



Review of Existing Debt Position and Potential Refunding Opportunities

Monday, September 20, 2021

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Savings from District's Debt Management Practices

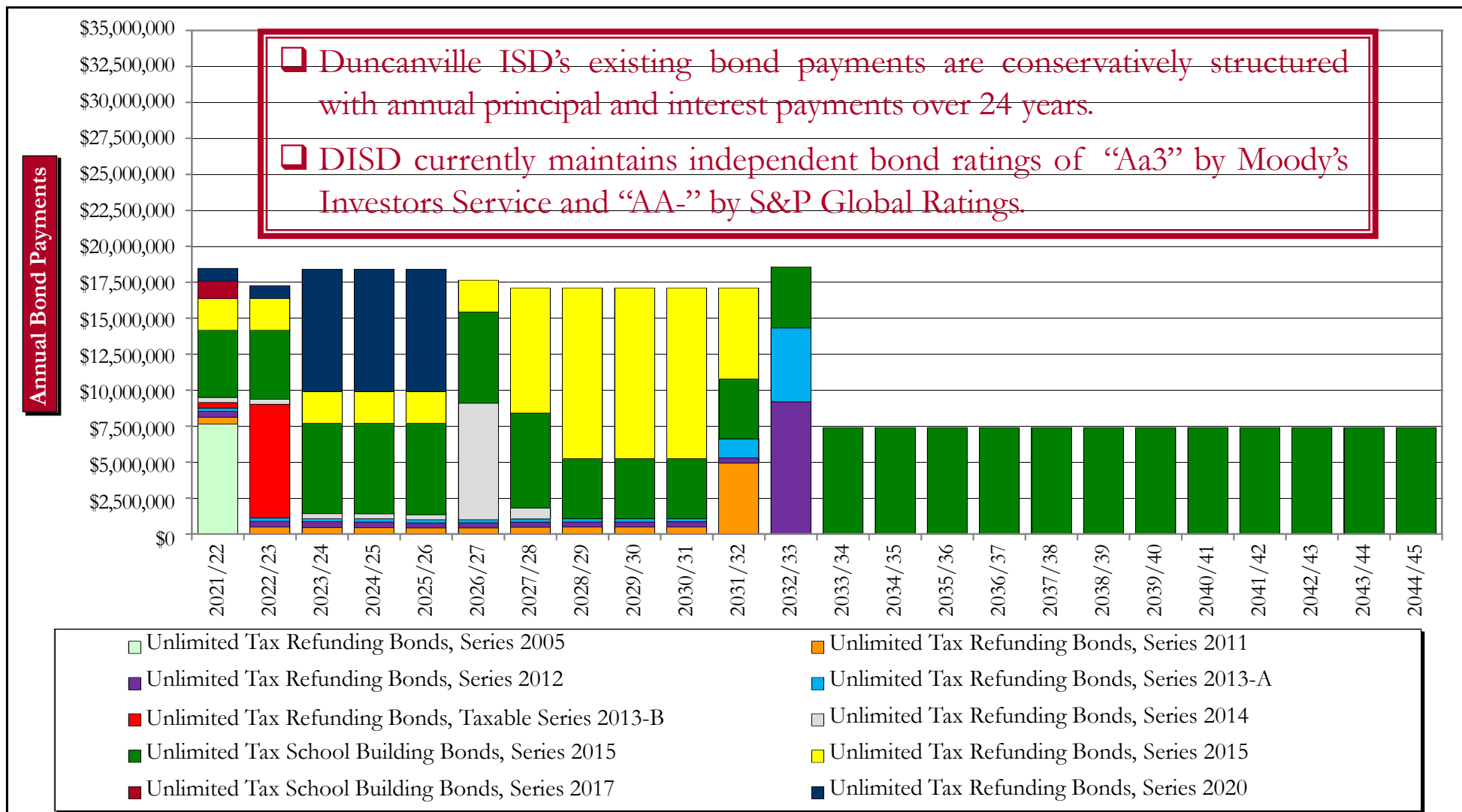
- Duncanville Independent School District (“DISD” or the “District”) has actively deployed various debt management practices to lower the borrowing costs of taxpayers. Such actions have provided the District’s taxpayers with approximately \$39.9 million of direct savings since year 2005.

