

# Information Related to New Money and Proposed Refunding Bond Issuance

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## Coppell ISD

# Voter Authorization and 2018 Bond Sale

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## **New Money Issuance**

May 2016 Authorization \$ 249,040,000

Less: Issued to Date \$ 93,365,000

Unissued \$ 155,675,000

## **New Money Issuance - Spring 2018**

Technology - 6 year repayment 5,250,000

Technology - 10 year repayment 200,000

Facilities - 30 year repayment 66,360,000

**\$ 71,810,000**

## **Planned New Money Issuance - Spring 2019**

**\$ 83,865,000**

## **Refunding (Refinancing) Issuance - Series 2007B:**

Total principal considered for refunding \$ 29,370,000

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## New Money Issuance

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- ❑ **Originally projected tax rate impact (increase) was \$ .099**
- ❑ **Interest rates have been significantly lower than projections provided in early 2016**
- ❑ **Taxable value is over \$1 billion higher than originally projected amount for current year**
- ❑ **Because of lower market interest rates, higher taxable value, and savings from refunding, current maximum impact projected at less than 1/2 of originally projected tax rate increase**

# REFUNDING ANALYSIS

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# Bond Issue to be Refunded – Series 2007B

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## Unlimited Tax Refunding Bonds, Series 2007B

Original Par Amount: **\$37,987,496**  
 Callable Principal Amount: **\$29,370,000**  
 Callable Principal Maturity Dates: **2018 - 2023**  
 Call Date: **8/15/2017**

Maturity Date	Series 2007B	
	Interest Rate	Eligible Callable Amount
8/15/2018	4.000%	\$ 4,680,000
8/15/2019	4.125%	4,065,000
8/15/2019	4.000%	800,000
8/15/2020	4.300%	5,375,000
8/15/2021	4.200%	1,630,000
8/15/2021	4.350%	3,000,000
8/15/2022	3.500%	4,825,000
8/15/2023	3.500%	4,995,000
		<b>\$ 29,370,000</b>

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# Current Market – Refund Series 2007B<sup>1</sup>

<sup>1</sup> Preliminary rates, subject to change.

Year	Refunded Debt Service	Debt Service Fund Transfer	New Refunding Debt Service	Savings
2018	\$ 5,260,333	\$ 5,260,333	\$ -	\$ -
2019	5,838,466		5,568,601	269,865
2020	6,148,785		5,875,000	273,785
2021	5,172,660		4,902,000	270,660
2022	5,168,700		4,895,250	273,450
2023	5,169,825		4,898,250	271,575
	<u>\$ 32,758,769</u>	<u>\$ 5,260,333</u>	<u>\$ 26,139,101</u>	<u>\$ 1,359,335</u>

Refunded Bonds	\$ 29,370,000
Average Coupon of Refunded Bonds	3.83%
True Interest Cost (TIC) on Refunding Bonds	2.19%
Net Present Value Savings	\$ 1,203,159
<b>Percentage Savings of Refunded Bonds</b>	<b>4.097%</b>

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# At Minimum Recommended Parameter – \$100,000 saving/year<sup>1</sup>

<sup>1</sup> For illustration only, minimum subject to Board direction.

Year	Refunded Debt Service	Debt Service Fund Transfer	New Refunding Debt Service	Savings
2018	\$ 5,260,333	\$ 5,260,333	\$ -	\$ -
2019	5,838,466		5,733,552	<b>104,914</b>
2020	6,148,785		6,045,000	<b>103,785</b>
2021	5,172,660		5,070,000	<b>102,660</b>
2022	5,168,700		5,066,000	<b>102,700</b>
2023	5,169,825		5,066,250	<b>103,575</b>
	<u>\$ 32,758,769</u>	<u>\$ 5,260,333</u>	<u>\$ 26,980,802</u>	<u>\$ 517,634</u>

Because this is a current refunding with only five years of potential savings, it is deemed worthwhile to proceed, so long as annual savings of at least \$100,000 are achieved.

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## PARAMETER BOND SALE PROCESS

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Same procedures as used for Series 2013A, 2013B, 2014 and 2016



# Parameter Bond Sale

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- ❑ **Board delegates final pricing authority to Pricing Officer(s)**
- ❑ **Board establishes bond sale parameters:**
  - ▶ Maximum Interest Rate
  - ▶ Minimum Savings Threshold for Refunding
  - ▶ Aggregate Principal Amount of Issue
  - ▶ Final Maturity Date
  - ▶ Expiration of Delegated Authority
    - 6 Months
- ❑ **Pricing Officer(s) can only approve sale if Board parameters are met**

**Section 1207 of the Government Code allows refunding bonds via a Parameter Sale**

# Parameter Bond Sale

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Reason for Parameter Bond Sale = FLEXIBILITY

**Market Timing** – Bond issue is in ‘Day-to-Day’ mode, meaning bonds can be priced at any time and in an interest rate environment that is advantageous rather than being locked into pricing on the date of a Board meeting.

# Preliminary Bonds Issuance Schedule of Events

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<b>Date</b>	<b>Event</b>
January 22	<b>Board meeting to establish parameters and adopt Order authorizing issuance</b>
January 25	Discussion with rating agencies
February 5	Expected receipt of bond ratings
February 13-15	<b>Pricing and marketing of bond issue by underwriters, overseen by HilltopSecurities *</b>
Following Pricing	Delegated Pricing Officer authorizes and approves sale of the bonds
February 26	Update Board on results of sale
March 22	Delivery; receipt of funds
March 23	Refunded bonds redemption

*\* Subject to market conditions and meeting established parameters.*

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