



# CITY OF ARANSAS PASS

## AGENDA MEMORANDUM

Meeting of May 21, 2018

Date: May 18, 2018

To: Mayor and City Council

From: Sandra Garcia, Director of Finance

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Title: Ordinance No. 2018-4214 – General Obligation Refunding Bonds, Series 2018

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### **BACKGROUND AND FINDINGS:**

The City currently has Combination Tax and Limited Pledge Revenue Certificates of Obligation, Series 2007A Bond being paid by the Municipal Development District ½ cent sales tax collected. The interest rate on this bond issuance is 3.92% with a maturity date of September 30, 2027.

The City has an opportunity to refund this bond at a lower interest rate without extending the maturity date and with a savings of \$82,115.02 in interest. The new interest rate would be 2.83% with the maturity date still being September 30, 2027.

### **ALTERNATIVES:**

Not approving resolution and paying the bonds out at a higher interest rate.

### **RECOMMENDATION:**

Staff recommends approval of ordinance.

**City of Aransas Pass, Texas**  
**\$2,210,000 General Obligation Refunding Bonds, Series 2018**  
**Bid Results**

Rank	Bidder	Interest		Purchaser's	Total Adjusted	True Interest
		Rate	Interest	Costs	Interest	Cost
1	Frost Bank	2.83%	\$ 330,932.34	\$ 5,621.00	\$ 336,553.34	2.88%
2	TIB - The Independent BankersBank	2.89%	337,948.57	-	337,948.57	2.89%
3	BB&T	3.31%	387,062.21	3,621.00	390,683.21	3.34%
4	BBVA Compass	3.32%	388,231.58	4,121.00	392,352.58	3.36%

SUMMARY OF BONDS REFUNDED

City of Aransas Pass, Texas  
 GO Refunding Bonds, Series 2018  
 FINAL NUMBERS  
 Winning Bidder: Frost Bank

Bond	Maturity Date	Interest Rate	Par Amount	Call Date	Call Price
Combination Tax and Limited Pledge Revenue Certificates of Obligation, Series 2007A, 2007A:					
CIB	08/01/2019	3.920%	205,000.00	08/01/2018	100.000
	08/01/2020	3.920%	215,000.00	08/01/2018	100.000
	08/01/2021	3.920%	220,000.00	08/01/2018	100.000
	08/01/2022	3.920%	230,000.00	08/01/2018	100.000
	08/01/2023	3.920%	240,000.00	08/01/2018	100.000
	08/01/2024	3.920%	250,000.00	08/01/2018	100.000
	08/01/2025	3.920%	260,000.00	08/01/2018	100.000
	08/01/2026	3.920%	270,000.00	08/01/2018	100.000
	08/01/2027	3.920%	280,000.00	08/01/2018	100.000
			2,170,000.00		

ESCROW REQUIREMENTS

City of Aransas Pass, Texas  
GO Refunding Bonds, Series 2018  
FINAL NUMBERS  
Winning Bidder: Frost Bank

Period Ending	Interest	Principal Redeemed	Total
08/01/2018	42,532.00	2,170,000.00	2,212,532.00
	42,532.00	2,170,000.00	2,212,532.00

SOURCES AND USES OF FUNDS

City of Aransas Pass, Texas  
GO Refunding Bonds, Series 2018  
FINAL NUMBERS  
Winning Bidder: Frost Bank

Dated Date                    06/27/2018  
Delivery Date                06/27/2018

Sources:

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Bond Proceeds:	
Par Amount	2,205,000.00
Other Sources of Funds:	
From I&S Funds	42,532.00
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	2,247,532.00

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Uses:

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Refunding Escrow Deposits:	
Cash Deposit	2,212,532.00
Cost of Issuance:	
Other Cost of Issuance	35,000.00
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	2,247,532.00

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BOND PRICING

City of Aransas Pass, Texas  
 GO Refunding Bonds, Series 2018  
 FINAL NUMBERS  
 Winning Bidder: Frost Bank

