



Refunding Opportunities

PRESENTED TO THE FINANCE COMMITTEE ON
MAY 27, 2026

Refunding Opportunities

- Debt refunding allows the City to refinance existing debt obligations, typically when market interest rates decline or when restructuring debt service payments may better align with the City's long-term financial objectives.
- By pursuing refunding opportunities, the city may reduce total interest costs, generate budgetary savings, improve cash flow flexibility, or mitigate future financial risk.
- Regular monitoring of refunding potential also demonstrates sound fiscal stewardship and prudent financial management to taxpayers, credit rating agencies, investors, and other stakeholders.
- While not every refunding opportunity will result in sufficient savings to justify issuance costs, maintaining an ongoing review process will help position the City of Burleson to respond strategically to favorable market conditions and optimize its overall debt portfolio.

Refunding Opportunities

On November 13, 2025, S&P Global Ratings revised its outlook for Burleson's outstanding utility revenue bonds to negative from stable. While they affirmed the 'AA-' rating at that time, the shift to a negative outlook serves as a formal notice that there is a "one-in-three chance" of a downgrade over the next two years.

Refunding Opportunities - Insights

- The city no longer issues revenue bonds and the age of the existing utility revenue debt is approximately 14 years old.
- The city issues COs for water/sewer bonds and pays the debt through the revenue from the utility fund.

Refunding Opportunities – Series 2012 W&S

- The City recommends to transition a portion of our outstanding utility revenue debt into Certificates of Obligation (COs). This shift is a proactive measure designed to address the recent negative outlook from S&P Global Ratings by leveraging the City's stronger 'AA' General Obligation credit rating.
- It will strengthen our debt service coverage ratios and directly mitigates the risk of a rating downgrade.

Refunding Opportunities – Other Issuances?

We are assessing other possible opportunities for refunding. Currently all opportunities are below the 3.5% PVS threshold but if market conditions change, we will recommend for consideration.

Refunding Opportunities – Debt Policy

“The City shall review its outstanding debt annually for the purpose of determining if the financial marketplace will afford the City the opportunity to refund an issue and lessen its debt service cost. As a general rule, the present values savings of a particular refunding should exceed three and one-half percent (3.5%) of the refunded maturities, unless a restructuring or bond covenant revision is necessary in order to facilitate the ability to provide services or issue additional debt in accordance with the established debt policies.”

City of Burleson, TX

General Obligation Refunding & Improvement Bonds, Series 2026

Assumes Interest Rates as of 5/11/26

Preliminary; For Illustration Purposes Only

All changes have been saved

	Refund: Series 2012 W&S	Refund: Series 2015 CO	Refund: Series 2016 CO
Dated Date	09/24/2026	09/24/2026	09/24/2026
Delivery Date	09/24/2026	09/24/2026	09/24/2026
Arbitrage Yield	3.512916%	3.512916%	3.512916%
Escrow Yield	3.666784%	3.666786%	3.666786%
Value of Negative Arbitrage	-216.28	-858.52	-773.37
Bond Par Amount	1,175,000.00	5,945,000.00	5,330,000.00
True Interest Cost	3.024147%	3.112947%	3.197736%
Net Interest Cost	3.151498%	3.292989%	3.391881%
All-In TIC	3.299551%	3.254079%	3.317371%
Average Coupon	5.000000%	5.000000%	5.000000%
Average Life	3.074	4.752	5.339
Weighted Average Maturity	3.126	4.846	5.439
Par amount of refunded bonds	1,605,000.00	6,370,000.00	5,740,000.00
Average coupon of refunded bonds	4.000000%	4.008742%	3.817142%
Average life of refunded bonds	3.059	4.699	5.265
Remaining weighted average maturity of refunded bonds	3.030	4.699	5.265
PV of prior debt	1,616,360.35	6,431,890.90	5,749,964.78
Net PV Savings	25,301.55	196,631.51	131,402.11
Percentage savings of refunded bonds	1.576421%	3.086837%	2.289235%



THE CITY OF
BURLESON
TEXAS

QUESTIONS/COMMENTS
