



Contacts

David Medanich

Vice Chairman

777 Main Street

Suite 1200

Fort Worth, Texas 76102

817.332.9710

david.medanich@hilltopsecurities.com

Nick Bulaich

Managing Director

777 Main Street

Suite 1200

Fort Worth, Texas 76102

817.332.9710

nick.bulaich@hilltopsecurities.com

Market Update and Potential Parameter Refunding Presentation

March 8, 2016

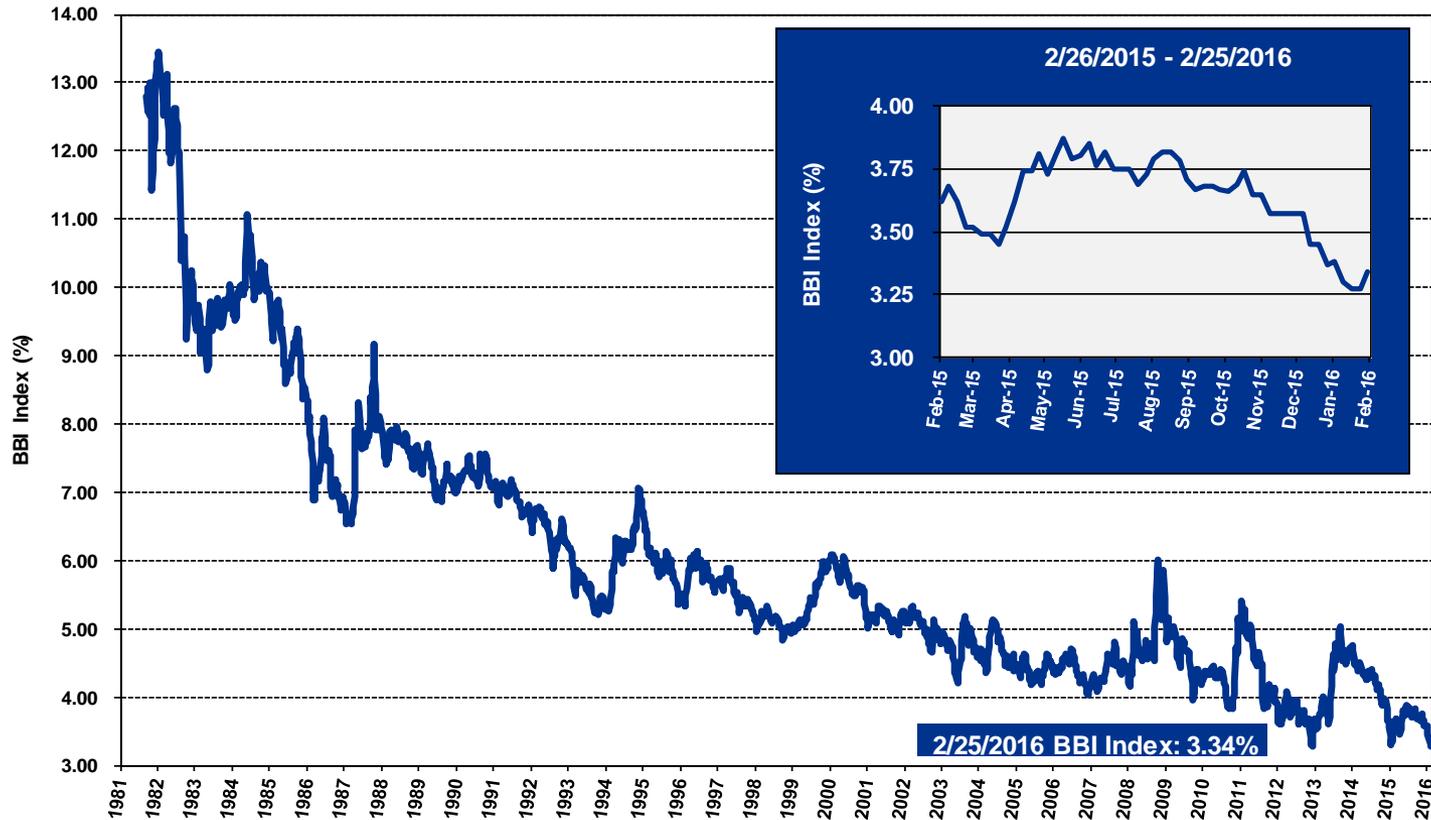
Town of Addison

Presentation Topics

- Market Conditions
- Refunding Candidates and Refunding Information
- Parameter Bond Ordinance
- Proposed Parameters

Interest Rate Analysis – Bond Buyers Index

**Bond Buyer 20 Year GO Index
September 1981 - February 25, 2016**



Bond Buyer 20 Year GO Index is a weekly index estimating the composite yield on 20 general obligation bonds rated "A" or better.

