

Legislation Text

File #: 6630, **Version:** 1

CC MEETING: April 16, 2024**DATE:** April 5, 2024**TO:** Erin Rinehart, City Manager**FROM:** Diana K. Vaughn, CFO
Chrystal Davis, Assistant City Manager

Consider An **Ordinance of the City Council of the City of Carrollton, Texas, Authorizing the Issuance of “City of Carrollton, Texas, General Obligation Improvement and Refunding Bonds, Series 2024”; Levying a Continuing Direct Annual Ad Valorem Tax for the Payment of Said Bonds; Resolving Other Matters Incident and Related to the Issuance, Sale, Payment, and Delivery of Said Bonds; Establishing Procedures for the Sale and Delivery of the Bonds; Delegating Matters Relating to the Sale and Issuance of the Bonds to Authorized City Representatives; and Providing for an Effective Date.**

BACKGROUND:

The City plans to issue General Obligation Improvement and Refunding Bonds, Series 2024 (the “Bonds”) during the week of May 20th through a negotiated sale. The bonds will be issued to (1) fund approximately \$29,180,000 of capital projects approved by voters at the November 2022 election, (2) refund up to \$11,915,000 of previously issued 2014 bonds that are callable on August 15, 2024, and (3) pay costs of issuing the Bonds. Concurrently with the refunding portion of the bonds, the City will also contribute approximately \$4,820,641 to prepay (defease) a portion of the refunded 2014 bonds. If market conditions permit, the balance of the callable 2014 bonds not paid off with cash will be refinanced with the refunding portion of the Bonds, currently estimated in the amount of \$5,525,000. The portion of the Bonds issued for new money purposes are being issued to provide funds for street improvements in the amount of \$25,280,000; park improvements in the amount of \$3,200,000; trail improvement in the amount of \$700,000. Estimated costs of issuing the Bonds is \$450,000.

FINANCIAL IMPLICATIONS:

Issuance of the Bonds for new money purposes will assist the City in the continuation of the capital improvement program. The issuance of the Bonds for refunding purposes is projected to provide a net present value savings of debt service of approximately \$250,000. The refunding bonds will only be issued if net present value savings of at least 1.5% of the refunded bonds is achieved. The Bonds are tax-supported debt and will be subject to arbitrage law. All costs of issuance will be paid from the proceeds from the issuance of the Bonds.

IMPACT ON COMMUNITY SUSTAINABILITY:

This bond issuance supports and aligns with the City Council’s goals and objectives to properly manage infrastructure with fiduciary care and improves the City’s financial position and sustainability.

STAFF RECOMMENDATION/ACTION DESIRED:

Consider An Ordinance of the City Council of the City of Carrollton, Texas, Authorizing the Issuance of “City of Carrollton, Texas, General Obligation Improvement and Refunding Bonds, Series 2024”; Levying a Continuing Direct Annual Ad Valorem Tax for the Payment of Said Bonds; Resolving Other Matters Incident and Related to the Issuance, Sale, Payment, and Delivery of Said Bonds; Establishing Procedures for the Sale and Delivery of the Bonds; Delegating Matters Relating to the Sale and Issuance of the Bonds to Authorized City Representatives; and Providing for an Effective Date.