City Hall
100 Main Street
Colleyville, Texas 76034
817.503.1000
www.colleyville.com

City of Colleyville
City Council and Colleyville Economic Development Corporation Board Joint Worksession Agenda

Tuesday, November 12, 2013 — Executive Conference Room
5:15 p.m. — Third Floor – City Hall

1. CALL TO ORDER

2. PRESENTATION AND DISCUSSION

2a Presentation and discussion of potential refunding of outstanding Colleyville Economic Development Corporation Series 2005 Refunding and Improvement Sales Tax Revenue Bonds

3. ADJOURNMENT

I hereby certify this agenda was posted on City Hall bulletin boards Friday, November 8, 2013 by 5:00 p.m.

Amy Shelley, TRMC
City Secretary

Any matter on this agenda may, at the discretion of the governing body, be opened for public comment and discussion.

If you plan to attend this public meeting and have a disability that requires special accommodations, please advise the City Secretary at least 48 hours in advance at 817.503.1133, and reasonable accommodations will be made to assist you.

City of Colleyville
Joint Colleyville City Council and Colleyville Economic Development Corporation Board Worksession
Agenda Briefing

City Hall
100 Main Street
Colleyville, Texas 76034
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Agenda Number 2a **Agenda Date** 11/12/2013 **Number**
Type Presentation and Discussion
Department City Manager

Title

Presentation and discussion of potential refunding of outstanding Colleyville Economic Development Corporation Series 2005 Refunding and Improvement Sales Tax Revenue Bonds

Explanation

Currently, the Series 2005 Refunding and Improvement Sales Tax Revenue Bonds is the only outstanding bond issue of the Colleyville Economic Development Corporation with an interest rate of 4.10%. The City's financial advisory firm, First Southwest, continually monitors market conditions for potential bond refunding opportunities that would exceed a net present value savings of 4%. Based upon the attached analysis and attached memo from Jim Sabonis of First Southwest, there is the potential to refund the bond issue, which is currently callable on February 15, 2014, with a net present value savings of 4.84% (total savings - $487,105 / net present value savings - $367,796), which saves approximately $30,000 in debt service cost on an annual basis through 2029, on a projected interest rate of 3.15%. The method of sale would be a competitive private placement. As indicated in the memo, the projected sale date is Monday, December 2, 2013, and market conditions could improve or deteriorate in the interim, so actual transaction savings could vary from the projection. In the event market conditions deteriorate to the point that the transaction is not economically viable, the Corporation is not obligated to complete the transaction.

Staff is seeking direction from the Colleyville Economic Development Corporation Board of Directors and the City Council, who ratifies the sale by adoption of a resolution. If the Colleyville Economic Development Corporation Board of Directors and the City Council wishes to proceed with the refunding, there will be a special Board meeting held at 5:00 p.m. on Tuesday, December 3, 2013 to approve the results of the sale. There will be a subsequent resolution placed on the Tuesday, December 3, 2013 City Council agenda to ratify the results of the sale.

Attachments

1. Refunding of Colleyville EDC Sales Tax Revenue Refunding Bonds memo - November 8, 2013

2. Preliminary financial analysis of CEDC bond refunding

FirstSouthwest

325 North St. Paul Street
Suite 800
Dallas, Texas 75201-3852
214 953-4000

Jim Sabonis
Managing Director
jim.sabonis@firstsw.com

Andre Ayala
Vice President
andre.ayala@firstsw.com

Date: November 8, 2013

To: Terry Leake
Assistant City Manager / Chief Financial Officer

Re: Refunding of Colleyville EDC Sales Tax Revenue Refunding Bonds

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The Colleyville Economic Development Corporation ("the Corporation") has an economic refunding opportunity for its outstanding Refunding and Improvement Sales Tax Subordinate Lien Revenue Bonds, Series 2005 ("2005 Bonds"). The 2005 Bonds have a coupon rate of 4.10% and are callable on February 15, 2014 at par. Based on current market conditions, refunding bonds can be issued at an all in cost of 3.32% which would results in gross debt service savings of approximately $487 thousand or present value savings of $368 thousand or 4.84% of the refunded debt. The following tables summarize the projected refunding transaction and financial impact to the Corporation, and the proposed implementation timeframe and action items:

Refunding Statistics*	**Sales Tax Revenue Refunding Bonds, Series 2013**
Refunded Bond Par Amount	$7,360,000
Refunded Maturities	2015 - 2029
Total Savings	$487,105
Net Present Value Savings	$367,796
Present Value Savings as % of Refunded Bonds	4.84%
Average Annual Savings	$32,474
Savings Discount Rate	3.33%
Coupon Rate of New Debt	3.15%