This graph depicts historical interest rates. Future interest rates are dependent upon many factors such as, but not limited to, interest rate trends, tax rates, the supply and demand of short term securities, changes in laws, rules and regulations, as well as changes in credit quality and rating agency considerations. The effect of changes in such factors individually or in any combination could materially affect the relationships and effective interest rates. These results should be viewed with these potential changes in mind as well as the understanding that there may be interruptions in the short term market or no market may exist at all.

Refunding Candidates

| | Series 2008 |
|----------------------------|--------------------|
| Callable Principal Amount: | \$26,540,000 |
| Maturities: | 2019-2033 |
| Interest Rates: | 4.00% - 5.00% |
| Call Date: | 2/15/2018 |
| Final Maturity: | 2/15/2033 |

Refunding Information

Town of Addison

General Obligation Refunding Bonds, Series 2016 ANNUAL SAVINGS ANALYSIS

| <u>1</u> Year Ending | <u>2</u> Old Debt Service | <u>3</u> New Debt Service | <u>4</u> Savings* |
|-------------------------|------------------------------|------------------------------|----------------------|
| 9/30/2016 | \$ 599,725 | \$ 599,725 | \$ 0 |
| 9/30/2017 | 1,199,450 | 1,054,550 | 144,900 |
| 9/30/2018 | 1,199,450 | 1,054,550 | 144,900 |
| 9/30/2019 | 2,551,850 | 2,384,300 | 167,550 |
| 9/30/2020 | 2,560,350 | 2,393,050 | 167,300 |
| 9/30/2021 | 2,565,306 | 2,395,375 | 169,931 |
| 9/30/2022 | 2,575,481 | 2,406,200 | 169,281 |
| 9/30/2023 | 2,581,525 | 2,412,500 | 169,025 |
| 9/30/2024 | 2,577,875 | 2,408,900 | 168,975 |
| 9/30/2025 | 2,579,688 | 2,412,700 | 166,988 |
| 9/30/2026 | 2,582,013 | 2,413,700 | 168,313 |
| 9/30/2027 | 2,579,275 | 2,412,500 | 166,775 |
| 9/30/2028 | 2,577,375 | 2,408,250 | 169,125 |
| 9/30/2029 | 2,116,763 | 1,951,000 | 165,763 |
| 9/30/2030 | 2,116,666 | 1,946,125 | 170,541 |
| 9/30/2031 | 2,113,156 | 1,942,375 | 170,781 |
| 9/30/2032 | 2,105,716 | 1,934,625 | 171,091 |
| 9/30/2033 | 2,107,638 | 1,942,375 | 165,263 |
| | 39,289,300 | 36,472,800 | \$ 2,816,500 |

Net Present Value ("PV") Savings: \$ 2,204,092

REFUNDING RESULTS*:

- ❑ Par Amount of Refunded Bonds: **\$26,540,000**
- ❑ Total Savings*: **\$2,816,500**
- ❑ Net PV Savings*: **\$2,204,092**
- ❑ True Interest Cost on New Bonds: **2.81%**
- ❑ Average Interest Rate on Refunded Bonds: **4.59%**
- ❑ Final Maturity **NOT** Extended
- ❑ Savings are **AFTER** any and all transaction costs (*i.e. no 'out of pocket' costs*)

* - Interest Rate Scale as of February 26, 2016 + 0.15%

Parameter Bond Refunding Ordinance

- Allowed Under Section 1207 Texas Government Code
- Council delegates final pricing authority to Council selected Pricing Officer(s)
- Council establishes and approves bond sale parameters within Parameter Ordinance:
 - Maximum Interest Rate
 - **Minimum Savings Threshold for Refundings**
 - Maximum Aggregate Principal Amount of Issue
 - Final Maturity Date
 - Expiration of Delegated Authority
- **Delegated Pricing Officer can only approve refunding if Council parameters are met**
- If Parameter is not met, Town’s outstanding debt service remains unchanged

Parameter Bond Refunding Ordinance

*Reason for Parameter Bond Sale = **FLEXIBILITY***

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

Proposed Parameters

Included in Parameter Ordinance for Council Consideration/Action

- Delegated Pricing Officers: **City Manager or Finance Director**
- Maximum True Interest Cost: **3.25% (2.81% Currently)**
- Minimum Savings Threshold: **5.00% PV (8.305% Currently)**
- Maximum Principal Amount: **\$29,000,000 (\$24,695,000 Currently)**
- Final Maturity Date: **February 15, 2033 (maturity not extended)**
- Expiration of Parameter Authority: **180 Days**