



CITY OF MCKINNEY, TEXAS

Legislation Text

File #: 21-0371, **Version:** 1

Consider/Discuss/Act on an Ordinance Authorizing the Issuance of “City of McKinney, Texas, General Obligation Refunding Bonds, Taxable Series 2021B”, 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: May 04, 2021

DEPARTMENT: Financial Services

CONTACT: Mark Holloway, Chief Financial Officer

RECOMMENDED CITY COUNCIL ACTION:

- Approval of Ordinance

ITEM SUMMARY:

- The Tax & Limited Pledge Hotel Occupancy Tax Revenue Certificates of Obligation, Taxable Series 2013 and the Tax & Limited Pledge Airport Revenue Certificates of Obligation, Taxable Series 2013 were issued, sold and delivered subject to the right and authority of the City to refund them prior to maturity.
- The City has the option to refund in whole or in part the Tax & Limited Pledge Hotel Occupancy Tax Revenue Certificates of Obligation, Taxable Series 2013 maturing in years 2023 to 2035 and aggregating in par amount of \$4,340,000.
- The City also has the option to refund in whole or in part the Tax & Limited Pledge Airport Revenue Certificates of Obligation, Taxable Series 2013 maturing in years 2024 to 2035 and aggregating in par amount of \$8,655,000.
- Refunding bonds is similar to refinancing debt obligations to take advantage of lower interest rates.
- The current interest rate for the bonds ranges from 2.63% to 4.84% 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.

FINANCIAL SUMMARY:

- Minimum required savings 8.0%
- Total debt savings anticipated of 8% - 11%
- Total not to exceed amount for issuance is \$14,600,000

BOARD OR COMMISSION RECOMMENDATION:

- N/A