



ALEDO ISD BOARD MEETING TEMPLATE

MEETING DATE: October 5, 2020

AGENDA ITEM: Review of Potential Taxable Bond Refunding Opportunities

PRESENTER: Earl Husfeld, Chief Financial Officer

BACKGROUND INFORMATION:

- Periodically Aledo ISD staff and the District's financial advisory firm, BOK Financial Securities, Inc. (BOK), review the District's financial and debt position to ensure the District is taking advantage of current market conditions.
- Based upon these current market conditions, the District is able to realize a financial savings by "refinancing" or "refunding" a portion of the District's outstanding bonds at a lower interest rate.
- The following memorandum, Review of Potential "Taxable" Refunding Opportunities, was prepared by BOK and provides explanation and insight into the savings available to the District and the preliminary financing plan to achieve these savings.
- Assuming the Board of Trustees is interested in proceeding with this refinancing opportunity, the Board of Trustees will be asked to approve a "Parameters Bond Order" at the October 19, 2020 board meeting to ensure the most advantageous timing of the refinancing.
- If approved by the Board of Trustees, the Parameters Bond Order would delegate the ability to approve the issuance of the refinancing bonds to the District's Superintendent and/or Chief Financial Officer if certain parameters are met as specified in the Parameters Bond Order.
- Although the recommended parameters for this refinancing may be different, the District has used this method many times with bond sales in prior years.
- Mr. Josh McLaughlin, with BOK, will discuss the following memorandum, Review of Potential "Taxable" Refunding Opportunities, with the Board of Trustees and answer any questions you may have.

FISCAL INFORMATION:

Included in the memorandum from BOK Financial Securities, Inc.

ATTACHMENTS:

Memorandum from BOK Financial Securities, Inc. - Review of Potential "Taxable" Refunding Opportunities

ADMINISTRATIVE RECOMMENDATION:

None – Informational Report



Review of Potential “Taxable” Refunding Opportunities

Tuesday, September 29, 2020

Securities, insurance and advisory services offered through BOK Financial Securities, Inc., member FINRA/SIPC and a subsidiary of BOK Financial Corporation. Services may be offered under our trade name, BOK Financial Advisors.

NOT FDIC INSURED | NO BANK GUARANTEE | MAY LOSE VALUE



Savings from District's Debt Management Practices

- ❑ Aledo Independent School District (“AISD” or 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 AISD taxpayers with more than \$34.6 million of direct savings since year 2006!

- ❖ \$ 27,253,426 – Bond Refundings and Prepayment of Bonds

- ❖ \$ 7,352,011 – Lower Interest Rates from Prudent Use of Variable Rate Bonds

\$ 34,605,437 – Total Savings to Taxpayers



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 \$7.51 million of existing bonds – \$27.25 million of savings in future interest costs.

| Summary of Interest Cost Savings – Bond Refunding Programs / Prepayment of Bonds | | | |
|--|----------------------------|--------------------------------|----------------------|
| Issue / Description | Series Refunded / Redeemed | Par 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 |
| Total - Bond Refunding Programs at a Lower Interest Rate | --- | \$ 144,209,919 | \$ 25,623,301 |
| Prepayment of Series 2007 Bonds - February 2018 | 2007 | \$ 1,275,000 | \$ 552,750 |
| Prepayment of Series 2007 Bonds - February 2019 | 2007 | 2,240,000 | 588,600 |
| Prepayment of Series 2007 & 2012 Bonds - February 2020 | 2007, 2012 | 3,995,000 | 488,775 |
| Total - Prepayment of Bonds Prior to Scheduled Maturity | --- | \$ 7,510,000 | \$ 1,630,125 |
| Totals | --- | \$ 151,719,919 | \$ 27,253,426 |



Summary of the District's Outstanding Callable Bonds

- The District currently has \$237,900,000 of existing bonds eligible to be repaid or refinanced prior to maturity, as summarized in the table below.

