



17-710

TITLE: Consider/Discuss/Act on an Ordinance Authorizing the Issuance of “City of McKinney, Texas, Waterworks and Sewer System Revenue Refunding and Improvements Bonds, Series 2017”, and Delegating Matters Relating to the Sale and Issuance of Said Bonds to an Authorized City Official(s)

COUNCIL GOAL: Financially Sound Government

MEETING DATE: July 18, 2017

DEPARTMENT: Financial Services

CONTACT: Mark Holloway, Chief Financial Officer

RECOMMENDED CITY COUNCIL ACTION:

- Approval of Ordinance

ITEM SUMMARY:

- The City is issuing new Waterworks and System Revenue Improvement Bonds in the amount of \$39,390,000 for various water and sewer related projects.
- The City has the option to refund in whole or in part the Waterworks and Sewer System Revenue Bonds, Series 2008 aggregating in par amount of \$6,100,000, and Waterworks and Sewer System Revenue Bonds, Series 2009 aggregating in par amount of \$5,855,000.
- Refunding bonds is similar to refinancing debt obligations to take advantage of lower interest rates.
- Additionally, approval of this ordinance will designate the City Manager, Chief Financial Officer and Director of Finance as Pricing Officers to execute the transaction. This will enable pricing of the bonds at such time as the market conditions are most favorable.

BACKGROUND INFORMATION:

- Continuing growth drives the need for major capital improvements.
- Applications have been made to both Standard and Poor’s (S&P) and Moody’s Investors Services, Inc. (Moody’s) to review the bond rating.
- The 2008 Waterworks and Sewer System Revenue Bonds and 2009 Waterworks

and Sewer System 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 total not to exceed principal amount for new issue and refunding is \$60,000,000.
- Anticipated blended interest rate for the new issue and refunding bonds is approximately 3.5%.
- Net present value savings of approximately \$1.3 million.

BOARD OR COMMISSION RECOMMENDATION: N/A

SUPPORTING MATERIALS:

[Ordinance](#)
[Presentation](#)