Bond Component	Maturity Date	Amount	Rate	Yield	Price
Bond Component:					
	08/01/2019	215,000	2.830%	2.830%	100.000
	08/01/2020	225,000	2.830%	2.830%	100.000
	08/01/2021	230,000	2.830%	2.830%	100.000
	08/01/2022	235,000	2.830%	2.830%	100.000
	08/01/2023	245,000	2.830%	2.830%	100.000
	08/01/2024	255,000	2.830%	2.830%	100.000
	08/01/2025	260,000	2.830%	2.830%	100.000
	08/01/2026	265,000	2.830%	2.830%	100.000
	08/01/2027	275,000	2.830%	2.830%	100.000
		2,205,000			

Dated Date	06/27/2018	
Delivery Date	06/27/2018	
First Coupon	02/01/2019	
Par Amount	2,205,000.00	
Original Issue Discount	<hr/>	
Production	2,205,000.00	100.000000%
Underwriter's Discount	<hr/>	
Purchase Price	2,205,000.00	100.000000%
Accrued Interest	<hr/>	
Net Proceeds	2,205,000.00	

BOND DEBT SERVICE

City of Aransas Pass, Texas  
 GO Refunding Bonds, Series 2018  
 FINAL NUMBERS  
 Winning Bidder: Frost Bank

Dated Date 06/27/2018  
 Delivery Date 06/27/2018

Period Ending	Principal	Coupon	Interest	Debt Service	Annual Debt Service
02/01/2019			37,094.23	37,094.23	
08/01/2019	215,000	2.830%	31,200.75	246,200.75	
09/30/2019					283,294.98
02/01/2020			28,158.50	28,158.50	
08/01/2020	225,000	2.830%	28,158.50	253,158.50	
09/30/2020					281,317.00
02/01/2021			24,974.75	24,974.75	
08/01/2021	230,000	2.830%	24,974.75	254,974.75	
09/30/2021					279,949.50
02/01/2022			21,720.25	21,720.25	
08/01/2022	235,000	2.830%	21,720.25	256,720.25	
09/30/2022					278,440.50
02/01/2023			18,395.00	18,395.00	
08/01/2023	245,000	2.830%	18,395.00	263,395.00	
09/30/2023					281,790.00
02/01/2024			14,928.25	14,928.25	
08/01/2024	255,000	2.830%	14,928.25	269,928.25	
09/30/2024					284,856.50
02/01/2025			11,320.00	11,320.00	
08/01/2025	260,000	2.830%	11,320.00	271,320.00	
09/30/2025					282,640.00
02/01/2026			7,641.00	7,641.00	
08/01/2026	265,000	2.830%	7,641.00	272,641.00	
09/30/2026					280,282.00
02/01/2027			3,891.25	3,891.25	
08/01/2027	275,000	2.830%	3,891.25	278,891.25	
09/30/2027					282,782.50
	2,205,000		330,352.98	2,535,352.98	2,535,352.98

SAVINGS

City of Aransas Pass, Texas  
 GO Refunding Bonds, Series 2018  
 FINAL NUMBERS  
 Winning Bidder: Frost Bank

Date	Prior Debt Service	Prior Receipts	Prior Net Cash Flow	Refunding Debt Service	Savings	Present Value to 06/27/2018 @ 2.8295417%
09/30/2018	42,532.00	42,532.00				-112.71
09/30/2019	290,064.00		290,064.00	283,294.98	6,769.02	6,638.64
09/30/2020	292,028.00		292,028.00	281,317.00	10,711.00	10,237.00
09/30/2021	288,600.00		288,600.00	279,949.50	8,650.50	8,051.10
09/30/2022	289,976.00		289,976.00	278,440.50	11,535.50	10,386.18
09/30/2023	290,960.00		290,960.00	281,790.00	9,170.00	8,033.90
09/30/2024	291,552.00		291,552.00	284,856.50	6,695.50	5,711.49
09/30/2025	291,752.00		291,752.00	282,640.00	9,112.00	7,518.06
09/30/2026	291,560.00		291,560.00	280,282.00	11,278.00	9,019.18
09/30/2027	290,976.00		290,976.00	282,782.50	8,193.50	6,363.42
	2,660,000.00	42,532.00	2,617,468.00	2,535,352.98	82,115.02	71,846.25

Savings Summary

PV of savings from cash flow	71,846.25
Net PV Savings	71,846.25



SUMMARY OF REFUNDING RESULTS

City of Aransas Pass, Texas  
 GO Refunding Bonds, Series 2018  
 FINAL NUMBERS  
 Winning Bidder: Frost Bank

