



Legislation Text

File #: 23-5778, **Version:** 1

Ordinance - An Ordinance of the City Council of the City of Mansfield, Texas Authorizing the Issuance and Sale of City of Mansfield, Texas General Obligation Refunding Bonds, Series 2024, in an Aggregate Principal Amount of Approximately \$12,010,000; Levying a Tax in Payment Thereof; Prescribing the Form of Said Bonds; Authorizing the Execution and Delivery of a Bond Purchase Agreement, A Paying Agent/Registrar Agreement, An Escrow Agreement and a Bond Counsel Engagement Letter; Approving the Official Statement; and Enacting Other Provisions Relating Thereto

The notice is to announce to the public that the City will be issuing bonds on December 11, 2023, for purpose of: (i) refunding a portion of the City's outstanding debt described in Schedule I - Schedule of Refunded Obligations (the "Refunded Obligations") in order to lower the overall debt requirements of the City; and (ii) paying the costs incurred in connection with the issuance of the Bonds.

Staff recommends the approval of the Ordinance to refund the outstanding bonds for the purpose of refinancing the bonds for debt service coverage.

The City has determined that it is economically feasible to issue new bonds to pay off old bonds for debt service savings. The savings will amount to approximately \$800,000 or an average annual savings of \$80,000 per year, 2025 - 2034.

The outstanding bonds have a par amount of \$12,320,000, Series 2015 CO & GO bonds, will be refunded/refinanced with new bonds in the par amount of \$12,010,000. The existing term of the prior debt is not being extended. The estimated average interest rate of the Series 2024 Bonds is 3.65%. The average interest of the existing bonds being refunded is 4.98%.

In this refunding, the expected net present value basis savings is over 5.25%.

Note - amounts are expected and subject to change based on actual results of the sale.

The City of Mansfield, Texas is creating opportunities for savings by refunding old debt with new debt.

Ad Valorem taxes: the cost of this issuance is not expected to raise the tax rate.

Troy Lestina, Director of Finance; 817-276-4258