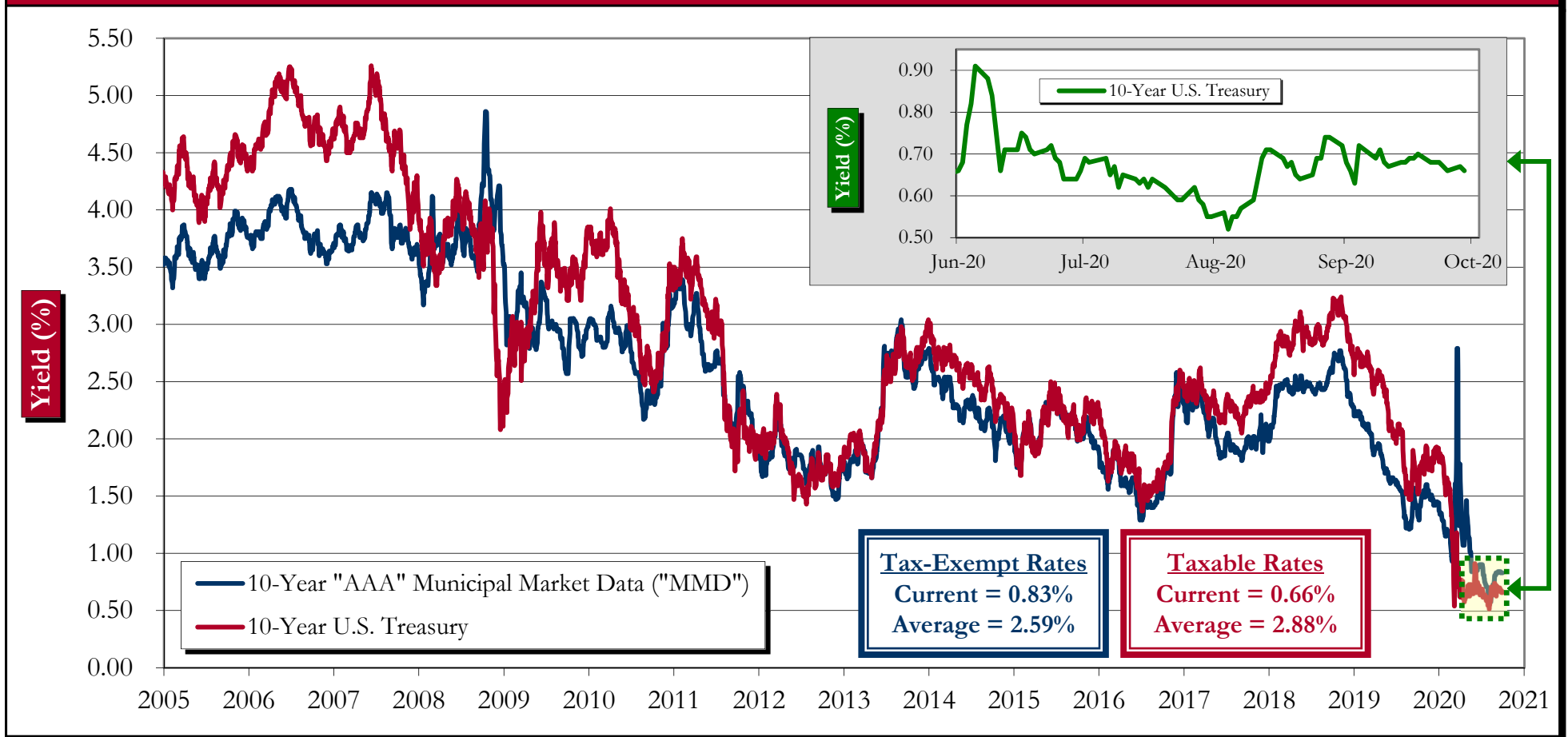
| Aledo ISD - Summary of Callable Bonds Outstanding - As of August 31, 2020 | | | | | | |
|---|--------------|------------------------------|---------------------------|---------------------|----------------|------------------------------|
| Issue Description | Call Date | Principal Amount Outstanding | Principal Amount Callable | Callable Maturities | Final Maturity | Coupons: Callable Maturities |
| Unlimited Tax Refunding Bonds, Series 2012 | 02/15/2022 | \$ 4,979,913 | \$ 4,230,000 | 2023 - 2025 | 2025 | 3.500% |
| Unlimited Tax Refunding Bonds, Series 2013-A | 02/15/2023 | 8,710,000 | 8,580,000 | 2024 - 2031 | 2031 | 2.880% - 3.500% |
| Unlimited Tax Refunding Bonds, Taxable Series 2013-B | 02/15/2023 | 9,820,000 | 4,970,000 | 2024 - 2032 | 2032 | 2.630% - 3.690% |
| Unlimited Tax Refunding Bonds, Series 2014 | 02/15/2023 | 6,905,000 | 5,675,000 | 2031 - 2033 | 2033 | 3.500% - 4.000% |
| Unlimited Tax Refunding Bonds, Series 2015 | 02/15/2025 | 12,280,000 | 12,230,000 | 2026; 2029; 2033-35 | 2035 | 2.990% - 5.000% |
| Unlimited Tax School Building Bonds, Series 2015-A | 02/15/2025 | 42,330,000 | 28,295,000 | 2026-34; 2036-45 | 2045 | 3.125% - 5.000% |
| Unlimited Tax Refunding Bonds, Series 2016 | 02/15/2026 | 53,440,000 | 53,440,000 | 2036 - 2043 | 2043 | 4.000% - 5.000% |
| Unlimited Tax Refunding Bonds, Series 2019 | 02/15/2028 | 11,680,000 | 6,840,000 | 2029 - 2034 | 2034 | 4.000% - 5.000% |
| Unlimited Tax School Building Bonds, Series 2020 | 02/15/2029 | 133,590,000 | 113,640,000 | 2030 - 2050 | 2050 | 3.000% - 5.000% |
| Unlimited Tax School Building Bonds, Series 2001 | Non-Callable | 2,573,362 | --- | --- | 2032 | --- |
| Totals | --- | \$ 286,308,275 | \$ 237,900,000 | --- | --- | --- |