Dated Date	06/27/2018
Delivery Date	06/27/2018
Arbitrage yield	2.829542%
Escrow yield	0.000000%
Value of Negative Arbitrage	
Bond Par Amount	2,205,000.00
True Interest Cost	2.829542%
Net Interest Cost	2.830000%
All-In TIC	3.163535%
Average Coupon	2.830000%
Average Life	5.294
Par amount of refunded bonds	2,170,000.00
Average coupon of refunded bonds	3.920000%
Average life of refunded bonds	5.355
PV of prior debt to 06/27/2018 @ 2.829542%	2,319,378.25
Net PV Savings	71,846.25
Percentage savings of refunded bonds	3.310887%
Percentage savings of refunding bonds	3.258333%

FORM 8038 STATISTICS

City of Aransas Pass, Texas  
 GO Refunding Bonds, Series 2018  
 FINAL NUMBERS  
 Winning Bidder: Frost Bank

Dated Date 06/27/2018  
 Delivery Date 06/27/2018

Bond Component	Date	Principal	Coupon	Price	Issue Price	Redemption at Maturity
Bond Component:						
	08/01/2019	215,000.00	2.830%	100.000	215,000.00	215,000.00
	08/01/2020	225,000.00	2.830%	100.000	225,000.00	225,000.00
	08/01/2021	230,000.00	2.830%	100.000	230,000.00	230,000.00
	08/01/2022	235,000.00	2.830%	100.000	235,000.00	235,000.00
	08/01/2023	245,000.00	2.830%	100.000	245,000.00	245,000.00
	08/01/2024	255,000.00	2.830%	100.000	255,000.00	255,000.00
	08/01/2025	260,000.00	2.830%	100.000	260,000.00	260,000.00
	08/01/2026	265,000.00	2.830%	100.000	265,000.00	265,000.00
	08/01/2027	275,000.00	2.830%	100.000	275,000.00	275,000.00
		2,205,000.00			2,205,000.00	2,205,000.00

	Maturity Date	Interest Rate	Issue Price	Stated Redemption at Maturity	Weighted Average Maturity	Yield
Final Maturity	08/01/2027	2.830%	275,000.00	275,000.00		
Entire Issue			2,205,000.00	2,205,000.00	5.2940	2.8295%

Proceeds used for accrued interest	0.00
Proceeds used for bond issuance costs (including underwriters' discount)	35,000.00
Proceeds used for credit enhancement	0.00
Proceeds allocated to reasonably required reserve or replacement fund	0.00
Proceeds used to currently refund prior issues	2,212,532.00
Proceeds used to advance refund prior issues	0.00
Remaining weighted average maturity of the bonds to be currently refunded	5.3548
Remaining weighted average maturity of the bonds to be advance refunded	0.0000

FORM 8038 STATISTICS

City of Aransas Pass, Texas  
GO Refunding Bonds, Series 2018

FINAL NUMBERS

Winning Bidder: Frost Bank

Refunded Bonds

Bond Component	Date	Principal	Coupon	Price	Issue Price
Combination Tax and Limited Pledge Revenue Certificates of Obligation, Series 2007A:					
CIB	08/01/2019	205,000.00	3.920%	100.000	205,000.00
CIB	08/01/2020	215,000.00	3.920%	100.000	215,000.00
CIB	08/01/2021	220,000.00	3.920%	100.000	220,000.00
CIB	08/01/2022	230,000.00	3.920%	100.000	230,000.00
CIB	08/01/2023	240,000.00	3.920%	100.000	240,000.00
CIB	08/01/2024	250,000.00	3.920%	100.000	250,000.00
CIB	08/01/2025	260,000.00	3.920%	100.000	260,000.00
CIB	08/01/2026	270,000.00	3.920%	100.000	270,000.00
CIB	08/01/2027	280,000.00	3.920%	100.000	280,000.00
		2,170,000.00			2,170,000.00

	Last Call Date	Issue Date	Remaining Weighted Average Maturity
Combination Tax and Limited Pledge Revenue Certificates of Obligation, Series 2007A	08/01/2018	11/29/2007	5.3548
All Refunded Issues	08/01/2018		5.3548