Summary of Interest Cost Savings – Bond Refunding Programs / Prepayment of Bonds

Issue / Description	Series Refunded / Redeemed	Par Amount Refunded / Redeemed	Total Savings
Unlimited Tax Refunding Bonds, Series 2005	2001B	\$ 47,166,096	\$ 8,394,395
Unlimited Tax Refunding Bonds, Series 2006	1999, 2001B	71,105,909	5,245,894
Unlimited Tax Refunding Bonds, Series 2011	1999, 2001B, 2003	9,127,999	1,471,177
Unlimited Tax Refunding Bonds, Series 2012	2003	9,400,000	1,765,400
Unlimited Tax Refunding Bonds, Series 2013-A	2001B, 2003	8,170,000	2,062,386
Unlimited Tax Refunding Bonds, Taxable Series 2013-B	2005	33,865,000	4,379,971
Unlimited Tax Refunding Bonds, Series 2014	2005	9,600,000	1,972,676
Unlimited Tax Refunding Bonds, Series 2015	2005, 2006	61,500,000	12,422,734
Unlimited Tax Refunding Bonds, Series 2020	2013-B	25,215,000	1,613,259
Total - Bond Refunding Programs at a Lower Interest Rate	---	\$ 275,150,004	\$ 39,327,892
Prepayment of Series 2005 Bonds - February 2015	2005	\$ 955,000	\$ 558,675
Totals	---	\$ 276,105,004	\$ 39,886,567



Dollar Amount and Structure of District's Existing Bonds



Note: Debt service payments reflect payments from September 1 through August 31.

DISD has a total principal amount of existing unlimited tax bonds equal to \$195,310,000.



Summary of the District's Outstanding Callable Bonds

- The District currently has \$155,710,000 of existing bonds eligible to be repaid or refinanced prior to maturity, as summarized in the table below.

Duncanville ISD - Summary of Callable Unlimited Tax Bonds Outstanding - As of September 1, 2021						
Issue Description	Call Date	Principal Amount Outstanding	Principal Amount Callable	Callable Maturities	Final Maturity	Coupons: Callable Maturities
Unlimited Tax Refunding Bonds, Series 2011	02/15/2022	\$ 7,415,000	\$ 7,180,000	2023 - 2032	2032	3.125% - 4.000%
Unlimited Tax Refunding Bonds, Series 2012	02/15/2022	9,225,000	9,175,000	2023-25; 2033	2033	3.000% - 4.000%
Unlimited Tax Refunding Bonds, Series 2013-A	02/15/2023	6,145,000	6,145,000	2032 - 2033	2033	3.500%
Unlimited Tax Refunding Bonds, Series 2014	02/15/2024	8,645,000	8,645,000	2027 - 2028	2028	4.000%
Unlimited Tax School Building Bonds, Series 2015	02/15/2025	85,185,000	79,315,000	2026 - 2045	2045	4.000% - 5.000%
Unlimited Tax Refunding Bonds, Series 2015	02/15/2025	45,250,000	45,250,000	2028 - 2032	2032	4.000% - 5.000%
Unlimited Tax Refunding Bonds, Series 2005	Non-Callable	375,000	---	---	2022	---
Unlimited Tax Refunding Bonds, Taxable Series 2013-B	Non-Callable	7,715,000	---	---	2023	---
Unlimited Tax School Building Bonds, Series 2017	Non-Callable	1,190,000	---	---	2022	---
Unlimited Tax Refunding Bonds, Series 2020	Non-Callable	24,165,000	---	---	2026	---
Totals	---	\$ 195,310,000	\$ 155,710,000	---	---	---



Terminology and Refunding Considerations

❑ “Tax-Exempt” Versus “Taxable” Refundings

■ Definitions:

➤ **Advance Refunding:** For purposes of certain tax and securities laws and regulations, a refunding in which the refunded issue remains outstanding (within a designated escrow account) for a period of more than 90 days after the issuance of the new refunding bonds.