** Assumes Competitive Sale by Private Placement and Interest Rates as of November 8, 2013.*

Date	**Event / Action Item**
Tuesday, November 12, 2013	**CEDC Board Directs Staff to Implement Refunding (Sets Min. Savings Target)** City Council Reviews CEDC Refunding
Monday, December 2, 2013	Competitive Private Placement of Refunding Bonds
Tuesday, December 3, 2013	**CEDC Board Approves Resolution Issuing Refunding Bonds** **City Council Approves Resolution Approving CEDC Refunding Bond Issuance**
Friday, December 20, 2013	Closing and Delivery of Funds to Escrow Agent
Monday, February 17, 2014	Redemption of 2005 Bond Issue

** Bold type indicates EDC / Council Action Items.*

TABLE OF CONTENTS

Colleyville Economic Development Corporation
Sales Tax Revenue Refunding Bonds, Series 2013
Callable on 2/15/2024 @ par
NO DEBT SERVICE RESERVE FUND
-----Estimated Private Placement Pricing-----

SOURCES AND USES OF FUNDS

Colleyville Economic Development Corporation
Sales Tax Revenue Refunding Bonds, Series 2013
Callable on 2/15/2024 @ par
NO DEBT SERVICE RESERVE FUND
-----Estimated Private Placement Pricing-----

Dated Date	12/20/2013
Delivery Date	12/20/2013

Sources:	
Bond Proceeds:	
Par Amount	7,360,000.00
Other Sources of Funds:	
Transfer from prior issue D/S Fund	493,290.00
	7,853,290.00

Uses:	
Refunding Escrow Deposits:	
Cash Deposit	7,755,800.00
Delivery Date Expenses:	
Cost of Issuance	95,000.00
Other Uses of Funds:	
COI Contingency	2,490.00
	7,853,290.00

Note: Preliminary, subject to change.

SUMMARY OF REFUNDING RESULTS

Colleyville Economic Development Corporation
Sales Tax Revenue Refunding Bonds, Series 2013
Callable on 2/15/2024 @ par
NO DEBT SERVICE RESERVE FUND
-----Estimated Private Placement Pricing-----

Dated Date	12/20/2013
Delivery Date	12/20/2013
Arbitrage yield	3.149344%
Escrow yield	
Value of Negative Arbitrage	
Bond Par Amount	7,360,000.00
True Interest Cost	3.149344%
Net Interest Cost	3.150000%
All-In TIC	3.326209%
Average Coupon	3.150000%
Average Life	8.733
Par amount of refunded bonds	7,600,000.00
Average coupon of refunded bonds	4.100000%
Average life of refunded bonds	8.526
PV of prior debt to 12/20/2013 @ 3.326209%	8,126,086.21
Net PV Savings	367,796.21
Percentage savings of refunded bonds	4.839424%

Note: Preliminary, subject to change.

SAVINGS

Colleyville Economic Development Corporation
Sales Tax Revenue Refunding Bonds, Series 2013
Callable on 2/15/2024 @ par
NO DEBT SERVICE RESERVE FUND
-----Estimated Private Placement Pricing-----

Date	Prior Debt Service	Prior Receipts	Prior Net Cash Flow	Refunding Debt Service	Savings
09/30/2014	644,630.00	493,290.00	151,340.00	151,340.00	
09/30/2015	645,382.50		645,382.50	615,697.50	29,685.00
09/30/2016	650,417.50		650,417.50	618,176.25	32,241.25
09/30/2017	649,735.00		649,735.00	615,261.25	34,473.75
09/30/2018	643,540.00		643,540.00	616,952.50	26,587.50
09/30/2019	646,730.00		646,730.00	618,171.25	28,558.75
09/30/2020	649,100.00		649,100.00	613,996.25	35,103.75
09/30/2021	645,752.50		645,752.50	614,427.50	31,325.00
09/30/2022	651,585.00		651,585.00	614,386.25	37,198.75
09/30/2023	646,597.50		646,597.50	613,872.50	32,725.00
09/30/2024	645,892.50		645,892.50	617,807.50	28,085.00
09/30/2025	649,265.00		649,265.00	616,191.25	33,073.75
09/30/2026	646,715.00		646,715.00	614,102.50	32,612.50
09/30/2027	653,140.00		653,140.00	616,462.50	36,677.50
09/30/2028	648,540.00		648,540.00	613,271.25	35,268.75
09/30/2029	648,017.50		648,017.50	614,528.75	33,488.75
	10,365,040.00	493,290.00	9,871,750.00	9,384,645.00	487,105.00

Savings Summary

Savings PV date	12/20/2013
Savings PV rate	3.326209%
PV of savings from cash flow	367,796.21
Net PV Savings	367,796.21

Note: Preliminary, subject to change.

