



Agenda Item Report

Legislative Board: City Council
Date: December 2, 2025
Contact: Bianca Redmon
Agenda Item ID / Number: 2025-1066- / I.4

ITEM TITLE: Deliberation and possible action to Consider an Ordinance on first and final reading and adopt said Ordinance authorizing the Issuance of City of Buda, Texas General Obligation Refunding Bonds, Series 2026; levying an Ad Valorem Tax In support of the Bonds; approving a Paying Agent/Registrar Agreement, a Purchase Agreement and an Escrow Agreement; establishing procedures for selling and delivering the Bonds; and authorizing other matters relating to the Bonds (Finance Director Bianca Redmon and Financial Advisor Jennifer Ritter) [PUBLIC TESTIMONY]

1. EXECUTIVE SUMMARY

The purpose of this item is to consider an ordinance authorizing the issuance of refunding bonds and delegating authority to designated City officials to execute the sale once a minimum savings target is met. This “delegation” approach provides the City flexibility to capture favorable market conditions and maximize savings without waiting for a future Council meeting.

This delegation authority would be paired with the upcoming Certificate of Obligation (CO) issuance, creating an opportunity to combine both transactions into a single offering document and a single rating presentation, improving efficiency and reducing issuance costs.

2. BACKGROUND/HISTORY

Several of the City’s outstanding bond series are currently callable and present an opportunity for interest cost savings through a refunding. As with any refunding transaction, savings fluctuate daily based on market conditions. Recent market volatility has caused savings to move meaningfully from week to week.

The following bonds are included in the Refunding Delegation Ordinance:

- Series 2014 Certificates
- Series 2014A Certificates
- Series 2015 Bonds
- Series 2016 Certificates
- Series 2016 Bonds
- Series 2016A Certificates

3. ANALYSIS

Given this uncertainty, staff—along with the City’s Financial Advisor, Specialized Public Finance—recommends that Council consider approving a delegation refunding ordinance. Under a delegated

sale, Council establishes a minimum acceptable level of savings. Once the market reaches or exceeds that threshold, the City's designated Pricing Officers are authorized to proceed with the sale of the refunding bonds without requiring additional Council action.

This structure enables the City to efficiently time the transaction and lock in savings as soon as market conditions are advantageous.

In addition, by combining the refunding with the planned CO issuance, the City may utilize:

- One combined bond offering document,
- One rating agency meeting, and
- Reduced issuance costs and staff time.

The delegation ordinance is non-binding; it authorizes, but does not obligate, the City to execute the refunding unless the minimum savings are achieved. Specialized Public Finance will be available at the December 2 meeting to provide an overview and answer questions.

4. FINANCIAL IMPACT

There is no financial obligation created by adopting the delegation ordinance itself. The financial impact occurs only if and when the refunding is executed. If pricing conditions meet the established parameters, the City may proceed with the refunding and realize the associated debt service savings. In the debt analysis (for illustration only), that number is estimated at \$788,193.

Combining the refunding with the CO issuance may reduce transaction costs due to economies of scale and shared legal, advisory, and rating-related expenses. If rates do not move favorably, the refunding may not occur at all, resulting in no savings—though this avoids executing a suboptimal transaction.

5. STRATEGIC PLAN/GOALS

EXCEPTIONAL CITY SERVICES

6. STRATEGIC PLAN OBJECTIVES

Maintain a fiscally responsible City property tax rate and competitive fee structure

7. PROS AND CONS

Pros

- **Maximizes Savings Opportunity:** Allows the City to lock in refunding savings immediately when favorable market conditions appear, rather than waiting for a scheduled Council meeting that could miss the window.
- **Increases Flexibility:** Delegation authorizes designated Pricing Officers to act quickly within strict parameters set by Council.
- **Combines with CO Issuance:** Enables the refunding and the COs to be included in a single offering document and a single rating presentation, reducing issuance costs and staff time.

- **Reduces Administrative Burden:** Eliminates the need for multiple Council actions and reduces preparation and review time associated with multiple ordinances and rating calls.
- **Non-Binding for Council:** Council is not obligated to execute the refunding if savings do not meet the approved threshold; authority simply expires unused if markets do not cooperate.
- **Protects Against Market Volatility:** Helps the City respond to rapidly changing interest rates, which is especially beneficial when savings fluctuate day to day.

Cons

- **Less Real-Time Council Involvement:** Council does not take separate action at the moment the sale occurs, which may feel less hands-on than a traditional refunding.
- **Short Timeframe for Pricing Officers:** Designated officials must be prepared to act quickly to approve the sale when markets meet the parameters.
- **Market Risk if Threshold Is Not Reached:** If rates do not move favorably, the refunding may not occur at all, resulting in no savings—though this avoids executing a suboptimal transaction.
- **Complexity for the Public:** Delegation structures can be less intuitive for residents compared to traditional refundings where Council approves the sale directly on a fixed date.

8. ALTERNATIVES

9. REQUESTED ACTION / SUGGESTED MOTION / RECOMMENDATION

Staff recommends approval of the refunding delegation ordinance to provide the City flexibility to capture favorable market conditions and maximize potential savings while maintaining clear Council-defined parameters.

Attachments:

[Ordinance - Bond Refunding.pdf](#)
[Debt Analysis](#)