Why Refund Debt?

- When market conditions provide the ideal environment
  - Lower interest
  - Present savings at least 3%
  - Timing is correct

- When Debt structure allows for taking advantage of opportunities
  - Callable: allows the issuer to retain the privilege of redeeming the bond at some point before the bond reaches its date of maturity
  - Refunding done in 2012 for the 2004 debt certificates for $1,995,000
    - Resulted in a cash flow savings of $88,607 with an overall economic gain of $79,964 (refer to pg. 27 of the FY15 CAFR)

- 2008 debt certificates are now eligible to be called
Refunding 2008 Debt Certificates

- Savings can be achieved by refunding callable bonds in two ways
  - Advance refunding
  - May execute at any time
  - Refunding proceeds invested in an escrow until the call date
- Current refunding
  - Current refunding bonds need to close within 90 days of the call date
- Per the Government Finance Officers Association, the District should consider refunding bonds if the present value (PV) savings is at least 3.0% (net costs of issuance)
Refunding 2008 Debt Certificates

- Series 2008 Debt Certificates
  - Issued for land acquisition, demolition, remodeling, furniture and equipment purposes
- $2,490,000 of principal due February 1, 2017 through 2027
  - Callable on and after February 1, 2016
- Average interest rate of the debt certificates is 3.84%
- Eligible for either a tax-exempt advance or current refunding
  - If a current refunding, the callable Series 2008 Debt Certificates may be called at anytime after February 1, 2016
  - Refunding debt certificates may be priced as early as October 2015 with a closing in November 2015
Refunding 2008 Debt Certificates

- Results in a current refunding of the callable 2008 Debt Certificates
  - Based on current market conditions
  - Earliest possible closing date is November 2015

- Actual savings depend upon market conditions at the time of the refunding
  - Negotiated sale
  - Direct Placement (could save more if it can be done)
### Estimated Savings on Refunding

#### Debt Service Comparison

<table>
<thead>
<tr>
<th>Date</th>
<th>Total P+I</th>
<th>Non-Refunded</th>
<th>Total</th>
<th>Old Net D/S</th>
<th>Savings</th>
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<tr>
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<tr>
<td><strong>Total</strong></td>
<td>$2,970,648.75</td>
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</table>

#### PV Analysis Summary (Net to Net)

- **Gross PV Debt Service Savings**: 156,387.73
- **Net PV Cashflow Savings @ 2.686%(AIC)**: 156,387.73
- **Contingency or Rounding Amount**: 4,083.47
- **Net Present Value Benefit**: $160,471.20
- **Net PV Benefit / $2,490,000 Refunded Principal**: 6.445%
Next Steps

- If authorized to proceed
  - November 2015 Board Meeting
    - Board approves a resolution authorizing the refunding
  - CFO works with PMA on refunding
    - Direct Placement or Negotiated Sale
  - Refunding Date occurs on or about 12/15/2015
Questions?