



## **ALEDO ISD BOARD MEETING TEMPLATE**

**MEETING DATE:** August 20, 2018

**AGENDA ITEM:** Resolution to Prepay a Portion of Series 2007 Bonds

**PRESENTER:** Earl Husfeld

**ALIGNS TO BOARD GOAL(S):** Financial/Facilities – The District shall exhibit excellence in financial and facility planning, management, and stewardship.

### **BACKGROUND INFORMATION:**

- Based upon the increase in the District's 2018 certified taxable values, Aledo ISD staff and BOK Financial Securities, Inc., the District's financial advisory firm, reviewed the District's 2018-2019 proposed Debt Service Fund budget and debt position to determine if a savings opportunity existed.

### **ADMINISTRATIVE CONSIDERATIONS:**

- After review of the 2018-2019 proposed budget and current tax rate for the Debt Service Fund, it was determined the District would have the funds available to call, or prepay, \$2,240,000 of outstanding bonds before maturity.
- After a review of the District's debt position, the greatest savings for the District and its taxpayers would be accomplished by calling a portion of the Series 2007 Unlimited Tax Refunding Bonds. The interest rate being paid on the bonds to be called is 4.00%.
- This approach is preferable to prepaying a portion of the District's Series 2006-A Variable Rate Bonds that have a much lower interest rate. For instance, the interest rate on these bonds is currently 1.33%.
- Following for your review is a Resolution Calling a Portion of the Aledo Independent School District's Unlimited Tax Refunding Bonds Series 2007 for Redemption Prior to Maturity that was prepared by the District's bond counsel, McCall, Parkhurst & Horton L.L.P.
- This item will be presented to the Board of Trustees for consideration and approval during the August 27, 2018 board meeting.

### **FISCAL NOTE:**

Approval of this item will save the District and its taxpayers \$588,600 in future interest costs.

### **ADMINISTRATIVE RECOMMENDATION:**

None – Informational Report

A RESOLUTION CALLING A PORTION OF THE ALEDO INDEPENDENT SCHOOL DISTRICT'S UNLIMITED TAX REFUNDING BONDS, SERIES 2007 FOR REDEMPTION PRIOR TO MATURITY; AND ENACTING OTHER PROVISIONS RELATING TO THE SUBJECT

WHEREAS, the Aledo Independent School District (the "District") previously issued its Unlimited Tax Refunding Bonds, Series 2007 (the "Bonds"); and

WHEREAS, in the order that authorized the issuance of the Bonds (the "Bond Order"), the District reserved the option to redeem the Bonds, in whole or in part, at a price equal to the principal amount of the Bonds so called for redemption plus accrued interest to the redemption date, beginning on February 15, 2017, or on any date thereafter; and

WHEREAS, the Board of Trustees (the "Board") finds and determines that it is necessary and in the best interests of the District to redeem the outstanding Bonds described below with funds available for such purpose in accordance with the terms hereof; and

WHEREAS, it is officially found, determined and declared that the meeting at which this Resolution has been adopted was open to the public and public notice of the date, hour, place and subject of said meeting, including this Resolution, was given, all as required by the applicable provisions of Texas Government Code, Chapter 551;

NOW, THEREFORE, BE IT RESOLVED BY THE BOARD OF TRUSTEES OF THE ALEDO INDEPENDENT SCHOOL DISTRICT:

Section 1. Findings.

The declarations, determinations and findings declared, made and found in the preamble to this Resolution are hereby adopted, restated and made a part of the operative provisions hereof.

Section 2. Redemption of Bonds.

The Bonds listed in **Exhibit A** hereto (the "Redeemed Bonds") are hereby called for redemption on February 15, 2019 (the "Redemption Date"). The Redeemed Bonds shall be paid on the Redemption Date and interest on the Redeemed Bonds shall cease to accrue on the Redemption Date.

Section 3. Authorization of Actions.

