



CITY COUNCIL COMMUNICATION

January 25, 2011

SUBJECT: Issuance of General Obligation Refunding Bonds, Series 2011, based upon established parameters

SUBMITTED BY: Vicki Rodriguez, Director of Finance

REFERENCE NO: Ordinance No. 1902

ACTION REQUESTED:

Consider all matters incident and related to the issuance and sale of City of Euless, Texas General Obligation Refunding Bonds, Series 2011, including the adoption of Ordinance No. 1902 authorizing the issuance of such bonds, establishing parameters for the sale and issuance of such bonds and delegating certain matters to an authorized official of the City.

ALTERNATIVES:

- Do not approve.

SUMMARY OF SUBJECT:

Recently the bond market has been marginally favorable for a refunding of General Obligation Bonds, Series 2001 and 2006, and Tax and Waterworks and Sewer System (Limited Pledge) Revenue Certificates of Obligation, Series 2001. However, these rates have been changing on a daily basis and the current estimates of net present value benefit are considerably less than our goal of 3%. At the suggestion of First Southwest and bond counsel, we are seeking authorization which would allow us to be prepared, on short notice, to proceed with the refunding should the market meet certain parameters as set forth in the attached parameter ordinance

Attached are two draft versions of Ordinance No. 1902. Version (A) is an ordinance that would allow the City to refund the above mentioned bonds should the market be favorable on Tuesday, January 25, 2011. Version (B) is an ordinance that outlines certain parameters which must be met before the City would proceed with the refunding. These parameters would require the following:

1. The aggregate original principal amount of the Bonds shall not exceed \$7,700,000.
2. The refunding must produce a net present value debt service savings of at least 3%, net of any contribution by the City.

3. The maximum maturity date for the Bonds shall not exceed December 31, 2021.

This ordinance would remain in effect for six months, during which time, staff would be authorized to execute the refunding within the aforementioned parameters with no further council action required. These ordinances and exhibits are in draft form and cannot be finalized until the date of the City Council meeting. The bond counsel and financial advisor will bring the most recent interest rates and savings figures as well as the final ordinance and exhibits for your consideration at the Council meeting.

SUPPORTING DOCUMENTS:

- Version (A) Draft Ordinance No. 1902 – GO Refunding Bonds, Series 2011
- Version (B) Draft Ordinance No. 1902 – GO Refunding Bonds, Series 2011 with parameters for sale
- First Southwest Company – Preliminary Amortization and Savings Schedules

APPROVED BY:

_____ **CB** _____

City Manager's Office

_____ **KS** _____

City Secretary's Office