



ALEDO ISD BOARD MEETING TEMPLATE

MEETING DATE: April 18, 2016

AGENDA ITEM: Results of 2016 Bond Refunding Program

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:

- Periodically Aledo ISD staff and the District's financial advisory firm, BOSC, Inc., review the District's financial and debt position to ensure the District is taking advantage of current market conditions.

ADMINISTRATIVE CONSIDERATIONS:

- During the February 15th board meeting, the Board of Trustees adopted a "Parameters Bond Order" authorizing the sale of the Unlimited Tax Refunding Bonds, Series 2016 if certain parameters were met.
- On Thursday, April 7th, the District successfully sold the Series 2016 Refunding Bonds to refund the existing Series 2008 bonds at a lower interest rate.
- The following memorandum letter prepared by BOSC, Inc., summarizes the results of this Refunding Program, including the savings realized by the District and our taxpayers.

FISCAL NOTE:

None – Informational Report

ADMINISTRATIVE RECOMMENDATION:

None – Informational Report



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April 7, 2016

Mr. Earl Husfeld
 Chief Financial Officer
 Aledo Independent School District
 1008 Bailey Ranch Road
 Aledo, Texas 76008

Re: Final Results – 2016 Refunding Program

Dear Earl:

Introduction

On Thursday, April 7, 2016, Aledo Independent School District (the “District”) sold its Unlimited Tax Refunding Bonds, Series 2016 (the “Series 2016 Refunding Bonds”) to refund its existing Unlimited Tax School Building Bonds, Series 2008 (the “Series 2008 Bonds”) at a lower interest rate. This memorandum summarizes the results of the District’s 2016 Refunding Program, including the savings realized by the District and its taxpayers.

Summary of Savings – 2016 Refunding Program

At its February 15, 2016 meeting, the Board of Trustees adopted a “Parameters Bond Order” authorizing the sale of the Series 2016 Refunding Bonds if certain parameters were met. Based upon the favorable bond market conditions, the interest rate on the District’s bonds was successfully reduced from 5.00% to 3.67% and the District’s actual savings totaled \$12,467,671 (net of all costs) – Which is \$4,042,296 higher than the savings presented to the Board of Trustees at its February 15, 2016 meeting.

Based upon the successful result of the 2016 Refunding Program, the District’s refunding programs over the last 4-years have generated a collective savings of \$23,461,998 for District taxpayers (see table below)!

Summary of District’s Savings From Refunding Programs – Since Year 2012			
Issue	Series Refunded	Principal Amount Refunded	Total Savings
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
Totals	---	\$ 113,654,919	\$ 23,461,998

Summary of Annual Savings – 2016 Refunding Program

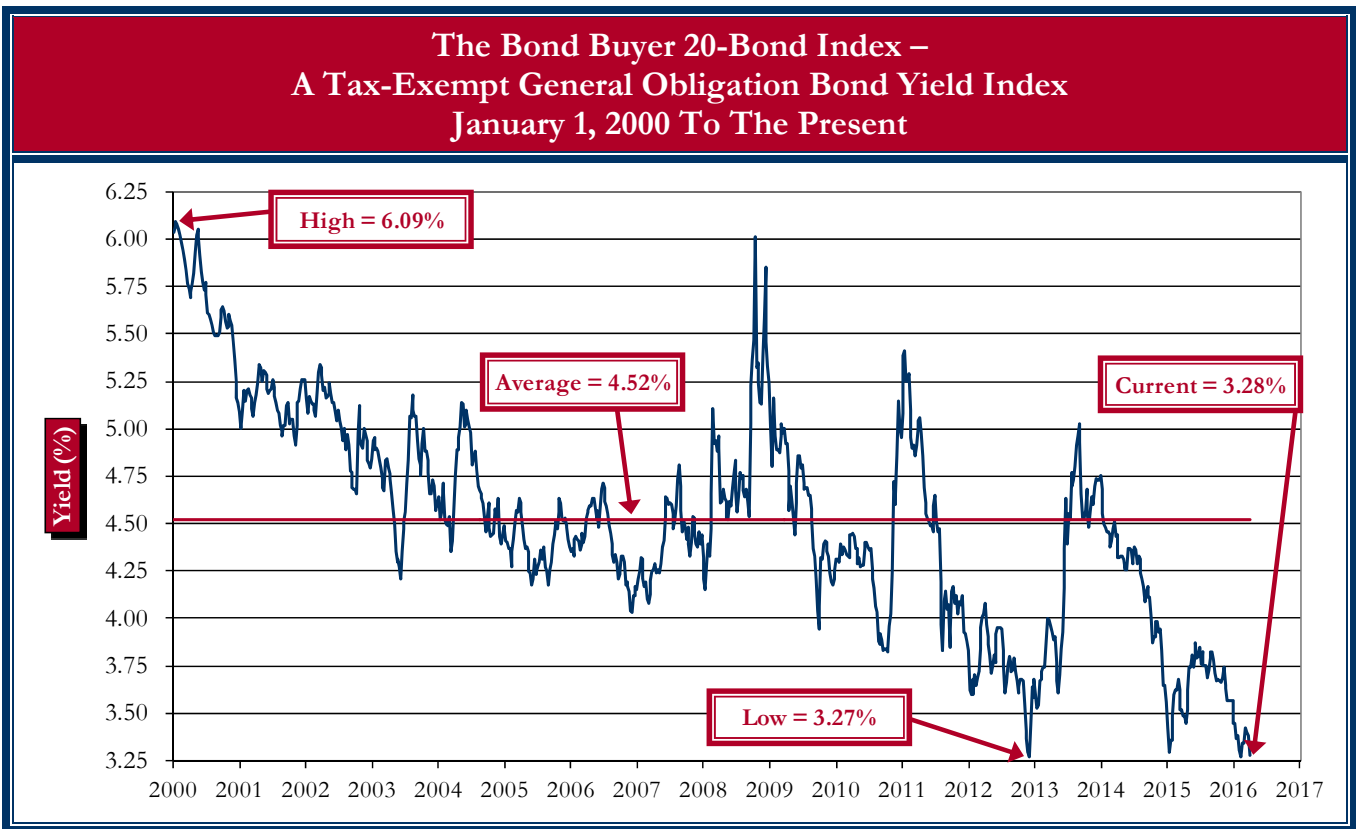
The District’s savings are summarized within the table below.

