



ALEDO ISD BOARD MEETING TEMPLATE

MEETING DATE: August 28, 2023

AGENDA ITEM: Consider Approval of a Resolution Calling a Portion of the Aledo Independent School District Unlimited Tax Refunding Bonds, Series 2016 for Redemption Prior to Maturity and Enacting Other Provisions Related to the Subject

PRESENTER: Earl Husfeld, Chief Financial Officer

BACKGROUND INFORMATION:

- Based upon the increase in the District's 2023 certified taxable values, Aledo ISD staff and BOK Financial Securities, Inc., the District's financial advisory firm, reviewed the District's 2023-2024 proposed Debt Service Fund budget and debt position to determine if a savings opportunity existed.
- After review of the 2023-2024 proposed budget and proposed tax rate for the Debt Service Fund, it was determined the District would have the funds available to prepay \$1,350,000 of Series 2016 outstanding bonds before maturity on August 15, 2024. The interest rate coupon on the bonds to be called is 5.00%.
- Since these Series 2016 bonds are not callable until February 15, 2026, the \$1,350,000 principal and \$101,250 interest prepayment will require a deposit to an escrow account to legally defease these bonds.
- Attached for your review is a Resolution Calling a Portion of the Aledo Independent School District Unlimited Tax Refunding Bonds, Series 2016 for Redemption Prior to Maturity that was prepared by the District's bond counsel, McCall, Parkhurst, & Horton L.L.P.

FISCAL INFORMATION:

Approval of this item will save the District and its taxpayers \$1,147,500 in future interest costs.

ATTACHMENTS:

Resolution Calling a Portion of the Aledo Independent School District Unlimited Tax Refunding Bonds, Series 2016 for Redemption Prior to Maturity and Enacting Other Provisions Relating to the Subject.

ADMINISTRATIVE RECOMMENDATION:

The Administration recommends the Board of Trustees approve the adoption of a Resolution Calling a Portion of the Aledo Independent School District Unlimited Tax Refunding Bonds Series 2016 for Redemption Prior to Maturity and Enacting Other Provisions Relating to the Subject as presented.

RESOLUTION CALLING A PORTION OF THE ALEDO INDEPENDENT SCHOOL DISTRICT UNLIMITED TAX REFUNDING BONDS, SERIES 2016 FOR REDEMPTION PRIOR TO MATURITY; AND ENACTING OTHER PROVISIONS RELATING TO THE SUBJECT

WHEREAS, the Aledo Independent School District (the “District”) previously issued its Aledo Independent School District Unlimited Tax Refunding Bonds, Series 2016 (the “Bonds”); and

WHEREAS, in the order and the pricing certificate that authorized the issuance of the Bonds (the “Bond Order”), the District reserved the option to redeem the Bonds maturing on and after February 15, 2036, 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, 2026, or on any date thereafter; and

WHEREAS, the Board of Trustees of the District (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 preambles 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, 2026 (the “Redemption Date”). The Redeemed Bonds shall be paid, and the interest on the Redeemed Bonds shall cease to accrue, on the Redemption Date.

Section 3. Authorization of Actions.

(a) The President and Secretary of the Board, the Superintendent of Schools and the Chief Financial Officer of the District (the “Authorized Officers” and, each individually, 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 BoNY and shall not bear interest after the Redemption Date.

(c) Each Authorized Officer is hereby authorized to enter into and execute on behalf of the District an escrow agreement (the “Escrow Agreement”) between the District and BoNY (in such

capacity, the “Escrow Agent”), in the form and substance as shall be approved by the Authorized Officer, which Escrow Agreement will provide for the payment of the Redeemed Bonds. In addition, each Authorized Officer is authorized to purchase, or approve the purchase of, Defeasance Securities (as defined in the Bond Order) with the proceeds deposited with the Escrow Agent.

(e) On or before August 31, 2024, the District shall deposit with the Escrow Agent funds in an amount sufficient to provide for the redemption of the Redeemed Bonds on the Redemption Date, with such funds to be applied in accordance with the Escrow Agreement. Lawfully available funds of the District are hereby authorized and appropriated in the amounts necessary for such purpose.

(f) 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 28, 2023.

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 2016**

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

ALEDO INDEPENDENT SCHOOL DISTRICT UNLIMITED TAX REFUNDING BONDS, SERIES 2016, maturing on February 15 in the year shown below. Such Redeemed Bonds have been called for redemption on February 15, 2026 (the “Redemption Date”) at a redemption price equal to the principal amount thereof plus accrued interest to the Redemption Date (the “Redemption Price”):

Maturity Date	Principal Amount Outstanding	Principal Amount Being Redeemed	Principal Amount Remaining
2043*	\$2,865,000	\$1,350,000	\$1,515,000

* Represents the final mandatory sinking fund payment for a term bond with a final maturity of February 15, 2043.

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 Bank of New York Mellon Trust Company, N.A., the Paying Agent/Registrar for the Redeemed Bonds.

On or before August 31, 2024, funds were deposited with the escrow agent for the Redeemed Bonds in an amount sufficient, together with investment earnings thereon, to redeem the Redeemed Bonds on the Redemption Date, and such Redeemed Bonds shall be paid from amounts held in an escrow account administered by the escrow agent, until the Redemption Date, when the Redemption Price shall be paid upon presentation of the Redeemed Bonds to the paying agent/registrar thereof.

Upon presentation of the Redeemed Bonds at the paying agent/registrar on the Redemption Date, the holder thereof shall be entitled to receive the Redemption Price thereof, and thereafter the Redeemed Bonds shall no longer 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