SUMMARY OF BONDS REFUNDED

Colleyville Economic Development Corporation
Sales Tax Revenue Refunding Bonds, Series 2013
Callable on 2/15/2024 @ par
NO DEBT SERVICE RESERVE FUND
-----Estimated Private Placement Pricing-----

Bond	Maturity Date	Interest Rate	Par Amount	Call Date	Call Price
Refunding & Improvement Sales Tax Subordinate Lien Revenue Bonds, Series 2005, S05:					
TERM	02/15/2014	4.100%	340,000.00		
	02/15/2015	4.100%	355,000.00	02/15/2014	100.000
	02/15/2016	4.100%	375,000.00	02/15/2014	100.000
	02/15/2017	4.100%	390,000.00	02/15/2014	100.000
	02/15/2018	4.100%	400,000.00	02/15/2014	100.000
	02/15/2019	4.100%	420,000.00	02/15/2014	100.000
	02/15/2020	4.100%	440,000.00	02/15/2014	100.000
	02/15/2021	4.100%	455,000.00	02/15/2014	100.000
	02/15/2022	4.100%	480,000.00	02/15/2014	100.000
	02/15/2023	4.100%	495,000.00	02/15/2014	100.000
	02/15/2024	4.100%	515,000.00	02/15/2014	100.000
	02/15/2025	4.100%	540,000.00	02/15/2014	100.000
	02/15/2026	4.100%	560,000.00	02/15/2014	100.000
	02/15/2027	4.100%	590,000.00	02/15/2014	100.000
	02/15/2028	4.100%	610,000.00	02/15/2014	100.000
	02/15/2029	4.100%	635,000.00	02/15/2014	100.000
			7,600,000.00		

Note: Preliminary, subject to change.

PRIOR BOND DEBT SERVICE

Colleyville Economic Development Corporation
Sales Tax Revenue Refunding Bonds, Series 2013
Callable on 2/15/2024 @ par
NO DEBT SERVICE RESERVE FUND
-----Estimated Private Placement Pricing-----

Period Ending	Principal	Coupon	Interest	Debt Service	Annual Debt Service
02/15/2014	340,000	4.100%	155,800.00	495,800.00	
08/15/2014			148,830.00	148,830.00	
09/30/2014					644,630.00
02/15/2015	355,000	4.100%	148,830.00	503,830.00	
08/15/2015			141,552.50	141,552.50	
09/30/2015					645,382.50
02/15/2016	375,000	4.100%	141,552.50	516,552.50	
08/15/2016			133,865.00	133,865.00	
09/30/2016					650,417.50
02/15/2017	390,000	4.100%	133,865.00	523,865.00	
08/15/2017			125,870.00	125,870.00	
09/30/2017					649,735.00
02/15/2018	400,000	4.100%	125,870.00	525,870.00	
08/15/2018			117,670.00	117,670.00	
09/30/2018					643,540.00
02/15/2019	420,000	4.100%	117,670.00	537,670.00	
08/15/2019			109,060.00	109,060.00	
09/30/2019					646,730.00
02/15/2020	440,000	4.100%	109,060.00	549,060.00	
08/15/2020			100,040.00	100,040.00	
09/30/2020					649,100.00
02/15/2021	455,000	4.100%	100,040.00	555,040.00	
08/15/2021			90,712.50	90,712.50	
09/30/2021					645,752.50
02/15/2022	480,000	4.100%	90,712.50	570,712.50	
08/15/2022			80,872.50	80,872.50	
09/30/2022					651,585.00
02/15/2023	495,000	4.100%	80,872.50	575,872.50	
08/15/2023			70,725.00	70,725.00	
09/30/2023					646,597.50
02/15/2024	515,000	4.100%	70,725.00	585,725.00	
08/15/2024			60,167.50	60,167.50	
09/30/2024					645,892.50
02/15/2025	540,000	4.100%	60,167.50	600,167.50	
08/15/2025			49,097.50	49,097.50	
09/30/2025					649,265.00
02/15/2026	560,000	4.100%	49,097.50	609,097.50	
08/15/2026			37,617.50	37,617.50	
09/30/2026					646,715.00
02/15/2027	590,000	4.100%	37,617.50	627,617.50	
08/15/2027			25,522.50	25,522.50	
09/30/2027					653,140.00
02/15/2028	610,000	4.100%	25,522.50	635,522.50	
08/15/2028			13,017.50	13,017.50	
09/30/2028					648,540.00
02/15/2029	635,000	4.100%	13,017.50	648,017.50	
09/30/2029					648,017.50
	7,600,000		2,765,040.00	10,365,040.00	10,365,040.00

Note: Preliminary, subject to change.