➤ **Current Refunding:** A refunding transaction where the municipal securities being refunded will all mature or be redeemed within 90 days or less from the date of issuance of the new refunding bonds.

■ As a direct result of “The Tax Cuts and Jobs Act of 2017,” Duncanville ISD may no longer complete a so-called advance refunding of its outstanding bonds on a “tax-exempt” basis, limiting the District’s ability to lock-in today’s interest rates.

■ In lieu of a “tax-exempt” advance refunding, DISD may complete a “taxable” advance refunding of its bonds or, alternatively, wait to complete a “tax-exempt” current refunding.

■ Based upon the District’s existing debt portfolio, except for the Series 2011 and Series 2012 Bonds, a refunding of Duncanville ISD’s existing callable bonds **must be completed** on a “taxable” basis.



Terminology and Refunding Considerations

❑ State-Mandated “Par-to-Par” Test and Capital Appreciation Bonds

- Pursuant to existing State law, Duncanville ISD may not issue new bonds in a “par amount” that exceeds the “par amount” of the bonds being refunded.
- In order to comply with this State mandate and based upon the coupon structure of “taxable” securities demanded by potential investors, a “taxable” refunding may require the use of Capital Appreciation Bonds (“CABs”), something the District has historically tried to avoid given the higher cost associated with such bonds.

❑ Opportunity Cost of Advance Refundings (i.e. “Negative Arbitrage”)

- As previously experienced with “tax-exempt” advance refundings, there are inefficiencies in the escrow account to repay DISD’s refunded bonds until their redemption date since short-term investment rates generate less investment income than is permitted under Federal tax law (i.e. “Negative Arbitrage”).
- Please note, “Negative Arbitrage” does not change the savings summarized herein as it is not an “actual” cost – It is solely an opportunity cost.



Potential “Tax-Exempt” Current Refunding Opportunity

- As previously mentioned, pursuant to Federal tax law, only Duncanville ISD’s Series 2011 and Series 2012 Bonds, as summarized in the table below, may be refunded on a “tax-exempt” basis beginning in November 2021.

“Tax-Exempt” Refunding Opportunity – Summary of Bonds to be Refunded

Issue Outstanding	Principal Amount To Be Refunded	Maturities To Be Refunded	Interest Rate	Redemption Date	Redemption Price
Unlimited Tax Refunding Bonds, Series 2011	\$ 7,180,000	02/15/2023 – 2032	3.37%	02/15/2022	100.0%
Unlimited Tax Refunding Bonds, Series 2012	9,175,000	02/15/2023 – 2025; 02/15/2033	4.00%	02/15/2022	100.0%
Totals	\$ 16,355,000	---	3.76%	---	---



Potential “Tax-Exempt” Current Refunding Opportunity

- ❑ The table below summarizes the savings currently available to DISD by refunding a portion of its existing bonds on a “tax-exempt” basis (net of all costs).

“Tax-Exempt” Refunding Opportunity – Summary of Potential Savings Available	
Description	Summary Of Results
Principal Amount of Bonds to be Refunded	\$ 16,355,000
Interest Rate on the Bonds to be Refunded	3.76%
“All-In” True Interest Cost on the Refunding Bonds	1.80%
Total Debt Service Savings	\$ 3,004,097
Average Annual Savings (Years 2022/23 – 2032/33) (i.e. 11 Years)	273,100
Present Value Debt Service Savings (@ All-In TIC)	2,680,806
Present Value Savings as a Percentage of the Principal Amount of the Bonds to be Refunded	16.39%



“Taxable Refunding Monitor”

- ❑ On the next two pages, we have examined potential “taxable” refunding candidates within Duncanville ISD’s existing debt portfolio.
- ❑ The bond maturities highlighted in green herein generate a present value savings in excess of 3% while maintaining “Negative Arbitrage to Present Value Savings” ratio of less than 55% – making these maturities “cost efficient”.

