



# Bond Refunding Results

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Provided by:

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# Discussion Topics

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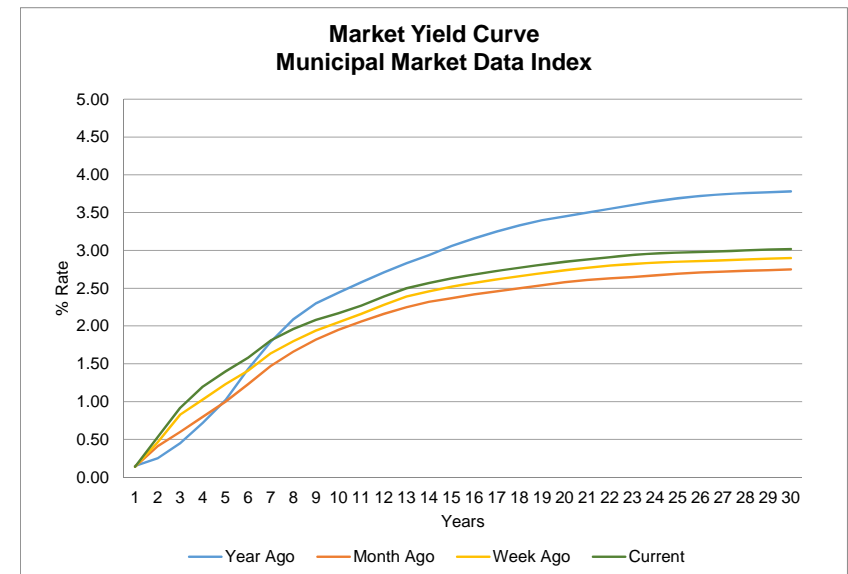
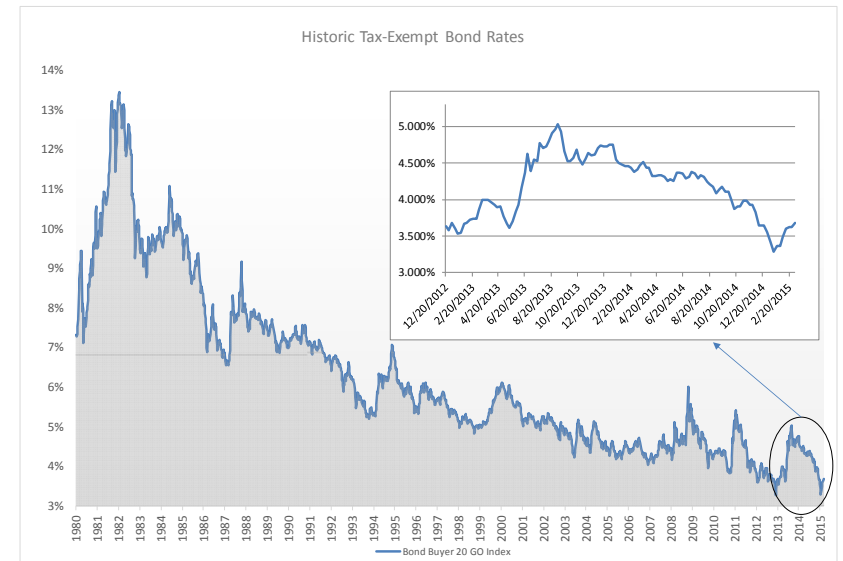
- I. Bond Market Update
- II. Bond Refunding Goals
- III. Next Steps

# I. Bond Market Update



Bond interest rates remain near historic lows but volatility has increased recently due to:

- Continued global economic uncertainty
- Strong investor demand
- Long-awaited U.S. economic recovery is slow to arrive
- Looming Federal Reserve action to raise rates



## II. Bond Refunding Goals



- ✓ Evaluate and potentially refund a portion of the District's 2005 UTGO & Refunding Bonds, if a refunding would result in significant interest savings for taxpayers – **Over \$4.5 million in savings generated for taxpayers; Tax-exempt rates reduced from 4.91% to 2.22%**
  - ✓ Tax-exempt and taxable bonds
  - ✓ Minimum present value savings of 7.00% for the tax-exempt portion – **Actual 13.14%**
  - ✓ Minimum present value savings of 4.00% for the taxable portion – **Actual 6.86%**
  - ✓ Target savings to smooth future bond tax rates where possible – **Eliminated 6/1/25 Maturity**
  - ✓ Minimize savings in the years for which the bond levy has already been set
  - ✓ Utilize existing funds available in the Debt Service Fund as appropriate
- ✓ Utilize a negotiated bond sale to best accomplish the District's goals while providing the lowest cost of borrowing
- ✓ Evaluate the use of competitive bidding for refunding escrow securities
- ✓ Navigate potential issues from the Federal debt ceiling
- ✓ Renew the District's credit rating from Standard & Poor's – **A rating affirmed**
- ✓ Participate in the Washington State School District Credit Enhancement Program ("State Guarantee Program")

# III. Refunding Results



## Refunding Bond Candidates

Bonds Issued:	2005	
	Tax-Exempt	Taxable
Principal Amount of refunded bonds:	\$23,790,000	\$4,380,000
Maturities:	2016-2025	2016-2019
<b>Average Coupon:</b>	4.91%	1.99%
Call Date:	12/1/2015	12/1/2025

## Actual vs. Projected Refunding Results

	Actual Results		Board Update 1/7/15	
	Tax-Exempt	Taxable	Tax-Exempt	Taxable
Date of Analysis	3/11/15	3/11/15	12/22/2014	12/22/2014
Dated Date of Refunding	4/8/15	4/8/15	4/15/15	4/15/15
Maturities Included	2016-2025	2016-2019	2016-2025	2016-2019
Principal Amount of New Bonds	\$21,825,000	\$4,645,000	\$21,270,000	\$4,655,000
Call Feature	Non-callable	Non-callable	TBD	Non-callable
Final Maturity	<b>12/1/24</b>	12/1/19	6/1/25	12/1/19
<b>True Interest Cost</b>	<b>2.26%</b>	<b>1.73%</b>	<b>2.34%</b>	<b>2.09</b>
<b>Total Savings</b>	\$4,203,045	\$300,284	\$3,609,922	\$224,781
<b>→ Combined Total Savings – Net of costs</b>	<b>\$4,515,195</b>		<b>\$3,834,703</b>	
Present Value of Net Savings	\$3,400,826	\$312,149	\$3,180,187	\$215,279
<b>→ PV as % of Old Bonds</b>	<b>13.14%</b>	<b>6.86%</b>	<b>13.37%</b>	<b>4.91%</b>

# III. Next Steps



Date	Event	Responsibility
December 2014	Establish bond sale goals	District, FA, UW
January 7	Brief Board on bond sale planning Board consideration of bond resolution	BC, FA
January - March	Prepare bond legal and disclosure documents Request bond ratings	UW, District District, FA
March 11	Conduct bond sale	All
March 18	Brief Board on bond sale results	District, FA
April 8*	Bond closing	BC, UW, County

\* Preliminary