BOND SUMMARY STATISTICS

Colleyville Economic Development Corporation
Sales Tax Revenue Refunding Bonds, Series 2013
Callable on 2/15/2024 @ par
NO DEBT SERVICE RESERVE FUND
-----Estimated Private Placement Pricing-----

Dated Date	12/20/2013
Delivery Date	12/20/2013
First Coupon	08/15/2014
Last Maturity	02/15/2029
Arbitrage Yield	3.149344%
True Interest Cost (TIC)	3.149344%
Net Interest Cost (NIC)	3.150000%
All-In TIC	3.326209%
Average Coupon	3.150000%
Average Life (years)	8.733
Duration of Issue (years)	7.481
Par Amount	7,360,000.00
Bond Proceeds	7,360,000.00
Total Interest	2,024,645.00
Net Interest	2,024,645.00
Bond Years from Dated Date	64,274,444.44
Bond Years from Delivery Date	64,274,444.44
Total Debt Service	9,384,645.00
Maximum Annual Debt Service	618,176.25
Average Annual Debt Service	619,334.96
Underwriter's Fees (per $1000)	
Average Takedown	
Other Fee	
Total Underwriter's Discount	
Bid Price	100.000000

Bond Component	Par Value	Price	Average Coupon	Average Life
Serial Bonds	7,360,000.00	100.000	3.150%	8.733
	7,360,000.00			8.733

	TIC	All-In TIC	Arbitrage Yield
Par Value	7,360,000.00	7,360,000.00	7,360,000.00
+ Accrued Interest			
+ Premium (Discount)			
- Underwriter's Discount			
- Cost of Issuance Expense		-95,000.00	
- Other Amounts			
Target Value	7,360,000.00	7,265,000.00	7,360,000.00
Target Date	12/20/2013	12/20/2013	12/20/2013
Yield	3.149344%	3.326209%	3.149344%

Note: Preliminary, subject to change.

BOND DEBT SERVICE

Colleyville Economic Development Corporation
Sales Tax Revenue Refunding Bonds, Series 2013
Callable on 2/15/2024 @ par
NO DEBT SERVICE RESERVE FUND
-----Estimated Private Placement Pricing-----

Period Ending	Principal	Coupon	Interest	Debt Service	Annual Debt Service
08/15/2014			151,340.00	151,340.00	
09/30/2014					151,340.00
02/15/2015	390,000	3.150%	115,920.00	505,920.00	
08/15/2015			109,777.50	109,777.50	
09/30/2015					615,697.50
02/15/2016	405,000	3.150%	109,777.50	514,777.50	
08/15/2016			103,398.75	103,398.75	
09/30/2016					618,176.25
02/15/2017	415,000	3.150%	103,398.75	518,398.75	
08/15/2017			96,862.50	96,862.50	
09/30/2017					615,261.25
02/15/2018	430,000	3.150%	96,862.50	526,862.50	
08/15/2018			90,090.00	90,090.00	
09/30/2018					616,952.50
02/15/2019	445,000	3.150%	90,090.00	535,090.00	
08/15/2019			83,081.25	83,081.25	
09/30/2019					618,171.25
02/15/2020	455,000	3.150%	83,081.25	538,081.25	
08/15/2020			75,915.00	75,915.00	
09/30/2020					613,996.25
02/15/2021	470,000	3.150%	75,915.00	545,915.00	
08/15/2021			68,512.50	68,512.50	
09/30/2021					614,427.50
02/15/2022	485,000	3.150%	68,512.50	553,512.50	
08/15/2022			60,873.75	60,873.75	
09/30/2022					614,386.25
02/15/2023	500,000	3.150%	60,873.75	560,873.75	
08/15/2023			52,998.75	52,998.75	
09/30/2023					613,872.50
02/15/2024	520,000	3.150%	52,998.75	572,998.75	
08/15/2024			44,808.75	44,808.75	
09/30/2024					617,807.50
02/15/2025	535,000	3.150%	44,808.75	579,808.75	
08/15/2025			36,382.50	36,382.50	
09/30/2025					616,191.25
02/15/2026	550,000	3.150%	36,382.50	586,382.50	
08/15/2026			27,720.00	27,720.00	
09/30/2026					614,102.50
02/15/2027	570,000	3.150%	27,720.00	597,720.00	
08/15/2027			18,742.50	18,742.50	
09/30/2027					616,462.50
02/15/2028	585,000	3.150%	18,742.50	603,742.50	
08/15/2028			9,528.75	9,528.75	
09/30/2028					613,271.25
02/15/2029	605,000	3.150%	9,528.75	614,528.75	
09/30/2029					614,528.75
	7,360,000		2,024,645.00	9,384,645.00	9,384,645.00

Note: Preliminary, subject to change.