“Taxable” Vs. “Tax-Exempt” Interest Rates

- Both tax-exempt and taxable interest rates continue to hover around their historical lows, primarily due to the economic uncertainty caused by the COVID-19 pandemic, potentially providing an opportunity for Aledo ISD to complete a refunding of its existing bonds at a lower interest rate.

**Overview of 10-Year Tax-Exempt and Taxable Interest Rates
January 1, 2005 Through September 29, 2020**





Refunding Considerations

❑ “Tax-Exempt” Versus “Taxable” Refundings

■ Definitions:

- **Advance Refunding:** For purposes of certain tax and securities laws and regulations, a refunding in which the refunded issue remains outstanding (within a designated escrow account) for a period of more than 90 days after the issuance of the new refunding bonds.
- **Current Refunding:** A refunding transaction where the municipal securities being refunded will all mature or be redeemed within 90 days or less from the date of issuance of the new refunding bonds.

- As a direct result of “The Tax Cuts and Jobs Act of 2017,” Aledo ISD may no longer complete a so-called advance refunding of its outstanding bonds on a “tax-exempt” basis, limiting the District’s ability to lock-in today’s interest rates.
- In lieu of a “tax-exempt” advance refunding, AISD may complete a “taxable” advance refunding of its bonds or, alternatively, wait to complete a “tax-exempt” current refunding.
- Based upon the District’s existing debt portfolio, except for the Taxable Series 2013-B Bonds, a refunding of Aledo ISD’s existing callable bonds must be completed on a “taxable” basis.



Refunding Considerations

❑ State-Mandated “Par-to-Par” Test and Capital Appreciation Bonds

- Pursuant to existing State law, Aledo ISD may not issue new bonds in a “par amount” that exceeds the “par amount” of the bonds being refunded.
- In order to comply with this State mandate and based upon the coupon structure of “taxable” securities demanded by potential investors, a “taxable” refunding may require the use of Capital Appreciation Bonds (“CABs”), something the District has historically tried to avoid given the higher cost associated with such bonds.

❑ Opportunity Cost of Advance Refundings (i.e. “Negative Arbitrage”)

- As previously experienced with “tax-exempt” advance refundings, there are inefficiencies in the escrow account to repay AISD’s refunded bonds until their redemption date since short-term investment rates generate less investment income than is permitted under Federal tax law (i.e. “Negative Arbitrage”).
- Please note, “Negative Arbitrage” does not change the savings summarized herein as it is not an “actual” cost – It is solely an opportunity cost.



