

# What are Refunding Bonds

- Utilized to refinance outstanding bond issues
  - Savings based on interest cost from call date
- Financial Management Policy Statements provide guidelines for consideration
  - Minimum Net Present Value savings of 3%
  - Does not extend maturity schedule
  - Competitively bid unless conditions warrant
- IRS no longer allows tax exempt advance refunding bonds
  - Must be within 90 days of the call date



## Issues to be Refunded

Issue	Maturities	Par Amount
MUD 111 Series 1997	2020-22	\$ 990,000
Series 2010 CO's	2020-30	6,290,000
Series 2010 GO's	2028-30	540,000
Series 2010 GO Ref	2020-26	6,715,000
Total to be Refunded		\$14,535,000

# Refunding Analysis

- Updated based on Nov 26<sup>th</sup> market conditions
- NPV savings of 5.8% of refunded principal
  - Estimated NPV savings \$843,185
  - Average debt service savings of \$82,146/year over 12 years
    - Approx 30% of savings to Tourism Fund for Sugar Land Conference Center related debt
- GO Refunding bonds carry the City's 'AAA' bond rating
  - Affirmed by S&P and Fitch Investors Services



# Results and Recommendation

- Bids due at 10:45 am on December 4, 2018
- Summary: 10 bids received
  - True Interest Cost (TIC) from 2.714% to 2.855%
    - Winning bid: 2.714389% TIC
    - Underwriter: JP Morgan Securities
- Final savings update:
  - Over \$1 million in savings
  - Over 7% of refunded principal



# Results and Recommendation

- **Consideration and approval of Ordinance No. 2144 authorizing the issuance of GO Refunding Bonds, Series 2019**
  - **Authorize the execution of documents & procedures**





# Questions?