Summary of Savings and Negative Arbitrage by Maturity

Bond Series	Refunded Maturity	Coupon	Bonds Eligible to be Refunded	Call Date	Present Value Savings (Dollars)	Present Value Savings (Percent)	Estimated Negative Arbitrage	Negative Arbitrage as a Percentage of Savings	Savings Efficiency Percentage
Series 2013-A	2/15/2032	3.500%	\$ 1,125,000	2/15/2023	\$ 108,995	9.69%	\$ 24,609	22.58%	81.58%
Series 2013-A	2/15/2033	3.500%	5,020,000	2/15/2023	496,857	9.90%	115,737	23.29%	81.11%
			\$ 6,145,000						
Series 2014	2/15/2027	4.000%	\$ 7,900,000	2/15/2024	\$ 346,581	4.39%	\$ 186,190	53.72%	65.05%
Series 2014	2/15/2028	4.000%	745,000	2/15/2024	44,122	5.92%	20,039	45.42%	68.77%
			\$ 8,645,000						
Series 2015 Ref	2/15/2028	5.000%	\$ 6,665,000	2/15/2025	\$ 374,374	5.62%	\$ 220,670	58.94%	62.92%
Series 2015 Ref	2/15/2029	5.000%	10,260,000	2/15/2025	780,356	7.61%	393,412	50.41%	66.48%
Series 2015 Ref	2/15/2030	5.000%	10,785,000	2/15/2025	1,047,960	9.72%	448,890	42.83%	70.01%
Series 2015 Ref	2/15/2031	5.000%	11,335,000	2/15/2025	1,311,053	11.57%	508,798	38.81%	72.04%
Series 2015 Ref	2/15/2032	4.000%	6,205,000	2/15/2025	443,296	7.14%	293,608	66.23%	60.16%
			\$ 45,250,000						

Notes:

- 1.) Highlighted maturities produce at least 3% present value savings and have a “Negative Arbitrage to Present Value Savings” ratio of less than 55%.
- 2.) Savings Efficiency Percentage equals present value savings/(present value savings + negative arbitrage).



“Taxable Refunding Monitor”

