMENT:** Finance

**DCM:** Bryan Langley

**DATE:** November 7, 2017

### **SUBJECT**

Consider adoption of an ordinance of the City of Denton, Texas to declare the intent to reimburse capital program expenditures of the General Government (\$8,250,000) with Tax Preferred Obligations (Certificates of Obligation) with an aggregate maximum principal amount equal to \$8,250,000; providing an effective date.

### **BACKGROUND**

The purpose of this item is to allow staff to begin the initial work and expenses for the specified capital projects prior to the planned debt sale. The City plans to sell the Bonds and Certificates of Obligation approved in the FY 2017-18 Capital Budget in the summer of 2018. Federal tax law allows for the City to begin these projects and associated expenditures upon approval of this ordinance. This gives staff a head start on the projects while minimizing the debt service tax rate impact by issuing the debt later in the fiscal year. Initially, funding for the expenditures will be provided with existing bond proceeds or unreserved fund balance in the General Fund. Once the debt is sold, these expenditures will be reimbursed from the debt proceeds.

General Government is proposing to utilize \$8,250,000 of Certificates of Obligation to fund vehicle/equipment replacements (\$3,190,000), replacement of facility HVAC, roofs and flooring (\$1,500,000), and the design/construction of the west side parallel runway and design/construction of the primary runway and taxiway at the Denton Enterprise Airport (\$3,560,000). Exhibit 2 provides a detailed listing of vehicle/equipment replacements and HVAC, roofing and flooring replacements to be funded by the requested reimbursement ordinance amount. The reimbursement ordinance amount represents only a portion of the \$13,335,000 in projects to be funded by Certificates of Obligation as approved in the FY 2017-18 Capital Budget. Additionally, the \$3,190,000 for vehicle/equipment replacements has been reduced by \$300,000 from \$3,490,000 in accordance with the FY 2017-18 Adopted Budget for the General Fund. This amount is intended to cash fund the replacement of police vehicles.

The FY 2017-18 Capital Budget also included \$25,190,000 in General Obligation projects which are not included in this reimbursement ordinance. Staff anticipates discussing the General Obligation debt sale with the Bond Oversight Committee in January 2018 and then the Audit/Finance Committee prior to consideration of the sale by the City Council. The remaining Certificates of Obligation funded projects not included in this reimbursement ordinance will also be discussed with the Audit/Finance Committee prior to consideration by the City Council.

## **RECOMMENDATION**

Staff recommends approval of the Ordinance.

## **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. Detailed Project Listing
3. Ordinance

Respectfully submitted:  
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Prepared by:  
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