

Capital Improvement Funding Plan and 2021 Debt Issuance and Refunding

June 22nd, 2021

The logo for Addison, featuring the word "ADDISON" in a bold, blue, sans-serif font. The text is centered within a white circle, which is set against a blue background. The blue background is part of a larger graphic on the right side of the slide, consisting of a blue triangle pointing downwards and a grey triangle pointing upwards, meeting at a diagonal line.

Proposed 2021 General Obligation Bonds

- Total issuance in the amount of \$16,095,000
- Proposition 1 (Approved By Voters in 2012) - \$8,000,000 for the reconstruction of Midway Road
 - Council approved a contract for construction on December 8th, 2020 and construction is currently in process.

Proposed 2021 General Obligation Bonds

- Proposition C (Approved By Voters in 2019) - \$3,145,000
- Council awarded a design contract for Addison Athletic Club improvements on June 9th, 2020.
 - Issuance Includes:
 - \$1,369,035 for Locker Room Improvements
 - \$406,679 for Gymnasium and Track Improvements
 - \$887,453 for Pool Modernization
 - \$412,725 for Trail System Improvements
 - \$69,108 for Les Lacs Pond Improvements

Proposed 2021 General Obligation Bonds

- Proposition D (Approved By Voters in 2019) - \$4,950,000
 - Addison Athletic Club roof and HVAC design is in process.
 - Issuance Includes:
 - \$1,307,500 for roof replacement
 - \$651,964 for HVAC replacement
 - A professional services contract with McKinstry Essention, LLC was approved on April 13, 2021 for the other facilities projects.
 - Issuance includes:
 - \$1,832,500 for roof replacements
 - \$548,036 for HVAC replacements
 - \$360,000 for Police Gun Range Air Filtration System
 - \$250,000 for ADA improvements

2021 GO Bonds Tax Rate Impact

Tax Rate Impact	Total	2021 GO's Per Bond Election	2021 GO's Projected	Savings (Deficit)
Proposition A	\$ 0.0353	\$ -	\$ -	\$ -
Proposition B	\$ 0.0450	\$ -	\$ -	\$ -
Proposition C	\$ 0.0100	\$ 0.0047	\$ 0.0041	\$ 0.0006
Proposition D	\$ 0.0113	\$ 0.0076	\$ 0.0065	\$ 0.0011
Proposition E	\$ 0.0015	\$ -	\$ -	\$ -
Totals	\$ 0.1031	\$ 0.0122	\$ 0.0106	\$ 0.0016
	Savings compared to 2019 bond election projections =			13.41%

Tax Rate Impact from Bond Committee in 2019

Estimated I&S Tax Rate Impact⁽¹⁾⁽²⁾⁽³⁾

FYE	2019 Bond Propositions									Total Projected
	Existing	"Committed"	Prop A	Prop B	Prop C	Prop D	Prop E	Total All Props		
2019	\$ 0.1428	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 0.1428
2020	0.1240	0.0258	-	-	-	-	-	-	-	0.1497
2021	0.1200	0.0435	0.0026	-	0.0007	0.0028	0.0016	0.0077		0.1712
2022	0.1146	0.0602	0.0212	-	0.0055	0.0093	0.0015	0.0375		0.2122

Assumptions:

(1) Future Taxable Assessed Values assume 3.5% growth through 2038 as supplied by Town officials.

(2) Tax Collection Percentage: 96.5%

(3) Interest Rate Assumptions:

2019 Sales assume 3.00% (current rates plus 0.25%)

2020 Sales assume current rates plus 1.00% = 4.75%

2021 Sales and beyond assume current rates plus 1.25% = 5.00%

Tax Rate Impact Current Estimate

FYE	TAV ⁽¹⁾	<i>Existing Debt Detail</i>				Projected Tax Rate For Existing Debt Service ⁽²⁾	Potential Taxable 2021 Refunding 8/10/2021 - 2.38% ⁽³⁾ (Estimated Savings)	Potential Tax-Exempt 2021 GO Bonds Funds: \$16.095 mm 8/10/2021 - 1.92% ⁽⁴⁾ (Estimated Debt Service)		Projected Tax Rate For Tax Supported Debt Service ⁽²⁾
		Outstanding Debt Service	Total Existing Self-Supporting Debt Service Requirements	Net Existing Debt Service						
2021	\$ 4,925,943,024	\$ 10,420,085	\$ (2,776,433)	\$ 7,643,652	\$ 0.1676	\$ -	\$ -	\$ -	\$ 0.1676	
2022	4,778,164,733	10,364,068	(2,788,733)	7,575,336	0.1643	(30,865)	967,522		0.1846	

Assumptions:

(1) FYE 2021 is the Town's final TAV as provided by Dallas Central Appraisal District. Future values assume -3.0% growth for FY 2022 and 3.5% growth from FY's 2023 through 2038 as supplied by Town officials.

(2) Collection Percentage: 96.5% Tax Rate for FYE 2021 is actual. All other years are projections.

(3) Based on taxable (AAA/Aaa) rates as of March 30, 2021 plus 15 bps. Estimated NPV Savings is about \$296,770 or 7.43%. Estimated delivery 08/10/2021.

(4) Based on tax-exempt (AAA/Aaa) rates as of March 30, 2021 plus 15 bps. Estimated delivery 08/10/2021.

2021 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 2013 GO Bonds (Tax-Exempt) and 2013A GO Bonds (Alternative Minimum Tax) are candidates to be refunded.
- These 2013 Bonds are not callable until 2023.
- 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.
- In addition, this fall in a separate issuance the Town would be able to refund the 2012 CO Bonds (tax exempt) on a tax-exempt basis as those bonds may be called at that point.

2021 Refunding Analysis

- Tax Rate Savings = .07 of one Penny on the tax rate
- All in True Interest Cost = 2.38%
- Net Present Value Savings as a % of Refunding = 7.43%
- Total Savings = \$344,801
- Net Present Value Savings = \$296,770

Date	Prior Debt Service	Refunded Debt Service	Savings
9/30/2022	494,217	463,352	30,865
9/30/2023	499,983	472,741	27,242
9/30/2024	494,964	463,906	31,058
9/30/2025	494,283	465,258	29,025
9/30/2026	497,764	470,157	27,607
9/30/2027	495,408	468,894	26,514
9/30/2028	497,214	466,373	30,841
9/30/2029	499,069	472,850	26,219
9/30/2030	496,053	468,508	27,545
9/30/2031	497,044	468,457	28,587
9/30/2032	492,029	462,635	29,394
9/30/2033	495,907	466,003	29,904
Total	5,953,931	5,609,130	344,801

Timeline

- June 22nd – Present plan to the Council
- Week of July 5th – Ratings calls
- July 21st – Receive ratings
- August 10th – Hold competitive sale for the bonds
- August 10th – Present ordinance authorizing the sale to Council
- September 14th – Receive proceeds from bond sale