Refunding Considerations

❑ Refunding Matrix:

- As an alternative to the historical guideline used by many municipal issuers of 3%-5% of Present Value Savings, the refunding matrix below may be helpful as a general guideline for evaluating bond maturities for a potential refunding, while considering the “Negative Arbitrage” applicable to the particular existing bond maturity.

| Refunding Matrix – Required Minimum Percentage of Present Value Savings | | | |
|--|--------------------|-------|--------|
| Years After Call Date | Years to Call Date | | |
| | 0 – 2 | 3 – 6 | 7 – 10 |
| 0 – 3 | 1.0% | 2.0% | 4.0% |
| 4 – 7 | 2.0% | 3.5% | 5.0% |
| 8 – 12 | 4.0% | 6.0% | 8.0% |
| 13 – 20 | 5.0% | 7.0% | 9.0% |
| 20-plus | 5.0% | 8.0% | 10.0% |

“Negative Arbitrage” may not exceed 50% of the Present Value Savings.

- Based upon the above matrix, a refunding that produces in excess of 3% Present Value Savings and a ratio of “Negative Arbitrage to Present Value Savings” of less than 50% should be considered, but evaluated in its totality given certain byproducts of advance and/or “taxable” refundings.



“Taxable Refunding Monitor” – Callable Bonds Next 5 Years

- On the next few pages, we have examined potential refunding candidates within Aledo ISD’s existing debt portfolio that have a call date on or prior to February 15, 2025 (i.e. the next 5 years).

| Summary of Savings and Negative Arbitrage by Maturity | | | | | | | | | |
|---|-------------------|--------|-------------------------------|-----------|---------------------------------|---------------------------------|------------------------------|---|-------------------------------|
| Bond Series | Refunded Maturity | Coupon | Bonds Eligible to be Refunded | Call Date | Present Value Savings (Dollars) | Present Value Savings (Percent) | Estimated Negative Arbitrage | Negative Arbitrage as a Percentage of Savings | Savings Efficiency Percentage |
| Series 2012 | 2/15/2023 | 3.500% | \$ 1,435,000 | 2/15/2022 | \$ 23,038 | 1.61% | \$ 5,299 | 23.00% | 81.30% |
| Series 2012 | 2/15/2024 | 3.500% | 1,485,000 | 2/15/2022 | 59,558 | 4.01% | 8,118 | 13.63% | 88.00% |
| Series 2012 | 2/15/2025 | 3.500% | 1,310,000 | 2/15/2022 | 85,317 | 6.51% | 7,932 | 9.30% | 91.49% |
| | | | \$ 4,230,000 | | | | | | |
| Series 2013-A | 2/15/2024 | 3.000% | \$ 45,000 | 2/15/2023 | \$ 146 | 0.32% | \$ 450 | 309.43% | 24.42% |
| Series 2013-A | 2/15/2025 | 3.000% | 50,000 | 2/15/2023 | 1,172 | 2.34% | 555 | 47.38% | 67.85% |
| Series 2013-A | 2/15/2026 | 3.000% | 50,000 | 2/15/2023 | 1,588 | 3.18% | 830 | 52.26% | 65.68% |
| Series 2013-A | 2/15/2027 | PCAB | 838,990 | 2/15/2023 | 39,197 | 4.67% | 16,178 | 41.27% | 70.78% |
| Series 2013-A | 2/15/2028 | 3.500% | 1,725,000 | 2/15/2023 | 120,125 | 6.96% | 40,542 | 33.75% | 74.77% |
| Series 2013-A | 2/15/2029 | 3.500% | 1,785,000 | 2/15/2023 | 144,478 | 8.09% | 45,849 | 31.73% | 75.91% |
| Series 2013-A | 2/15/2030 | 3.500% | 2,290,000 | 2/15/2023 | 206,029 | 9.00% | 63,805 | 30.97% | 76.35% |
| Series 2013-A | 2/15/2031 | 3.500% | 1,965,000 | 2/15/2023 | 187,185 | 9.53% | 58,999 | 31.52% | 76.03% |
| | | | \$ 8,748,990 | | | | | | |

Notes:

- Highlighted maturities produce at least 3% present value savings and have a “Negative Arbitrage to Present Value Savings” ratio of less than 50%.
- Savings Efficiency Percentage equals present value savings/(present value savings + negative arbitrage).



