

Finance Committee

DEPARTMENT: Finance


FROM: Mark Davies, Director of Finance

MEETING: May 27, 2026

SUBJECT:

Receive a report, hold a discussion, and provide recommendations to the city council regarding future debt refunding opportunities. *(Staff Contact: Mark Davies, Director of Finance)*

STRATEGIC PRIORITY AND GOAL(S):

Strategic Priority	Strategic Goal
 <p>High Performing City Organization Providing Exceptional, People Focused Services</p>	<p>1.4 Be a responsible steward of the city's financial resources by providing rates and fees that represent a strong value to our citizens; providing timely, accurate and transparent financial reporting; and utilizing long-range planning.</p>

SUMMARY:

The City of Burleson annually evaluates debt refunding opportunities as part of a proactive debt management strategy to ensure the most efficient use of public resources. 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 when economically beneficial, 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.

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.

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.

The city plans 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 mitigate the risk of a rating downgrade, ensuring the city maintains its high-grade credit standing for future infrastructure needs.

RECOMMENDATION:

Review and discuss debt refunding opportunities and provide staff with feedback and direction on the proposed recommended action regarding the refunding of the utility debt and other possible opportunities.

PRIOR ACTION/INPUT (Council, Boards, Citizens):

On September 2, 2025, the City Council held a public hearing and conducted the first reading of the city's FY 2025-2026 annual budget with the five-year Capital Improvement Plan (CIP).

On September 8, 2025, the City Council approved the second reading of the city's FY 2025-2026 annual budget with the five-year Capital Improvement Plan (CIP).

REFERENCE:

CSO#5910-09-2025

FISCAL IMPACT:

N/A

STAFF CONTACT:

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