



City of Keller

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Legislation Text

File #: 18-203, **Version:** 1

To: Mark R. Hafner, City Manager

From: Aaron Rector, Director of Finance

Subject:

Consider an ordinance authorizing redemption of a portion of City Of Keller, Texas General Obligation Refunding Bonds, Series 2010.

Action Requested:

Consider an ordinance authorizing redemption of a portion of City Of Keller, Texas General Obligation Refunding Bonds, Series 2010.

Background:

The 2010 General Obligation (GO) Refunding bonds have reached a call date meaning the city has the opportunity to pay off future principle now and reduce future interest payments. The 2010 GO Refunding bonds are related to bonds issued in 2001 and 2002 for construction projects related to the Tax Increment Reinvestment Zone (TIRZ). The proposed redemption ordinance would authorize payment of \$580,000 to be used to fund future debt obligation costs. The payment would remove any future TIRZ debt obligations and therefore eliminate the TIRZ district once the payment is made. A minimum notice of 30 days is required prior to redemption, so if approved, the earliest available redemption date would be August 21, 2018. The total projected savings will be approximately \$57,600.

Currently, the outstanding debt obligation at October 1, 2018 is \$580,000 and is scheduled to end in fiscal year (FY) 2020-21. After the redemption, there will be no more outstanding debt. By calling the debt during FY 2017-18 and removing any future debt obligations, the City is able to end the TIRZ district and make the related ad valorem available for General Fund expenditures in FY 2018-19.

Budget Impact:

The proposed redemption would use \$5,000,000 of TIRZ fund's fund balance and would leave a projected year-end fund balance of \$426,784. The expenditure was not included in the budget, so a budget amendment will be required at a later date.

Financial Considerations:

The redemption will be used to reduce future outstanding debt requirements of \$580,000. This results in a savings to the city of approximately \$57,600 and will make TIRZ ad valorem available for General Fund expenditures in FY 2018-19. The expenditure was not included in the budget, so a budget amendment will be required at a later date.

Citizen Input/Board Review:

N/A

Legal Review:

Bond counsel has prepared the ordinance.

Alternatives:

City Council has the following alternatives:

- Approve as submitted
- Approve with changes
- Denial

Council Action:

Consider an ordinance authorizing redemption of a portion of City Of Keller, Texas General Obligation Refunding Bonds, Series 2010