



City Council Agenda Item Summary Report

Meeting Date:
June 7, 2022

Submitted by:
Deborah Woodham, Director of
Finance

Item Title:

Consider all matters incident and related to providing for the redemption of certain outstanding bonds of the City, including the adoption of a resolution pertaining thereto.

Consent Item [] **Public Hearing Item** []
Action Item []

Documentation Attached:
Resolution

Recommended Action:

Staff recommends approval.

How this item ties-in with the City's Mission, Vision and Values:

The early redemption of bonds represents accountability.

Item Summary:

Our agreement with TxDOT for the Pass-Through Toll projects guarantees a minimum annual payment of \$2,009,570. The agreement also provides that the payment may be increased, based on traffic counts, up to a maximum of \$4,019,140 annually. Any amount received over the minimum is considered to be an accelerated payment.

When the bonds were sold in 2008, the City anticipated that the annual payments would have an accelerated portion. The bonds were structured so that some of the bonds would be eligible for early redemption and allow the City to pay off this obligation in a shorter time frame thus recognizing considerable interest savings.

In September 2012, City Council passed a resolution to commit the accelerated portion of the pass-through payment from TxDOT for early retirement of debt related to the road projects. This year the City again received the maximum amount of \$4,019,140, and will be able to use \$2,005,000 for early bond redemption, saving \$751,838 in interest. The resolution is required in order to satisfy all requirements for the early redemption of \$2,005,000.

A history of the early redemption is below:

Early Redemption Savings

Year	Amount Received	Scheduled Payment	Remaining	Early Redemption
2013	3,606,373	2,009,570	1,596,803	1,590,000
2014	3,685,934	2,009,570	1,676,364	1,675,000
2015	3,901,756	2,009,570	1,892,186	1,890,000
2016	4,019,140	2,009,570	2,009,570	1,955,000
2017	4,019,140	2,009,570	2,009,570	1,910,000
2018	4,019,140	2,009,570	2,009,570	2,005,000
2019	4,019,140	2,009,570	2,009,570	2,000,000
2020	4,019,140	2,009,570	2,009,570	2,005,000
2021	4,019,140	2,009,570	2,009,570	2,005,000
2022	4,019,140	2,009,570	2,009,570	2,005,000
				19,040,000

PTT 2008 Payment History and Savings

	<u>Principal Prepaid</u>	<u>Interest Savings</u>
2013	\$ 1,590,000	\$ 1,359,450
2014	1,675,000	1,281,313
2015	1,890,000	1,260,175
2016	1,955,000	1,088,700
2017	1,910,000	894,750
2018	2,005,000	631,575
2019	2,000,000	528,075
2020	2,005,000	616,313
2021	2,005,000	915,613
2022	2,005,000	751,838
	<u>\$ 19,040,000</u>	<u>\$ 9,327,801</u>