“Taxable Refunding Monitor” – Callable Bonds Next 5 Years

Summary of Savings and Negative Arbitrage by Maturity

| Bond Series | Refunded Maturity | Coupon | Bonds Eligible to be Refunded | Call Date | Present Value Savings (Dollars) | Present Value Savings (Percent) | Estimated Negative Arbitrage | Negative Arbitrage as a Percentage of Savings | Savings Efficiency Percentage |
|---------------|-------------------|--------|-------------------------------|-----------|---------------------------------|---------------------------------|------------------------------|---|-------------------------------|
| Series 2013-B | 2/15/2024 | 2.630% | \$ 125,000 | 2/15/2023 | \$ (35) | (0.03%) | \$ 1,245 | --- | --- |
| Series 2013-B | 2/15/2025 | 2.830% | 125,000 | 2/15/2023 | 2,523 | 2.02% | 1,385 | 54.90% | 64.56% |
| Series 2013-B | 2/15/2026 | 2.930% | 125,000 | 2/15/2023 | 3,721 | 2.98% | 2,073 | 55.70% | 64.23% |
| Series 2013-B | 2/15/2027 | 3.030% | 2,005,000 | 2/15/2023 | 90,991 | 4.54% | 37,666 | 41.40% | 70.72% |
| Series 2013-B | 2/15/2028 | 3.130% | 2,070,000 | 2/15/2023 | 108,718 | 5.25% | 48,419 | 44.54% | 69.19% |
| Series 2013-B | 2/15/2029 | 3.690% | 65,000 | 2/15/2023 | 5,939 | 9.14% | 1,674 | 28.18% | 78.02% |
| Series 2013-B | 2/15/2030 | 3.690% | 100,000 | 2/15/2023 | 10,199 | 10.20% | 2,793 | 27.38% | 78.50% |
| Series 2013-B | 2/15/2031 | 3.690% | 105,000 | 2/15/2023 | 11,425 | 10.88% | 3,160 | 27.66% | 78.33% |
| Series 2013-B | 2/15/2032 | 3.690% | 250,000 | 2/15/2023 | 28,709 | 11.48% | 8,067 | 28.10% | 78.06% |
| | | | \$ 4,970,000 | | | | | | |
| Series 2014 | 2/15/2031 | 4.000% | \$ 405,000 | 2/15/2023 | \$ 53,021 | 13.09% | \$ 12,239 | 23.08% | 81.25% |
| Series 2014 | 2/15/2032 | 3.500% | 4,340,000 | 2/15/2023 | 433,172 | 9.98% | 139,709 | 32.25% | 75.61% |
| Series 2014 | 2/15/2033 | 4.000% | 930,000 | 2/15/2023 | 141,052 | 15.17% | 31,142 | 22.08% | 81.91% |
| | | | \$ 5,675,000 | | | | | | |
| Series 2015 | 2/15/2026 | PCAB | \$ 1,507,483 | 2/15/2025 | \$ (29,183) | (1.94%) | \$ 47,038 | --- | --- |
| Series 2015 | 2/15/2029 | PCAB | 1,477,781 | 2/15/2025 | 52,040 | 3.52% | 74,945 | 144.01% | 40.98% |
| Series 2015 | 2/15/2033 | 4.000% | 3,595,000 | 2/15/2025 | 290,015 | 8.07% | 224,634 | 77.46% | 56.35% |
| Series 2015 | 2/15/2034 | 5.000% | 3,780,000 | 2/15/2025 | 602,381 | 15.94% | 257,485 | 42.74% | 70.06% |
| Series 2015 | 2/15/2035 | 5.000% | 4,845,000 | 2/15/2025 | 816,214 | 16.85% | 350,680 | 42.96% | 69.95% |
| | | | \$ 15,205,264 | | | | | | |

Notes:

- 1.) Highlighted maturities produce at least 3% present value savings and have a “Negative Arbitrage to Present Value Savings” ratio of less than 50%.
- 2.) Savings Efficiency Percentage equals present value savings/(present value savings + negative arbitrage).



