



**TITLE:** Consider/Discuss/Act on All Matters Incident and Related to the Issuance and Sale of City of McKinney, Texas Waterworks and Sewer System Revenue Refunding Bonds, Series 2013, Including the Adoption of an Ordinance Authorizing the Issuance of Such Bonds, Establishing Parameters for the Sale and Issuance of Such Bonds and Delegating Certain Matters to an Authorized Official of the City

**MEETING DATE:** February 19, 2013

**DEPARTMENT:** Financial Services

**CONTACT:** Rodney Rhoades, Chief Financial Officer

**RECOMMENDED CITY COUNCIL ACTION:**

- Approval of Ordinance

**ITEM SUMMARY:**

- The City has the option to refund in whole or in part the Waterworks and Sewer System Revenue Bond, Series 2003 has an outstanding principal amount of \$8.6 million.
- Refunding bonds is similar to refinancing debt obligations to take advantage of lower interest rates.
- The current interest rate for the bond ranges from 4.65% to 5.00% per annum.
- All arrangements necessary to notify the holders of such obligations of the decision to refund will be directed in accordance with the refunding provisions.

**BACKGROUND INFORMATION:**

- The Series 2003 Revenue Bonds were issued, sold, and delivered subject to the right and authority of the City to refund them prior to maturity.

**FINANCIAL SUMMARY:**

- The Series 2013 Revenue Refunding Bonds are conservatively estimated to have yields of .90% to 2.80% which will produce interest cost savings of \$1.3 million or 13.5% Net Present Value (NPV).
- This Ordinance establishes a minimum NPV of 5% and a maximum true interest cost of 3.50%.

**BOARD OR COMMISSION RECOMMENDATION:** N/A