



Defeasance of 2013 General Obligation Bonds

Debt Service Active Management

Active Management of Debt Service

- The City actively manages its debt service by monitoring the ability to reduce costs.
- Two ways to reduce the debt service obligation.
 - Refunding Bonds - this is refinancing an outstanding bond with more favorable terms.
 - Cash Defeasance - this is calling the bonds early (paying off the bonds before maturity)
- Bonds issued by the city become callable after 10 years (applies to refunding and cash defeasance).
- The city targets a Net Present Value of savings to be at least 5%.
- Investment earning on the I&S fund reserve balance and prior refunding have produced available funds for the option to cash defease.

2013 General Obligation Bonds - Cash Defeasance

- o Remaining bonds coupons are at 4.22%
- o Balance of debt service obligation is \$4,330,041
- o Defeasance funds needed to call the bonds: \$3,665,894
- o Cashflow Savings of \$664,147
- o Net PV Savings \$236,714 or 5.5% (8 years discounted at 3.5%)



Process and Estimated Timeframe

Oct. 23rd

Council Approves
Resolution to Defeasé 2013
General Obligation Bonds



Late October

Subscribe for State and
Local Government Series
securities (SLGS) for the
escrow account.



Early-Mid November

Close on the SLGS for the
escrow account and fund
the escrow account.

Call notices are mailed by
escrow agent.



Mid December

Bonds Called



A dark, grayscale image of the College Station City Hall building. The building is a large, multi-story structure with a central clock tower. The text "COLLEGE STATION CITY HALL" is visible on the upper part of the building's facade.

COLLEGE STATION
CITY HALL

Questions

Council Action to Approve the Resolution