



Legislation Text

File #: 2019-0184, **Version:** 1

Consider an ordinance authorizing the issuance of City of Round Rock, Texas General Obligation Refunding Bonds, Series 2019; levying an ad valorem tax in support of the bonds; approving an Official Statement, a Purchase Agreement, an Escrow Agreement and a Paying Agent/Registrar Agreement; calling certain obligations for redemption and authorizing other matters related to the issuance of the Bonds. (First Reading)(Second Reading Not Required)

The City is refunding approximately \$12.49 million in 2010 General Obligation (GO). Due to current market conditions the City would like to take the opportunity to refinance this debt at a more favorable rate. The current interest rate is 4% and the goal is to reduce it to below 2.5%. The net present value savings over the life of the debt is projected to be over \$800,000, or an average of \$100,000 per year, and will be reflected as a reduction of the debt service requirement. Per City policy, the life of the bonds will not be extended beyond their current maturity dates. The City will use the negotiated sale method which allows greater flexibility at the time of pricing. The City Council designates the City Manager as the Pricing Officer, who approves the sale. This is a current refunding and rates will be fixed, as allowed by IRS regulations, 15 days after the pricing of the GOs. Closing will occur in May 2019, and since this is a refunding, no proceeds are involved.