



AGENDA ITEM SUMMARY

Agenda Date	June 23, 2026
Requested Action	PRESENTATION OF INITIAL PLAN OF FINANCE TO FUND THE 2026 CAPITAL IMPROVEMENT PLAN AND ECONOMICALLY REFUNDING EXISTING DEBT.
Contact Person	Sarah Buckelew, Finance Director
Background Information	<p>The City of Boerne is preparing a 2026 Plan of Finance that includes funding for Fire Station #2 and refinancing two existing debt obligations to take advantage of favorable market conditions. This agenda item is for presentation purposes only, and no formal action is requested.</p> <p>New Debt: Fire Station #2 The City is proposing the issuance of approximately \$20 million in Certificates of Obligation to partially fund the construction of Fire Station #2. The total project cost is estimated at \$30 million and includes the design costs, site work and public infrastructure, fire station building, the fire apparatus and equipment previously ordered, furniture and fixtures for the station, and project contingency. The remaining \$10 million would be funded with existing capital reserves.</p> <p>The debt would be sold through a competitive process to secure the most favorable interest rates available. The financing has been structured to fit within the City's existing debt service tax rate, and no increase to the current Interest and Sinking (I&S) tax rate is anticipated as a result of this issuance.</p> <p>Refinancing Existing Debt The City is also evaluating the refinancing of two existing bond issues that become eligible for early repayment in November 2026. Similar to refinancing a home mortgage, refinancing allows the City to replace existing debt with lower-cost debt when market conditions are favorable.</p> <p>Based on current interest rates, the refinancing is projected to generate savings between approximately \$680,000 and \$1.7 million over the remaining life of the bonds. These savings would reduce future debt service costs and provide long-term benefit to taxpayers.</p>

	<p>Future Utility Projects Additional debt for utility infrastructure projects may be considered later in 2026 or early 2027 as project needs arise. Any future issuances will be presented to City Council for consideration at the appropriate time.</p> <p>Next Steps Over the coming weeks, City staff and project teams will continue refining project costs and financing details. The formal 2026 Plan of Finance and Notice of Intent are anticipated to be presented to City Council for consideration at the July 14 council meeting.</p> <p>Overall, the proposed financing strategy reflects the City's long-standing commitment to maintaining high-quality public facilities and infrastructure while managing debt responsibly and preserving financial flexibility for the future.</p>
Strategic Alignment	Fiscal Excellence
Financial Considerations	All estimates in the presentation and attachments are estimates at the time of preparation. If debt issuances are approved, final bid results will be presented to Council at the regularly scheduled council meeting on September 8, 2026.
Citizen Input/Board Review	N/A
Legal Review	N/A
Alternative Options	N/A
Supporting Documents	2026 Plan of Finance dated June 23, 2026