“Taxable Refunding Monitor” – Callable Bonds Next 5 Years

Summary of Savings and Negative Arbitrage by Maturity

| Bond Series | Refunded Maturity | Coupon | Bonds Eligible to be Refunded | Call Date | Present Value Savings (Dollars) | Present Value Savings (Percent) | Estimated Negative Arbitrage | Negative Arbitrage as a Percentage of Savings | Savings Efficiency Percentage |
|---------------|-------------------|--------|-------------------------------|-----------|---------------------------------|---------------------------------|------------------------------|---|-------------------------------|
| Series 2015-A | 2/15/2026 | 4.000% | \$ 610,000 | 2/15/2025 | \$ (6,622) | (1.09%) | \$ 18,325 | --- | --- |
| Series 2015-A | 2/15/2027 | 4.000% | 560,000 | 2/15/2025 | 6,066 | 1.08% | 19,247 | 317.27% | 23.97% |
| Series 2015-A | 2/15/2028 | 4.000% | 570,000 | 2/15/2025 | 12,410 | 2.18% | 24,745 | 199.40% | 33.40% |
| Series 2015-A | 2/15/2029 | 3.125% | 645,000 | 2/15/2025 | 4,281 | 0.66% | 30,178 | 704.94% | 12.42% |
| Series 2015-A | 2/15/2030 | 3.125% | 455,000 | 2/15/2025 | 5,698 | 1.25% | 23,188 | 406.94% | 19.73% |
| Series 2015-A | 2/15/2031 | 3.250% | 465,000 | 2/15/2025 | 9,882 | 2.13% | 25,693 | 260.00% | 27.78% |
| Series 2015-A | 2/15/2032 | 3.250% | 350,000 | 2/15/2025 | 8,350 | 2.39% | 20,791 | 248.99% | 28.65% |
| Series 2015-A | 2/15/2033 | 3.375% | 515,000 | 2/15/2025 | 19,946 | 3.87% | 31,745 | 159.16% | 38.59% |
| Series 2015-A | 2/15/2034 | 3.400% | 300,000 | 2/15/2025 | 12,158 | 4.05% | 19,743 | 162.39% | 38.11% |
| Series 2015-A | 2/15/2036 | 5.000% | 1,945,000 | 2/15/2025 | 340,705 | 17.52% | 149,032 | 43.74% | 69.57% |
| Series 2015-A | 2/15/2037 | 5.000% | 2,040,000 | 2/15/2025 | 366,301 | 17.96% | 164,928 | 45.03% | 68.95% |
| Series 2015-A | 2/15/2038 | 5.000% | 2,155,000 | 2/15/2025 | 410,255 | 19.04% | 178,761 | 43.57% | 69.65% |
| Series 2015-A | 2/15/2039 | 5.000% | 2,255,000 | 2/15/2025 | 450,631 | 19.98% | 191,793 | 42.56% | 70.15% |
| Series 2015-A | 2/15/2040 | 5.000% | 1,930,000 | 2/15/2025 | 401,411 | 20.80% | 168,195 | 41.90% | 70.47% |
| Series 2015-A | 2/15/2041 | 5.000% | 2,025,000 | 2/15/2025 | 395,322 | 19.52% | 189,148 | 47.85% | 67.64% |
| Series 2015-A | 2/15/2042 | 5.000% | 1,400,000 | 2/15/2025 | 294,369 | 21.03% | 130,769 | 44.42% | 69.24% |
| Series 2015-A | 2/15/2042 | 5.000% | 730,000 | 2/15/2025 | 153,493 | 21.03% | 68,187 | 44.42% | 69.24% |
| Series 2015-A | 2/15/2043 | 5.000% | 2,240,000 | 2/15/2025 | 503,867 | 22.49% | 209,230 | 41.52% | 70.66% |
| Series 2015-A | 2/15/2044 | 5.000% | 3,465,000 | 2/15/2025 | 829,036 | 23.93% | 323,652 | 39.04% | 71.92% |
| Series 2015-A | 2/15/2045 | 5.000% | 3,640,000 | 2/15/2025 | 921,760 | 25.32% | 339,998 | 36.89% | 73.05% |
| | | | \$ 28,295,000 | | | | | | |

Notes:

- 1.) Highlighted maturities produce at least 3% present value savings and have a “Negative Arbitrage to Present Value Savings” ratio of less than 50%.
- 2.) Savings Efficiency Percentage equals present value savings/(present value savings + negative arbitrage).



