



Legislation Text

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Agenda Information Sheet

DEPARTMENT: Finance

ACM: Bryan Langley

Date: April 18, 2017

SUBJECT

Consider adoption of an ordinance considering all matters incident and related to the issuance, sale and delivery of up to \$30,700,000 in principal amount of "City of Denton General Obligation Refunding and Improvement Bonds, Series 2017"; 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; and enacting other provisions relating to the subject; and providing an effective date.

BACKGROUND

This bond sale was previously discussed with the Audit/Finance Committee and the City Council on March 7, 2017. At the time of these discussions, staff anticipated refunding \$12,980,000 in existing debt as part of this issuance, if market conditions were favorable. Based on the advice of the City's financial advisor, First Southwest Company, market conditions are favorable, and as such, staff requests approval to proceed with the refunding of a portion of the 2007A General Obligation Refunding Bonds. The refunding will not extend the maturity date of the existing debt and it is currently projected to produce approximately \$700,000 in present value savings. The bond sale may include up to \$560,000 for issuance and escrow costs.

In addition, the bond sale includes the issuance of \$17,160,000 in General Obligation Bonds (GOs) related to the 2012 and 2014 Bond Elections plus related issuance costs. The GO amount below represents the funding for the fifth and final year of projects approved by the voters in the 2012 Bond Election.

1. Street Improvements -	\$ 4,000,000
2012 Bond Election Total -	\$ 4,000,000

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

1. Street Reconstructions -	\$ 2,000,000
2. Miscellaneous Traffic Signals -	\$ 500,000
3. Miscellaneous Sidewalks -	\$ 700,000
4. Morse Street Expansion (Loop 288 to Mayhill) -	\$ 1,650,000
5. Miscellaneous Roadways -	\$ 100,000
Subtotal - Street Improvements (Proposition 1)	\$ 4,950,000

6. Fire Station #3 Remodel/Rebuild (Land Acquisition/Design) -	\$ 6,415,000
7. Communications Center & Criminal Investigations Bureau Relocation -	\$ 1,795,000
Subtotal - Public Safety Facilities (Proposition 2)	\$ 8,210,000
2014 Bond Election Total -	\$13,160,000
Total General Obligation Bonds -	\$17,160,000

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	\$ 13,340,000	\$4,950,000	\$43,420,000
Public Safety	11/4/2014	\$16,565,000	\$ 8,355,000	\$8,210,000	\$ -
Drainage	11/4/2014	\$ 8,545,000	\$ 5,255,000	\$ -	\$ 3,290,000
Parks	11/4/2014	\$11,355,000	\$ 4,280,000	\$ -	\$ 7,075,000

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 \$30,700,000
- Final stated maturity of February 15, 2037
- Maximum net effective interest rate of 3.50%
- Refunding must produce savings of at least 3.00%
- Delegation authority ends October 18, 2017

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 approval of the ordinance.

PRIOR ACTION/REVIEW (Council, Boards, Commissions)

On March 7, 2017, the Audit/Finance Committee received a presentation on the bond program and Notice of Intent Ordinances. The Audit/Finance Committee unanimously recommended approval to forward the upcoming bond issuance to the City Council for consideration.

On February 23, 2017, 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.

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. Preliminary Official Statement
2. Ordinance

Respectfully submitted:
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