Summary of Savings and Negative Arbitrage by Maturity

Bond Series	Refunded Maturity	Coupon	Bonds Eligible to be Refunded	Call Date	Present Value Savings (Dollars)	Present Value Savings (Percent)	Estimated Negative Arbitrage	Negative Arbitrage as a Percentage of Savings	Savings Efficiency Percentage
Series 2015 NM	2/15/2026	5.000%	\$ 2,560,000	2/15/2025	\$ 15,049	0.59%	\$ 55,413	368.23%	21.36%
Series 2015 NM	2/15/2027	5.000%	2,690,000	2/15/2025	85,779	3.19%	75,703	88.25%	53.12%
Series 2015 NM	2/15/2028	5.000%	3,080,000	2/15/2025	173,004	5.62%	101,975	58.94%	62.92%
Series 2015 NM	2/15/2029	4.000%	750,000	2/15/2025	30,278	4.04%	28,267	93.36%	51.72%
Series 2015 NM	2/15/2030	4.000%	785,000	2/15/2025	41,633	5.30%	32,115	77.14%	56.45%
Series 2015 NM	2/15/2031	4.000%	815,000	2/15/2025	51,651	6.34%	35,958	69.62%	58.96%
Series 2015 NM	2/15/2032	5.000%	830,000	2/15/2025	109,212	13.16%	39,957	36.59%	73.21%
Series 2015 NM	2/15/2033	5.000%	965,000	2/15/2025	139,892	14.50%	49,586	35.45%	73.83%
Series 2015 NM	2/15/2034	4.000%	4,225,000	2/15/2025	317,297	7.51%	233,488	73.59%	57.61%
Series 2015 NM	2/15/2035	4.000%	4,400,000	2/15/2025	336,024	7.64%	257,056	76.50%	56.66%
Series 2015 NM	2/15/2036	5.000%	4,600,000	2/15/2025	752,064	16.35%	288,155	38.32%	72.30%
Series 2015 NM	2/15/2037	5.000%	4,835,000	2/15/2025	807,717	16.71%	318,304	39.41%	71.73%
Series 2015 NM	2/15/2038	5.000%	5,085,000	2/15/2025	896,657	17.63%	342,853	38.24%	72.34%
Series 2015 NM	2/15/2039	5.000%	5,345,000	2/15/2025	972,015	18.19%	371,417	38.21%	72.35%
Series 2015 NM	2/15/2040	5.000%	5,620,000	2/15/2025	1,059,331	18.85%	399,432	37.71%	72.62%
Series 2015 NM	2/15/2041	5.000%	5,910,000	2/15/2025	1,146,161	19.39%	429,392	37.46%	72.75%
Series 2015 NM	2/15/2042	5.000%	6,210,000	2/15/2025	1,254,188	20.20%	457,074	36.44%	73.29%
Series 2015 NM	2/15/2043	5.000%	6,530,000	2/15/2025	1,365,802	20.92%	486,809	35.64%	73.72%
Series 2015 NM	2/15/2044	5.000%	6,865,000	2/15/2025	1,479,739	21.55%	518,275	35.02%	74.06%
Series 2015 NM	2/15/2045	5.000%	7,215,000	2/15/2025	1,595,663	22.12%	551,515	34.56%	74.31%
			\$ 79,315,000						

Notes:

- 1.) Highlighted maturities produce at least 3% present value savings and have a “Negative Arbitrage to Present Value Savings” ratio of less than 55%.
- 2.) Savings Efficiency Percentage equals present value savings/(present value savings + negative arbitrage).



Potential “Taxable” Advance Refunding Opportunity

- ❑ Based upon prevailing market conditions and the “Taxable Refunding Monitor” herein, DISD has an opportunity to complete a “taxable” refunding of a portion of its existing bonds at a lower interest rate.
- ❑ For purposes of this analysis, the table below summarizes the District’s outstanding bonds which generate sufficient savings based upon prevailing market conditions to be considered for a potential “taxable” refunding program.

“Taxable” Refunding Opportunity – Summary of Bonds to be Refunded

Issue Outstanding	Principal Amount To Be Refunded	Maturities To Be Refunded	Interest Rate	Redemption Date	Redemption Price
Unlimited Tax Refunding Bonds, Series 2013-A	\$ 6,145,000	02/15/2032 – 2033	3.50%	02/15/2023	100.0%
Unlimited Tax Refunding Bonds, Series 2014	8,645,000	02/15/2027 – 2028	4.00%	02/15/2024	100.0%
Unlimited Tax School Building Bonds, Series 2015	60,010,000	02/15/2032 – 2033; 02/15/2036 – 2045	5.00%	02/15/2025	100.0%
Unlimited Tax Refunding Bonds, Series 2015	32,380,000	02/15/2029 – 2031	5.00%	02/15/2025	100.0%
Totals	\$ 107,180,000	---	4.90%	---	---



Potential “Taxable” Advance Refunding Opportunity

- ❑ The table below summarizes the savings currently available to Duncanville ISD by refunding a portion of its existing bonds on a “taxable” basis (net of all costs).