Potential “Taxable” Advance Refunding Opportunity

- Based upon prevailing market conditions and the “Taxable Refunding Monitor,” the table below summarizes Aledo ISD’s outstanding bonds (the “Bonds to be Refunded”) which generate sufficient savings based upon prevailing market conditions to be considered for a potential “taxable” refunding program.

| “Taxable” Refunding – Summary of Bonds to be Refunded | | | | | | |
|--|--|---------------------------------------|----------------------------------|----------------------|------------------------|-------------------------|
| Issue Outstanding | Principal Amount To Be Refunded | Maturity Amount To Be Refunded | Maturities To Be Refunded | Interest Rate | Redemption Date | Redemption Price |
| Unlimited Tax Refunding Bonds, Series 2012 ^(A) | \$ 4,230,000 | \$ 4,230,000 | 02/15/2023 – 2025 | 3.50% | 02/15/2022 | 100.0% |
| Unlimited Tax Refunding Bonds, Series 2013-A | 8,435,000 | 8,435,000 | 02/15/2027 – 2031 | 3.45% | 02/15/2023 | 100.0% |
| Unlimited Tax Refunding Bonds, Taxable Series 2013-B | 4,595,000 | 4,595,000 | 02/15/2027 – 2032 | 3.18% | 02/15/2023 | 100.0% |
| Unlimited Tax Refunding Bonds, Series 2014 | 5,675,000 | 5,675,000 | 02/15/2031 – 2033 | 3.62% | 02/15/2023 | 100.0% |
| Unlimited Tax Refunding Bonds, Series 2015 | 8,625,000 | 8,625,000 | 02/15/2034 – 2035 | 5.00% | 02/15/2025 | 100.0% |
| Unlimited Tax School Building Bonds, Series 2015-A | 23,825,000 | 23,825,000 | 02/15/2036 – 2045 | 5.00% | 02/15/2025 | 100.0% |
| Totals | \$ 55,385,000 | \$ 55,720,000 | --- | 4.57% | --- | --- |

^(A) Please note, the February 15, 2023 maturity of the Series 2012 Bonds is being refunded to reduce the impact of Capital Appreciation Bonds within the “taxable” refunding structure herein.



Potential “Taxable” Advance Refunding Opportunity

- The table below summarizes the savings currently available to Aledo ISD by refunding a portion of its existing bonds on a “taxable” basis (net of all costs).

| “Taxable” Refunding – Summary of Potential Savings Available | |
|---|---------------------------|
| Description | Summary Of Results |
| Principal Amount of Bonds to be Refunded | \$ 55,385,000 |
| Maturity Amount of Bonds to be Refunded | 55,720,000 |
| Interest Rate on the Bonds to be Refunded | 4.57% |
| “All-In” True Interest Cost on the Refunding Bonds | 2.10% |
| Escrow Yield | 0.31% |
| Total Debt Service Savings | \$ 11,369,883 |
| Average Annual Savings (Years 2021/22 – 2044/45) (i.e. 24 Years) | 473,745 |
| Present Value Debt Service Savings (@ All-In TIC) | 8,746,348 |
| Present Value Savings as a Percentage of the Redemption Amount of the Bonds to be Refunded | 15.74% |
| Opportunity Cost of Advance Refunding (i.e. “Negative Arbitrage”) | \$ 3,120,226 |
| “Negative Arbitrage” as a Percentage of Present Value Savings | 35.67% |
| Maturity Amount of Capital Appreciation Bonds Needed (Fully Matures By February 15, 2025) | \$ 6,955,000 |
| Current Refunding Alternative – Estimated Rate Movement to Provide Same Dollar Savings (February 15, 2025 Call Date – Series 2015 and Series 2015-A Bonds Only) | 0.88% |



Use of a “Parameters Bond Order” for Approval of a Refunding Bond Sale

- ❑ As previously utilized for Aledo ISD’s prior bond sales, the District’s Board of Trustees may adopt a “Parameters Bond Order” to complete the sale of its Unlimited Tax Refunding Bonds, Taxable Series 2020-A (the “Taxable Series 2020-A Bonds”). The “Parameters Bond Order” authorizes AISD’s Administration to approve the refunding bond sale if each of the established parameters is met.

