



MEMORANDUM

To: Mayor and City Council

From: Kim Tiehen, Director of Strategic Financial Engagement

Date: April 28, 2026

Reference: **CONSIDER APPROVAL OF AN ORDINANCE AUTHORIZING THE ISSUANCE OF CITY OF COPPELL, TEXAS, GENERAL OBLIGATION REFUNDING BONDS IN ONE OR MORE SERIES, ESTABLISHING SALE PARAMETERS, PROVIDING FOR THE SECURITY FOR AND PAYMENT OF SAID BONDS; AND ENACTING OTHER PROVISIONS RELATING TO THE SUBJECT**

2040: **Sustainable City Government**

Introduction:

This item is being presented for approval to refund previously issued Combination Tax and Limited Surplus Revenue Certificates of Obligation, Series 2013, and Combination Tax and Limited Surplus Revenue Certificates of Obligation, Series 2016 to produce debt service savings by taking advantage of lower interest rates by using the parameter sale issuance method.

Background:

Based on current market conditions, Jason Hughes, Senior Managing Director, with Hilltop Securities Inc., is recommending a parameter sale. The parameter sale issuance method was introduced at the May 6, 2025 Council workshop with a follow-up presentation by Jason at the July 22, 2025 Council meeting work session.

A “parameter sale” is a method of authorizing the sale of bonds where the City Council approves the transaction in advance, and the approval includes setting specific limits, or parameters, on key terms such as:

- the maximum par or total bond amount,
- final maturity date,
- maximum interest rate, and
- minimum savings required.

The ordinance attached to this agenda item includes the following parameters:

- The maximum par or total bond amount may not exceed \$10,500,000.
- The maximum maturity of the Bonds shall be February 1, 2036.
- The true interest cost for any series of Bonds shall not exceed 3.25%.
- The refunding must produce debt service savings of at least 3.00% measured on a net present value basis as a percentage of the principal amount of the Refunded Obligations, with such savings to be net of any City contribution to the refunding.

The ordinance also states that the sale of refunding bonds using the stated parameters shall expire if not exercised by the Pricing Officer on or prior to April 27, 2027.

In addition, this approach is authorized by Local Government Code Chapter 1371 and provides the City flexibility to complete the bond sale at the most advantageous time within those Council-approved limits. This ensures the transaction aligns with Council's intent and direction, including achieving a reduction in interest costs.

Jason Hughes, the City's Financial Advisor, will be present at the Council meeting to answer questions regarding this agenda item.

Benefit to the Community:

Similar to refinancing a home, the intent of this agenda item is to achieve interest savings which reduces the overall cost of debt to the community. The parameter sale method allows the City to enter the market at the most advantageous time, supporting thoughtful and responsible financial stewardship.

Legal Review:

The related bond refunding documents have been prepared by Chris Settles, the City of Coppell's bond counsel.

Fiscal Impact:

The impact of the bond refunding will be incorporated in the City's Debt Service Fund.

Recommendation:

The Strategic Financial Engagement Department recommends approval of this ordinance.

