

# CITY OF BEDFORD DEBT INFORMATION

## DEBT MANAGEMENT

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- A. **Debt Issuance.** The City will issue debt only for the purpose of constructing capital assets or purchase of capital equipment for the general benefit of its citizens and to allow it to fulfill its various missions as a city. Debt may be issued for the purposes of purchasing land or rights-of-way and/or improvements to land, for construction projects to provide for the general good, or for capital equipment.
- B. **Types of Debt.**
1. **General Obligation Bonds (GOs).** General obligation bonds are not to be used to fund operation needs of the City. GO's may be used only to fund capital assets of the general government and are backed by the full faith and credit of the City as well as the ad valorem tax authority of the City. General obligation bonds must be authorized by a vote of the citizens of the City of Bedford.
  2. **Revenue Bonds (RBs).** Revenue bonds may be issued to provide for the capital needs of any activities where the capital requirements are necessary for continuation or expansion of service which produces revenue and for which the asset may reasonably be expected to provide for a revenue stream to fund the debt service requirements.
  3. **Certificates of Obligation (COs).** Certificates of obligation may be used in order to fund capital requirements that are not otherwise covered under either revenue Bonds or General Obligation bonds. Debt service for CO's may be either from general revenues or backed by a specific revenue stream or streams or by a combination of both. Generally CO's are used to fund capital assets where full bond issues are not warranted as a result of the cost of the asset(s) to be funded by the instrument.
  4. **Contractual Obligations (KOs).** These are designed as a low cost alternative to lease/purchase of equipment. They may be used solely for acquisition of Personal Property. Multiple acquisitions may be grouped in a single issue, and the debt is financed over the useful life of the assets.
  5. **Method of Sale.** The City may use a competitive bidding process in the sale of bonds unless the nature of the issue warrants a negotiated bid. In situations where a competitive bidding process is not elected, the City may publicly present the reasons why and the City may participate with the financial advisor in the selection of the underwriter or direct purchaser.

a. **Bidding Parameters.** The notice of sale may be carefully constructed so as to ensure the best possible bid for the city, in light of the existing market conditions and other prevailing factors. Parameters to be examined include:

- ❑ Limits between lowest and highest coupons
- ❑ Coupon requirements relative to the yield curve
- ❑ Method of underwriter compensation, discount or premium coupons
- ❑ Use of bond insurance
- ❑ Deep discount bonds
- ❑ Variable rate bonds
- ❑ Call provisions

C. **Analysis of Financial Alternatives.** Staff may explore alternatives to the issuance of debt for capital acquisitions and construction projects. These alternatives may include, but are not limited to:

1. Grants in aid
2. Use of reserves
3. Use of current revenues
4. Contributions from developers and others
5. Leases

D. **Disclosure.** Full disclosure of operations may be made to the bond rating agencies and other users of financial information. The City staff, with the assistance of financial advisors and bond counsel, will prepare the necessary materials for presentation to the rating agencies. They will aid in the production of Official Statements and take responsibility for the accuracy of all financial information released.

E. **Federal Requirements.** The City will maintain procedures to comply with arbitrage rebate and other federal requirements.

F. **Debt Limit.** The State of Texas limits the ad valorem tax rate to \$2.50 per \$100 valuation. The City of Bedford's 2014-2015 proposed tax rate as presented falls well below this limit.

G. **Bond Ratings.** Bedford's bonds currently have the following ratings:

General Obligation Bonds	AA	(S & P)
Revenue Bonds	AA	(S & P)

These ratings directly affect the cost of debt. The City's policies are focused on issues that maintain high bond ratings and keep debt costs reasonable.

**H. Authorized but Unissued General Obligation Bonds.** The City currently has voter authorization for the following projects with a remaining balance that has not been issued. Decisions on issuing bonds are considered by the City Council in accordance with long-range planning. Bond authorizations do not expire, but projects under those authorizations may have been completed under budget or are no longer beneficial to City operations and no further issuances may be forthcoming.

Purpose	Date Authorized	Amount Authorized	Previously Issued	Unissued Balance
Police Facility Improvements	9/12/1995	\$ 6,625,000	\$ 6,295,000	\$ 330,000
Street Improvements & Drainage	9/12/1995	13,200,000	12,675,000	525,000
Drainage Improvements	11/6/2001	5,895,000	1,800,000	4,095,000
City Building Improvements	11/6/2001	1,075,000	885,000	190,000
Animal Control	11/6/2001	240,000	-	240,000
Public Safety Improvements	11/6/2001	4,060,000	2,885,000	1,175,000
Thoroughfares and Traffic Signalization Improvements	11/6/2001	5,430,000	3,265,000	2,165,000
Residential Street Improvements	11/6/2001	3,730,000	1,725,000	2,005,000
<b>Totals</b>		<b>40,255,000</b>	<b>29,530,000</b>	<b>10,725,000</b>

