

2020 GO Bond Program and Refunding

June 9th, 2020

The logo for Addison, featuring the word "ADDISON" in a bold, blue, sans-serif font centered within a white circle. This circle is set against a blue background that is part of a larger graphic design on the right side of the slide, which includes diagonal white lines and a grey triangle in the top right corner.

ADDISON

Proposed 2020 General Obligation Bonds

- Proposition A - \$14,030,000 for the design and reconstruction of Keller Springs and Airport Parkway
 - Engineering Contracts have been awarded for both projects with the anticipation that Keller Springs would begin construction in FY21
- Proposition C - \$365,000 for the design of improvements to the Addison Athletic Club
- Proposition D - \$140,000 for the boiler replacement at the Addison Athletic Club and HVAC and roof design at the Addison Athletic Club
 - Boiler replacement is complete, Council approved a reimbursement resolution for the project in December 2019
- Proposition E - \$600,000 for traffic control systems
- Total - \$15,135,000

2020 GO Bonds Tax Rate Impact

| Tax Rate Impact | Total | 2020 GO's Per Bond Election | 2020 GO's Projected | Savings (Deficit) |
|-----------------|--|-----------------------------|---------------------|-------------------|
| Proposition A | \$ 0.0353 | \$ 0.0222 | \$ 0.0185 | \$ 0.0037 |
| Proposition B | \$ 0.0450 | \$ - | \$ - | \$ - |
| Proposition C | \$ 0.0100 | \$ 0.0002 | \$ 0.0003 | \$ (0.0001) |
| Proposition D | \$ 0.0113 | \$ 0.0006 | \$ 0.0005 | \$ 0.0001 |
| Proposition E | \$ 0.0015 | \$ 0.0015 | \$ 0.0013 | \$ 0.0002 |
| Totals | \$ 0.1031 | \$ 0.0245 | \$ 0.0206 | \$ 0.0039 |
| | | | | |
| | Savings Compared to Bond Election Projections | | | 15.83% |

2020 Refunding Opportunities

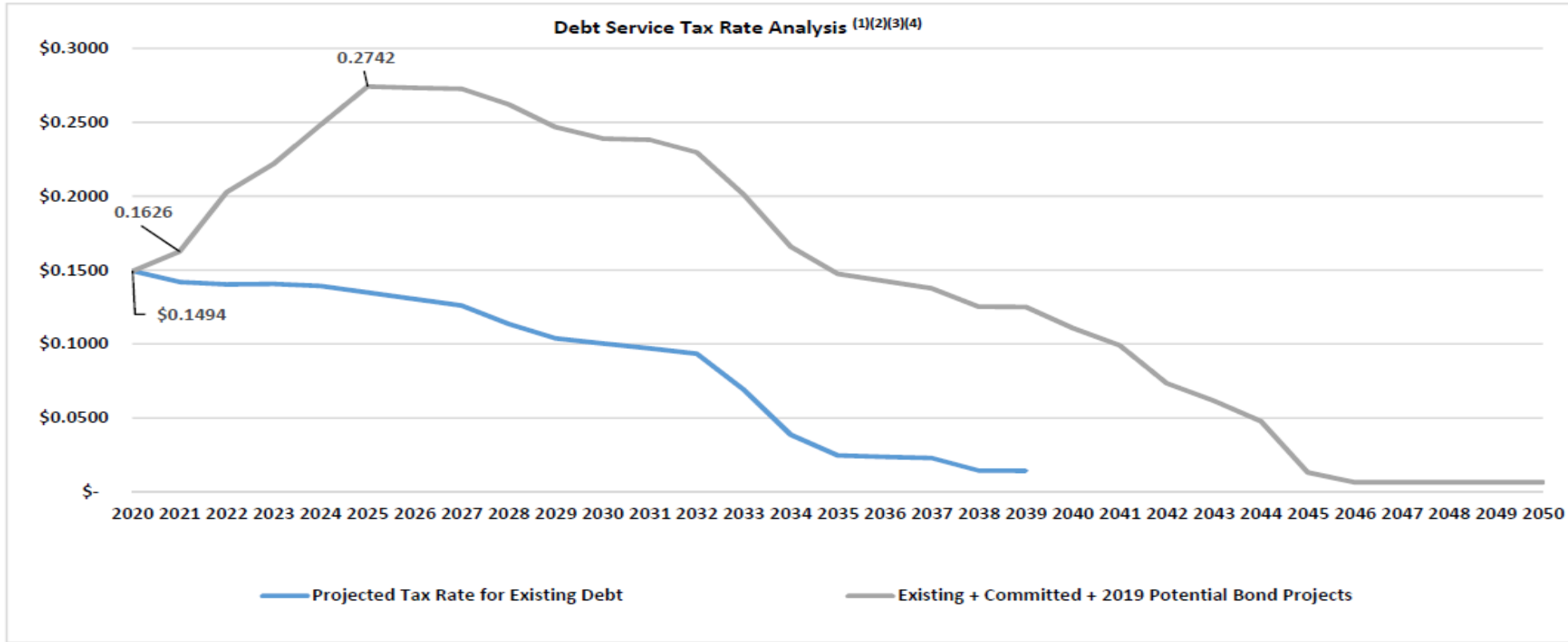
- Hilltop Securities, our Financial Advisor, has performed an analysis of our debt portfolio to determine if any refunding opportunities are available.
- Based on that analysis, the 2012 GO Bonds (Tax Exempt) and 2013B CO Bonds (Taxable) are candidates to be refunded.
- The 2012 GO Bonds and 2013 CO Bonds are not callable until 2022 and 2023, respectively.
- Due to the Tax Cuts and Jobs Act of 2017, refunding tax exempt debt that is not currently callable must be done so on a taxable basis.