- ❑ The Board of Trustees will consider a “Parameters Bond Order” at its Monday, October 19, 2020 Board Meeting and the following is a representative listing of the primary parameters we recommend for the Taxable Series 2020-A Bonds:
 - 1) The District achieves a savings (net of all costs) of at least \$10,000,000;
 - 2) Maximum principal amount to be issued – \$55,385,000;
 - 3) Maximum “All-In” True Interest Rate (must not exceed) – 2.50%;
 - 4) Final maturity of the Taxable Series 2020-A Bonds – February 15, 2045; and
 - 5) Sale must be completed prior to April 17, 2021 (i.e. 180 days).

- ❑ Unless each parameter listed above can be achieved, the Taxable Series 2020-A Bonds will not be issued until additional direction is received from the District.



Preliminary Timetable – Taxable Series 2020-A Bonds

- The preliminary timetable for the implementation of the proposed Taxable Series 2020-A Bonds is summarized below.

| October 2020 | | | | | | |
|--------------|----|----|----|----|----|----|
| S | M | T | W | T | F | S |
| | | | | 1 | 2 | 3 |
| 4 | 5 | 6 | 7 | 8 | 9 | 10 |
| 11 | 12 | 13 | 14 | 15 | 16 | 17 |
| 18 | 19 | 20 | 21 | 22 | 23 | 24 |
| 25 | 26 | 27 | 28 | 29 | 30 | 31 |

| November 2020 | | | | | | |
|---------------|----|----|----|----|----|----|
| S | M | T | W | T | F | S |
| 1 | 2 | 3 | 4 | 5 | 6 | 7 |
| 8 | 9 | 10 | 11 | 12 | 13 | 14 |
| 15 | 16 | 17 | 18 | 19 | 20 | 21 |
| 22 | 23 | 24 | 25 | 26 | 27 | 28 |
| 29 | 30 | | | | | |

| December 2020 | | | | | | |
|---------------|----|----|----|----|----|----|
| S | M | T | W | T | F | S |
| | | 1 | 2 | 3 | 4 | 5 |
| 6 | 7 | 8 | 9 | 10 | 11 | 12 |
| 13 | 14 | 15 | 16 | 17 | 18 | 19 |
| 20 | 21 | 22 | 23 | 24 | 25 | 26 |
| 27 | 28 | 29 | 30 | 31 | | |

| January 2021 | | | | | | |
|--------------|----|----|----|----|----|----|
| S | M | T | W | T | F | S |
| | | | | | 1 | 2 |
| 3 | 4 | 5 | 6 | 7 | 8 | 9 |
| 10 | 11 | 12 | 13 | 14 | 15 | 16 |
| 17 | 18 | 19 | 20 | 21 | 22 | 23 |
| 24 | 25 | 26 | 27 | 28 | 29 | 30 |
| 31 | | | | | | |

■ Board Meeting ■ Closing – Receipt of Funds

| Preliminary Timetable – Taxable Series 2020-A Bonds | |
|---|---|
| Date* | Action Necessary |
| October 5, 2020 | Board Meeting – Discuss potential “Taxable” Refunding Program. |
| October 19, 2020 | Board Meeting – Consider “Parameters Bond Order” authorizing the issuance of Aledo ISD’s Unlimited Tax Refunding Bonds, Taxable Series 2020-A (the “Taxable Series 2020-A Bonds”). |
| November 13, 2020 | Completion of all actions necessary to complete the “Taxable” Refunding Program. |
| To Be Determined. | Bond Sale – Pricing of the Taxable Series 2020-A Bonds pursuant to specified parameters and the District’s Administration approves the necessary legal documents – Interest rates and savings locked-in at this time. |
| December 17, 2020 | Closing – The “Taxable” Refunding Program is completed and Aledo ISD begins paying the lower interest rate on the Taxable Series 2020-A Bonds. |

* Preliminary, subject to change.



Questions