### General Obligation Debt Service Requirements

Fiscal Year Ended 9/30	Total Outstanding Debt*	Economic Development Self-Supporting Requirements**	Water and Sewer Self-Supporting Requirements**	Stormwater and Drainage Self-Supporting Requirements**	Total Debt Less Self-Supporting Requirements	% of Total Outstanding Principal Retired
2015	\$ 8,520,169	\$ 1,382,738	\$ 1,258,213	\$ 243,100	\$ 5,636,119	
2016	8,217,314	1,389,475	1,267,726	245,350	5,314,763	
2017	7,898,894	1,391,600	1,274,638	241,850	4,990,806	
2018	6,500,169	1,390,475	1,284,285	247,500	3,577,909	50.45%
2019	4,048,163	40,800	1,130,296	243,000	2,634,067	
2020	4,012,073	-	1,131,864	243,425	2,636,784	
2021	3,673,677	-	1,141,838	243,700	2,288,138	
2022	3,547,705	-	1,154,703	248,538	2,144,464	
2023	3,028,076	-	1,144,880	242,375	1,640,821	74.04%
2024	3,054,160	-	1,157,679	245,375	1,651,106	
2025	2,533,101	-	1,158,695	247,975	1,126,431	
2026	2,530,625	-	1,158,360	240,375	1,131,890	
2027	2,548,963	-	1,171,198	242,575	1,135,190	
2028	1,734,781	-	652,984	244,244	837,553	91.04%
2029	1,733,277	-	649,189	245,238	838,850	
2030	1,752,658	-	658,958	245,531	848,169	
2031	1,194,906	-	490,759	245,250	458,897	
2032	663,026	-	314,026	-	349,000	
2033	350,900	-	-	-	350,900	99.63%
2034	234,600	-	-	-	234,600	100.00%
	<u>\$ 67,777,236</u>	<u>\$ 5,595,088</u>	<u>\$ 18,200,289</u>	<u>\$ 4,155,400</u>	<u>\$ 39,826,459</u>	

\* "Outstanding Debt" includes self-supporting debt.

\*\*It is the City's current policy to provide for the payment of the general obligation debt shown from the revenue sources indicated. This policy is subject to change in the future.

Series	Original Issue Amount	Issue Date	Final Maturity	Total Outstanding Principal & Interest as of September 30, 2014	Purpose of Debt	Self-Supporting?
General Obligation Bonds, Series 2014	\$ 3,200,000	03/25/2014	2034	\$ 4,453,616	Permanent public improvements (Boys Ranch Lake improvements, trail improvements, channel improvements, recreation facilities, and related improvements at Boys Ranch Park).	No
Public Property Finance Contractual Obligations, Series 2014	\$ 2,300,000	03/25/2014	2024	\$ 2,550,738	(i) The purchase of a fire truck, (ii) the purchase of computer software, (iii) a system upgrade to the emergency services communications system.	No
General Obligation Refunding & Improvement Bonds, Series 2013	\$ 5,375,000	08/27/2013	2033	\$ 6,111,075	(i) (a) Residential street improvements, including curbs, gutters, sidewalks, drainage and utility line relocations incidental thereto, and (b) construct a parks maintenance service center and make improvements to existing parks and linear trails; (ii) providing funds for the discharge and final payment of certain outstanding obligations of the City.	No
Combination Tax & Revenue Certifications of Obligation, Series 2012	\$ 630,000	09/11/2012	2032	\$ 624,239	Improving and extending the City's Sewer System, including acquisition of land and rights-of-way.	Yes
Combination Tax & Revenue Certificates of Obligation, Series 2012A	\$ 4,270,000	09/11/2012	2032	\$ 4,801,909	Improving and extending the City's combined Waterworks and Sewer System, including the acquisition of land and rights-of-way.	Yes
Combination Tax & Revenue Certificates of Obligation, Series 2011	\$ 6,590,000	07/15/2011	2031	\$ 7,469,937	(a) Improving, equipping, and acquiring park and recreation facilities, including the acquisition of equipment and vehicles and the dredging of a City lake, (b) acquiring equipment and vehicles for the fire, police, and public works departments, (c) constructing and improving streets and sidewalks, including related traffic signalization, signage, streetscaping, landscaping and drainage improvement, and the acquisition of land and right-of-way therefor, (d) constructing improvements to the City's drainage system, including rights-of-way necessary for such improvements, (e) repairing and improving existing City facilities and (f) improving and extending the City's combined Waterworks and Sewer System, including the acquisition of land and rights-of-way.	Partially

Series	Original Issue Amount	Issue Date	Final Maturity	Total Outstanding Principal & Interest as of September 30, 2014	Purpose of Debt	Self-Supporting?
General Obligation Refunding & Improvement Bonds, Series 2011	\$ 8,185,000	07/26/2011	2031	\$ 8,102,109	(i) Street improvements, (ii) drainage improvements, (iii) to refund a portion of the City's outstanding debt for a debt service savings.	Partially
General Obligation Bonds, Series 2010	\$ 4,885,000	01/12/2010	2030	\$ 5,875,998	Constructing and equipping a new municipal library.	No
Combination Tax & Revenue Certificates of Obligation, Series 2010	\$ 2,035,000	01/12/2010	2030	\$ 2,464,038	Improvements and extensions to the City's combined Waterworks and Sewer System, including the acquisition of land and rights-of-way.	Yes
General Obligation Bonds, Series 2007	\$ 4,000,000	09/15/2017	2027	\$ 3,834,619	Improvements to parks, municipal library, and public safety.	No
Combination Tax & Revenue Certificates of Obligation, Series 2007	\$ 3,000,000	09/15/2007	2027	\$ 4,771,729	The construction of improvements and extensions to the City's combined Waterworks and Sewer System.	Yes
General Obligation Refunding Bonds, Series 2005	\$ 28,600,000	05/15/2005	2020	\$ 14,574,366	Used to refund a portion of the City's outstanding debt for interest savings.	No
General Obligation Refunding & Improvement Bonds, Series 2004	\$ 12,350,000	03/01/2004	2016	\$ 2,142,863	(i) Various City projects and purposes: Park improvements (Maintenance Service Center) and Street improvements and (ii) to refund a portion of the City's outstanding debt for interest savings.	No
				<u>\$ 67,777,236</u>		