(a) The President or Secretary of the Board, the Superintendent of Schools or the Chief Financial Officer of the District (each an "Authorized Officer") are each hereby authorized and directed to deliver to The Bank of New York Mellon Trust Company, N.A., Dallas, Texas, the Paying Agent/Registrar for the Bonds ("BoNY"), a notice of redemption with respect to the Redeemed Bonds in substantially the form attached hereto as **Exhibit A**, and to direct BoNY to send notice of redemption of the Redeemed Bonds to the bondholders in accordance with the Bond Order.

(b) The Redeemed Bonds shall be presented for redemption at the Paying Agent/Registrar therefor, and shall not bear interest after the Redemption Date.

(c) On or before the Redemption Date, the District shall deposit with the Paying Agent/Registrar for the Bonds funds in an amount sufficient to provide for the redemption of the Redeemed Bonds on the Redemption Date. Lawfully available funds of the District are hereby authorized and appropriated in the amounts necessary for such purpose.

(d) The Authorized Officers are hereby authorized and directed to take such actions and to execute and deliver such documents, orders and receipts, including without limitation material events notices with respect to the Redeemed Bonds, as necessary or appropriate to consummate the transactions authorized by this Resolution and to redeem the Redeemed Bonds in accordance with the provisions and requirements of the Bond Order.

PASSED, APPROVED AND EFFECTIVE this August 27, 2018.

\_\_\_\_\_  
President, Board of Trustees  
Aledo Independent School District

ATTEST:

\_\_\_\_\_  
Secretary, Board of Trustees  
Aledo Independent School District

**Exhibit A**

NOTICE OF REDEMPTION

ALEDO INDEPENDENT SCHOOL DISTRICT  
UNLIMITED TAX REFUNDING BONDS, SERIES 2007

NOTICE IS HEREBY GIVEN that the Aledo Independent School District (the "District") has called for redemption the outstanding Bonds ("Redeemed Bonds") of the District described as follows:

ALEDO INDEPENDENT SCHOOL DISTRICT UNLIMITED TAX REFUNDING BONDS, SERIES 2007, dated October 15, 2007, \$600,000 in principal amount of the February 15, 2027 maturity (CUSIP Number 014464NQ0), \$580,000 in principal amount of the February 15, 2026 maturity (CUSIP Number 014464NP2), \$555,000 in principal amount of the February 15, 2025 maturity (CUSIP Number 014464NN7) and \$505,000 in principal amount of the February 15, 2024 maturity (CUSIP Number 014464NM9) at a redemption price equal to the principal amount thereof and accrued interest to the redemption date of the Redeemed Bonds so called for redemption at The Bank of New York Mellon Trust Company, N.A., Dallas, Texas. Redemption date: February 15, 2019, on which date interest on the Redeemed Bonds so called for redemption shall cease to accrue and be payable.

THE REDEEMED BONDS have been called for redemption in accordance with the terms of the order authorizing their issuance, and such Redeemed Bonds shall be redeemed at the Paying Agent/Registrar for the Redeemed Bonds:

| <u>United States Mail</u>   | <u>Express Delivery</u>  | <u>Hand Delivery</u>   |
|---|--|--|
| The Bank of New York Mellon<br>Trust Company, N.A.<br>Global Corporate Trust<br>P.O. Box 396<br>East Syracuse, New York 13057 | The Bank of New York Mellon<br>Trust Company, N.A.<br>Global Corporate Trust<br>111 Sanders Creek Parkway<br>East Syracuse, New York 13057 | The Bank of New York Mellon<br>Trust Company, N.A.<br>Global Corporate Trust<br>Corporate Trust Window<br>101 Barclay Street<br>1 <sup>ST</sup> Floor East<br>New York, New York 10286 |

UPON PRESENTATION of the Redeemed Bonds at the Paying Agent/Registrar on the aforementioned redemption date, the holder thereof shall be entitled to receive the redemption price equal to par and accrued interest to the redemption date.

