



CITY OF MCKINNEY, TEXAS

Legislation Text

File #: 19-0574, **Version:** 1

Consider/Discuss/Act on an Ordinance Authorizing the Issuance of "City of McKinney, Texas, General Obligation Refunding and Improvement Bonds, Series 2019", and Delegating Matters Relating to the Sale and Issuance of Said Bonds to an Authorized City Official(s)

COUNCIL GOAL: Financially Sound Government
4A: Provide funding and organizational framework to ensure continual economic improvements

MEETING DATE: July 16, 2019

DEPARTMENT: Financial Services

CONTACT: Mark Holloway, Chief Financial Officer

RECOMMENDED CITY COUNCIL ACTION:

- Approval of Ordinance

ITEM SUMMARY:

- The City is issuing new General Obligation Bonds in the amount of \$41,720,000 for the following projects from various voter authorizations:
 - \$1.32 million 2010 Voter Authorized Drainage
 - \$31.4 million 2015 Voter Authorized Streets
 - \$1.0 million 2015 Voter Authorized Public Safety
 - \$3.0 million 2019 Voter Authorized Muni Facilities
 - \$5.0 million 2019 Voter Authorized Public Works
- The City also has the option to refund in whole or in part the General Obligation Bonds, Series 2009 maturing in years 2020 to 2029 and aggregating in par amount of \$5,490,000.
- The City also has the option to refund in whole or in part the Tax & Limited Pledge Waterworks and Sewer System Revenue, Certificates of Obligation, Series 2009 maturing in years 2020 to 2029 and aggregating in par amount of \$11,485,000.
- Refunding bonds is similar to refinancing debt obligations to take advantage of lower interest rates.
- The current interest rate for the bonds ranges from 4.00% to 4.75% per annum.
- 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 2009 Tax and Limited Pledge Waterworks and Sewer System Revenue Certificates of Obligation and the 2009 General Obligation Refunding Bonds were issued, sold and delivered subject to the right and authority of the City to refund them prior to maturity.

FINANCIAL SUMMARY:

- Total debt savings anticipated of 12% - 15%
- Total not to exceed amount for new issues is \$60,000,000

BOARD OR COMMISSION RECOMMENDATION: N/A