



## Legislation Text

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**File #:** 21-3941, **Version:** 1

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Ordinance - Approval of an Ordinance of the City Council of the City of Mansfield, Texas Authorizing the Issuance and Sale of City of Mansfield, Texas, Waterworks and Sewer System Revenue Bonds, Series 2021; Providing for the Security for and Payment of Said Bonds; Prescribing the Form of Said Bonds; Approving Execution and Delivery of a Deposit Agreement; Approving the Official Statement; Approving an Engagement Letter and Enacting Other Provisions Relating Thereto

Approve the Sale of the Bonds to Refund the Outstanding Bonds for the purpose of refinancing the Bonds for debt service savings.

Staff recommends that the City Council of the City of Mansfield, Texas approve the Sale of the Bonds to refund the outstanding bonds for the purpose of refinancing the bonds for debt service savings.

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 \$1,140,000 or an average annual savings of \$114,000.

The outstanding bonds have a par amount of \$7,810,000, Series 2009 and Series 2011, will be refunded/refinanced with new bonds in the par amount of \$7,425,000. The existing term of the prior debt is not being extended. The estimated average interest rate of the Series 2021 Bonds is 1.34%. The average interest of the existing bonds being refunded is 4.60%.

Interest rates in the Municipal Bond Market have never been lower and because of the lower rates, the City is able to issue new bonds to refund the existing bonds that have higher interest rates. In this refunding, the expected net present value basis savings is over 13%.

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.

The City Mansfield, Texas as defined by statute or Ordinance - Water/Sewer Fund.

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