NOTICE IS FURTHER GIVEN that due and proper arrangements have been made for providing the place of payment of the Redeemed Bonds called for redemption with funds sufficient to pay the principal amount of the Redeemed Bonds and the interest thereon to the redemption date. In the event the Redeemed Bonds are not presented for redemption by the date fixed for their redemption, they shall not thereafter bear interest.

THIS NOTICE is issued and given pursuant to the redemption provisions in the proceedings authorizing the issuance of the Redeemed Bonds and in accordance with the recitals and provisions of each of the Redeemed Bonds, respectively.

ALEDO INDEPENDENT SCHOOL DISTRICT



# Savings from District's Debt Management Practices

- ❑ Aledo Independent School District (the “District”) has actively deployed various debt management practices to lower the borrowing costs of taxpayers. Such actions have reduced the cost of voter-approved bonds and provided District taxpayers with more than \$33.1 million of direct savings!

- ❖ \$ 26,176,051 – Bond Refundings/Prepayment of Bonds

- ❖ \$ 6,991,641 – Lower Interest Rates from Prudent Use of Variable Rate Bonds

**\$ 33,167,692 – Total Savings to Taxpayers**

- **Variable Rate Debt:** The District has strategically incorporated variable rate bonds within its debt portfolio since year 2006 – lowering its borrowing cost by approximately \$7.0 million in comparison to the sale of fixed rate bonds. The District's interest rate on its existing \$13,710,000 Variable Rate Unlimited Tax School Building Bonds, Series 2006-A is currently 1.33% (does not include ongoing support costs such as remarketing agent fees, liquidity provider fees, etc.).



# Savings from District's Debt Management Practices

- **Bond Refundings and Prepayment of Bonds:** 8 bond refunding programs at a lower interest rate and prepayment of \$1.275 million of existing bonds – \$26.2 million of savings.

## Summary of Interest Cost Savings – Bond Refunding Programs / Prepayment of Bonds

| Issue / Description   | Series Refunded / Redeemed | Principal Amount Refunded / Redeemed | Total Savings        |
|---|----------------------------|--------------------------------------|----------------------|
| Unlimited Tax Refunding Bonds, Series 2006                      | 1998                       | \$ 23,035,000                        | \$ 1,172,515         |
| Unlimited Tax Refunding Bonds, Series 2007                      | 1998                       | 7,520,000                            | 988,788              |
| Unlimited Tax Refunding Bonds, Series 2012                      | 2001, 2005-A               | 8,519,919                            | 1,075,426            |
| Unlimited Tax Refunding Bonds, Series 2013-A                    | 2005-A                     | 8,985,000                            | 2,344,653            |
| Unlimited Tax Refunding Bonds, Taxable Series 2013-B            | 2005-A, 2006               | 17,010,000                           | 2,204,602            |
| Unlimited Tax Refunding Bonds, Series 2014                      | 2005-A                     | 9,330,000                            | 1,866,979            |
| Unlimited Tax Refunding Bonds, Series 2015                      | 2005-A, 2006, 2008         | 13,195,000                           | 3,502,667            |
| Unlimited Tax Refunding Bonds, Series 2016                      | 2008                       | 56,615,000                           | 12,467,671           |
| <b>Total - Bond Refunding Programs at a Lower Interest Rate</b> | ---                        | <b>\$ 144,209,919</b>                | <b>\$ 25,623,301</b> |
| Prepayment of Series 2007 Bonds - February 2018                 | 2007                       | \$ 1,275,000                         | \$ 552,750           |
| <b>Totals</b>   | ---                        | <b>\$ 145,484,919</b>                | <b>\$ 26,176,051</b> |

- Based upon the District's tax values for year 2018/19 and maintaining the same tax rate, the District will be able to prepay \$2,240,000 of existing bonds – Providing an additional \$588,600 of interest cost savings for taxpayers.