“Taxable” Refunding Opportunity – Summary of Potential Savings Available	
Description	Summary Of
Principal Amount of Bonds to be Refunded	\$ 107,180,000
Interest Rate on the Bonds to be Refunded	4.90%
“All-In” True Interest Cost on the Refunding Bonds	2.44%
Escrow Yield	0.43%
Total Debt Service Savings	\$ 21,691,172
Average Annual Savings (Years 2022/23 – 2044/45) (i.e. 23 Years)	943,094
Present Value Debt Service Savings (@ All-In TIC)	16,224,718
Present Value Savings as a Percentage of the Principal Amount of the Bonds to be Refunded	15.14%
Opportunity Cost of Advance Refunding (i.e. “Negative Arbitrage”)	\$ 6,408,967
“Negative Arbitrage” as a Percentage of Present Value Savings	39.50%
Maturity Amount of Capital Appreciation Bonds Needed (Fully Matures By February 15, 2027)	\$ 10,045,000
Current Refunding Alternative – Estimated Rate Movement to Provide Same Dollar Savings (February 15, 2025 Call Dates – Series 2015 Bonds Only)	1.45%

Note: Each 0.01% change in the interest rate results in an approximate \$175,000 change in the anticipated savings.



Preliminary Timetable – Potential Refunding Programs

- The preliminary timetable for the implementation of the proposed “Tax-Exempt” and “Taxable” Refunding Programs is summarized below.



Preliminary Timetable – Potential “Tax-Exempt” and “Taxable” Refunding Programs	
Date*	Action Necessary
September 20, 2021	Board Meeting – Review Duncanville ISD’s Existing Debt Portfolio and Discuss Potential “Tax-Exempt” and “Taxable” Refunding Opportunities.
October 18, 2021	Board Meeting – Consider “Parameters Bond Order” Authorizing the Issuance of DISD’s Unlimited Tax Refunding Bonds, Series 2021-A (the “Series 2021-A Bonds”) and Unlimited Tax Refunding Bonds, Taxable Series 2021-B (the “Taxable Series 2021-B Bonds”) to Complete the Proposed “Tax-Exempt” and “Taxable” Refunding Programs.
November 12, 2021	Completion of All Items Necessary to Sell the Series 2021-A and Taxable Series 2021-B Bonds (i.e. Preliminary Official Statement Completed, Permanent School Fund Guarantee Received, Ratings Received, etc.).
To Be Determined.	Bond Sale – Pricing of the Series 2021-A and Taxable Series 2021-B Bonds Pursuant to Specified Parameters and District’s Administration Approves the Legal Documents and Interest Rates to Complete the Sale.
December 9, 2021	Closing – Duncanville ISD Begins Paying the Lower Interest Rate on the Series 2021-A and Taxable Series 2021-B Bonds.

* Preliminary, subject to change.



Use of a “Parameters Bond Order” for Approval of a Refunding Bond Sale

- ❑ As previously utilized for Duncanville ISD’s prior bond sales, the District’s Board of Trustees may adopt a “Parameters Bond Order” designating the ability to approve the issuance of refunding bonds to the District’s Administration, if each of the established parameters is met.
- ❑ The Board of Trustees could potentially consider a “Parameters Bond Order” at its Monday, October 18, 2021 Board Meeting and the following is a representative listing of the primary parameters we would currently recommend:

Parameters for Potential “Tax-Exempt” and Taxable” Refunding Programs		
Parameter	Series 2021-A Bonds (“Tax-Exempt” Refunding Program)	Taxable Series 2021-B Bonds (“Taxable” Refunding Program)
1.) Minimum Savings Amount (Net of All Costs):	\$ 2,500,000	\$ 20,000,000
2.) Maximum Principal Amount:	\$ 16,355,000	\$ 107,180,000
3.) True Interest Rate (“All-In” TIC) – Not to Exceed:	2.25%	2.50%
4.) Final Maturity – Must Not Exceed:	Feb. 15, 2033	Feb. 15, 2045
5.) Expiration Date (i.e. 1 Year):	Oct. 18, 2022	Oct. 18, 2022

- ❑ Unless each parameter listed above can be achieved, the Refunding Programs will not be issued until additional direction is received from the District.



Questions





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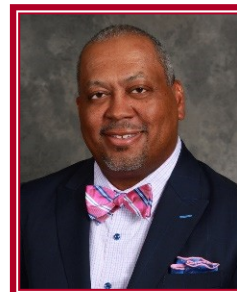


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