

## MEMORANDUM

**TO:** Claire Powell, City Manager

**FROM:** David O. Erb, Director of Finance

**DATE:** January 26, 2026

**SUBJECT: Consideration of an Ordinance of the City Council of the City of Lewisville, Texas, Amending the Previously Adopted and Approved Budget Ordinance for the Fiscal Year October 1, 2024, to September 30, 2025, by Providing a Supplemental Appropriation to the Debt Service Fund; and Providing an Effective Date.**

### **BACKGROUND**

In September 2025, the City of Lewisville completed a competitive sale of its General Obligation Refunding & Improvement Bonds, Series 2025. A portion of this issuance was structured to refund outstanding portions of the City's Series 2015 and Series 2016 General Obligation Bonds in order to achieve debt service savings. The bond sale closed in September. A supplemental appropriation is now requested to properly record the refunding transaction in compliance with state statute and budgetary requirements. The refunding provided sufficient revenue to cover this expenditure.

### **ANALYSIS**

The refunding portion of the Series 2025 bond sale involved the issuance of refunding bonds and the payment of proceeds to a refunding bond escrow agent. These proceeds were deposited into an escrow account that will be used to defease and refund the outstanding Series 2015 and Series 2016 bonds when due. The establishment of this escrow is required to be recorded as an expenditure on the City's books, which necessitates a corresponding budgeted appropriation.

The refunding removed higher-interest debt and resulted in measurable savings to the City. The transaction produced gross savings of \$260,665 and net present value savings of \$234,597, representing 3.52% of the refunded bonds, exceeding the City's minimum savings threshold. Importantly, the refunding did not extend the maturity of the existing debt, did not require any additional City funds, and did not increase the City's overall debt obligations. All resources used to establish the escrow and complete the refunding were derived solely from the Series 2025 bond sale proceeds.

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This supplemental appropriation is requested to ensure compliance with statutory requirements for appropriated expenditures and accurate financial reporting. No operational impact is created by this action.

**CITY STAFF'S RECOMMENDATION**

That the City Council approve the ordinance as set forth in the caption above.