2020 Refunding Analysis

- Tax Rate Savings = .15 of one Penny on the tax rate
- All in True Interest Cost = 2.39%
- Net Present Value Savings as a % of Refunding = 6.50%
- Net Present Value Savings = \$795,088
- Total Savings = \$938,785

| Date | Prior Debt Service | Refunded Debt Service | Savings |
|--------------|----------------------|-----------------------|-------------------|
| 9/30/2021 | 559,031.26 | 489,208.46 | 69,822.80 |
| 9/30/2022 | 559,031.26 | 488,339.50 | 70,691.76 |
| 9/30/2023 | 1,446,281.26 | 1,372,972.00 | 73,309.26 |
| 9/30/2024 | 1,503,156.26 | 1,429,134.50 | 74,021.76 |
| 9/30/2025 | 1,510,906.26 | 1,437,952.00 | 72,954.26 |
| 9/30/2026 | 1,505,906.26 | 1,435,161.75 | 70,744.51 |
| 9/30/2027 | 1,508,156.26 | 1,435,760.00 | 72,396.26 |
| 9/30/2028 | 1,507,406.26 | 1,434,590.75 | 72,815.51 |
| 9/30/2029 | 1,503,656.26 | 1,431,934.00 | 71,722.26 |
| 9/30/2030 | 1,506,656.26 | 1,432,690.00 | 73,966.26 |
| 9/30/2031 | 1,509,906.26 | 1,436,365.50 | 73,540.76 |
| 9/30/2032 | 1,503,640.63 | 1,432,898.00 | 70,742.63 |
| 9/30/2033 | 97,375.00 | 25,317.50 | 72,057.50 |
| Total | 16,221,109.49 | 15,282,323.96 | 938,785.53 |

Analysis and Assumptions



Assumptions:

(1) Future Taxable Assessed Values assume 3.5% growth for FY 2021, 0% growth for FY's 2022 and 2023, 1% growth for FY 2024 and 3.5% growth from FY's 2025 through 2038.

(2) Tax Collection Percentage: 96.5%

(3) Interest Rate Assumptions:

2020 10 Yr. Sale assume 1.57% (current tax-exempt rates plus .25%)

2020 20 Yr. Sales assume 2.48% (current tax-exempt rates plus .25%)

2021 Sales assume 4.00%

2022 Sales and beyond assume 5.00%

(4) Existing Debt includes the projected savings from the Taxable Refunding of the Town's Series 2012 & 2013B GO's . Estimated NPV Savings is about \$795,087.51 or 6.50% and estimated All-In TIC is about 2.39%.

Timeline

- June 9th – Present plan to the Council
- June 19th – Provide draft of Preliminary Official Statement to Ratings Agencies
- Week of June 29th – Ratings calls
- July 15th – Receive ratings
- July 30th – Distribute Preliminary Official Statement to potential purchasers
- August 11th - Hold competitive sale and award the bonds
- September 10th - Receive proceeds from bond sale