BOND PRICING

Colleyville Economic Development Corporation
Sales Tax Revenue Refunding Bonds, Series 2013
Callable on 2/15/2024 @ par
NO DEBT SERVICE RESERVE FUND
-----Estimated Private Placement Pricing-----

Bond Component	Maturity Date	Amount	Rate	Yield	Price
Serial Bonds:					
	02/15/2015	390,000	3.150%	3.150%	100.000
	02/15/2016	405,000	3.150%	3.150%	100.000
	02/15/2017	415,000	3.150%	3.150%	100.000
	02/15/2018	430,000	3.150%	3.150%	100.000
	02/15/2019	445,000	3.150%	3.150%	100.000
	02/15/2020	455,000	3.150%	3.150%	100.000
	02/15/2021	470,000	3.150%	3.150%	100.000
	02/15/2022	485,000	3.150%	3.150%	100.000
	02/15/2023	500,000	3.150%	3.150%	100.000
	02/15/2024	520,000	3.150%	3.150%	100.000
	02/15/2025	535,000	3.150%	3.150%	100.000
	02/15/2026	550,000	3.150%	3.150%	100.000
	02/15/2027	570,000	3.150%	3.150%	100.000
	02/15/2028	585,000	3.150%	3.150%	100.000
	02/15/2029	605,000	3.150%	3.150%	100.000
		7,360,000			

Dated Date	12/20/2013	
Delivery Date	12/20/2013	
First Coupon	08/15/2014	
Par Amount	7,360,000.00	
Original Issue Discount		
Production	7,360,000.00	100.000000%
Underwriter's Discount		
Purchase Price	7,360,000.00	100.000000%
Accrued Interest		
Net Proceeds	7,360,000.00	

Note: Preliminary, subject to change.

ESCROW REQUIREMENTS

Colleyville Economic Development Corporation
Sales Tax Revenue Refunding Bonds, Series 2013
Callable on 2/15/2024 @ par
NO DEBT SERVICE RESERVE FUND
-----Estimated Private Placement Pricing-----

Period Ending	Principal	Interest	Principal Redeemed	Total
02/15/2014	340,000.00	155,800.00	7,260,000.00	7,755,800.00
	340,000.00	155,800.00	7,260,000.00	7,755,800.00

Note: Preliminary, subject to change.

ESCROW COST

Colleyville Economic Development Corporation
Sales Tax Revenue Refunding Bonds, Series 2013
Callable on 2/15/2024 @ par
NO DEBT SERVICE RESERVE FUND
-----Estimated Private Placement Pricing-----

Purchase Date	Cost of Securities	Cash Deposit	Total Escrow Cost
12/20/2013		7,755,800.00	7,755,800.00
	0	7,755,800.00	7,755,800.00

Note: Preliminary, subject to change.

ESCROW SUFFICIENCY

Colleyville Economic Development Corporation
Sales Tax Revenue Refunding Bonds, Series 2013
Callable on 2/15/2024 @ par
NO DEBT SERVICE RESERVE FUND
-----Estimated Private Placement Pricing-----

Date	Escrow Requirement	Net Escrow Receipts	Excess Receipts	Excess Balance
12/20/2013		7,755,800.00	7,755,800.00	7,755,800.00
02/15/2014	7,755,800.00		-7,755,800.00	
	7,755,800.00	7,755,800.00	0.00	

Note: Preliminary, subject to change.

ESCROW STATISTICS

Colleyville Economic Development Corporation
Sales Tax Revenue Refunding Bonds, Series 2013
Callable on 2/15/2024 @ par
NO DEBT SERVICE RESERVE FUND
-----Estimated Private Placement Pricing-----

Escrow	Total Escrow Cost	Modified Duration (years)	Yield to Receipt Date	Yield to Disbursement Date	Perfect Escrow Cost	Value of Negative Arbitrage	Cost of Dead Time
CASH	493,290.00		0.000000%	0.000000%	490,940.64		2,349.36
BP	7,262,510.00		0.000000%	0.000000%	7,227,921.35		34,588.65
	7,755,800.00				7,718,861.99	0.00	36,938.01

Delivery date	12/20/2013
Arbitrage yield	3.149344%

Note: Preliminary, subject to change.