



CITY OF MCKINNEY, TEXAS

Legislation Text

File #: 20-0503, **Version:** 1

Consider/Discuss/Act on an Ordinance Authorizing the Issuance of "City of McKinney, Texas, General Obligation Refunding Bonds, Series 2020B", 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: June 16, 2020

DEPARTMENT: Financial Services

CONTACT: Mark Holloway, Chief Financial Officer

RECOMMENDED CITY COUNCIL ACTION:

- Approval of Ordinance

ITEM SUMMARY:

- The City also has the option to refund in whole or in part the General Obligation Bonds, Series 2010 maturing in years 2021 to 2030 and aggregating in par amount of \$13,315,000.
- 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 2010 maturing in years 2021 to 2030 and aggregating in par amount of \$8,930,000.
- Refunding bonds is similar to refinancing debt obligations to take advantage of lower interest rates.
- The current interest rate for the bonds ranges from 2.3% to 2.6% 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:

- 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 2010 Tax and Limited Pledge Waterworks and Sewer System Revenue Certificates of Obligation and the 2010 General Obligation 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 18% - 20%
- Total not to exceed amount for new issues is \$22,245,000

BOARD OR COMMISSION RECOMMENDATION:

- N/A