2016 Refunding Program – Actual Savings					
A	B	C	D	E	F
Fiscal Year	Existing Bond Payments	Less: Bond Payments – Series 2008 Bonds to be Refunded	Plus: Bond Payments – Series 2016 Refunding Bonds	Bond Payments – After Refunding Program	Savings^(A) (Col. B – E)
2015/16	\$ 11,571,801	\$ 1,415,375	\$ 1,414,804	\$ 11,571,229	\$ 571
2016/17	12,196,756	2,830,750	2,422,250	11,788,256	408,500
2017/18	13,042,831	2,830,750	2,422,250	12,634,331	408,500
2018/19	13,343,268	2,830,750	2,422,250	12,934,768	408,500
2019/20	13,968,256	2,830,750	2,422,250	13,559,756	408,500
2020/21	14,289,731	2,830,750	2,422,250	13,881,231	408,500
2021/22	14,282,706	2,830,750	2,422,250	13,874,206	408,500
2022/23	14,274,493	2,830,750	2,422,250	13,865,993	408,500
2023/24	14,269,724	2,830,750	2,422,250	13,861,224	408,500
2024/25	14,259,999	2,830,750	2,422,250	13,851,499	408,500
2025/26	11,697,262	2,830,750	2,422,250	11,288,762	408,500
2026/27	11,690,580	2,830,750	2,422,250	11,282,080	408,500
2027/28	11,680,568	2,830,750	2,422,250	11,272,068	408,500
2028/29	11,669,023	2,830,750	2,422,250	11,260,523	408,500
2029/30	11,659,323	2,830,750	2,422,250	11,250,823	408,500
2030/31	11,647,812	2,830,750	2,422,250	11,239,312	408,500
2031/32	11,638,081	2,830,750	2,422,250	11,229,581	408,500
2032/33	11,626,891	2,830,750	2,422,250	11,218,391	408,500
2033/34	11,590,600	2,830,750	2,422,250	11,182,100	408,500
2034/35	12,117,125	2,830,750	2,422,250	11,708,625	408,500
2035/36	11,475,875	8,388,250	7,799,375	10,887,000	588,875
2036/37	11,473,875	8,390,875	7,801,100	10,884,100	589,775
2037/38	11,476,750	8,383,625	7,795,700	10,888,825	587,925
2038/39	11,473,500	8,390,625	7,805,600	10,888,475	585,025
2039/40	11,478,000	8,824,750	8,236,500	10,889,750	588,250
2040/41	11,474,125	8,824,750	8,235,750	10,885,125	589,000
2041/42	11,475,750	8,825,250	8,237,875	10,888,375	587,375
2042/43	11,476,500	8,825,250	8,235,875	10,887,125	589,375
2043/44	3,733,625	---	---	3,733,625	---
2044/45	3,731,000	---	---	3,731,000	---
Totals	\$ 351,785,827	\$ 124,053,000	\$ 111,585,329	\$ 339,318,156	\$ 12,467,671

^(A) At this time, the District receives approximately \$260,000 for each 1-cent of I&S tax effort.

Historically Favorable Interest Rates

As represented by “The Bond Buyer 20-Bond Index” in the graph below, municipal interest rates are currently within 0.01% of an historical low and 1.24% below the historical average experienced since year 2000. The recent interest rate decline is primarily due to the decline and volatility in oil prices, the global concern over the slowdown in the Chinese and Japanese economy and lingering economic problems in Europe. This favorable interest rate environment has allowed the District to “lock-in” historically low interest rates resulting in a savings to the District’s current and future taxpayers.



Bonds Refunded – 2016 Refunding Program


The following table provides the District’s existing Series 2008 Bonds that were refunded at a lower interest rate.

Summary of Series 2008 Bonds to be Refunded					
Issue Outstanding	Principal Amount To Be Refunded	Maturities To Be Refunded	Interest Rate	Redemption Date	Redemption Price
Unlimited Tax School Building Bonds, Series 2008	\$ 56,615,000	02/15/2036 – 2043	5.00%	02/15/2018	100.0%

Closing

Congratulations on the successful implementation of the District's Series 2016 Refunding Program. The actions of the District's Administration and Board of Trustees have reduced the District's existing bond payments for Aledo ISD's taxpayers and increased the District's bond capacity for future school facilities. Should any questions arise or additional information is preferred, please do not hesitate to contact us. We thank you for the opportunity to be of service to the District and hope you are pleased with the results. Hope all is well!

Sincerely,



William J. Gumbert
Managing Director



Joshua M. McLaughlin
Managing Director