



Inglewood Unified School District

Bond Program and 2016 Refunding Overview

by

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District Bond Program Overview

Executive summary



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- ❖ In November 1998, District voters approved a \$131.0 million GO bond with 87.6% of the vote.
- ❖ The District issued the full \$131.0 million over four bond sales including:
 - \$20.0 million in September 1999 Series A bonds
 - \$20.0 million in October 2002 Series B bonds
 - \$40.0 million in September 2003 Series C bonds
 - \$51.0 million in December 2006 Series D bonds
- ❖ In January of 2007, the District issued \$57.6 million in School Facilities Financing Authority Revenue bonds to refund portions of the Series A, Series B, and Series C GO Bonds.
- ❖ In November 2012, District voters approved Measure GG, a \$90.0 million GO bond with 86.1% voter approval.
- ❖ The District issued \$30.0 million in Election of 2012, Series A bonds in June 2013.
- ❖ Currently the District has \$60.0 million in authorized but unsold bonds with an anticipated next sale date of 2016 or 2017.

2016 Refunding Overview

A refinancing produces significant savings



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- ❖ In November 1998, District taxpayers approved an \$131.0 million GO bond (“Election of 1998”) with 87.6% of the vote.
- ❖ In December 2006, the District issued Election of 1998, Series 2006 D with a par amount of \$51.0 million (“Series 2006”).
- ❖ Opportunity to refund the Series 2006 Bonds to lower the debt service (principal and interest) payments and save District taxpayers money.
- ❖ Present value percentage (“PV%”) savings is estimated at 8.7%; the industry standard PV% savings is 3.00%.
 - Savings estimate is a net savings number of all estimated professional expenses.
- ❖ Refunding outstanding debt does not add additional years to existing term.
- ❖ ***Potential taxpayer savings of more than \$5 million.***
 - Estimated savings in June of 2015 was \$3.1 million (assumed a public offering).

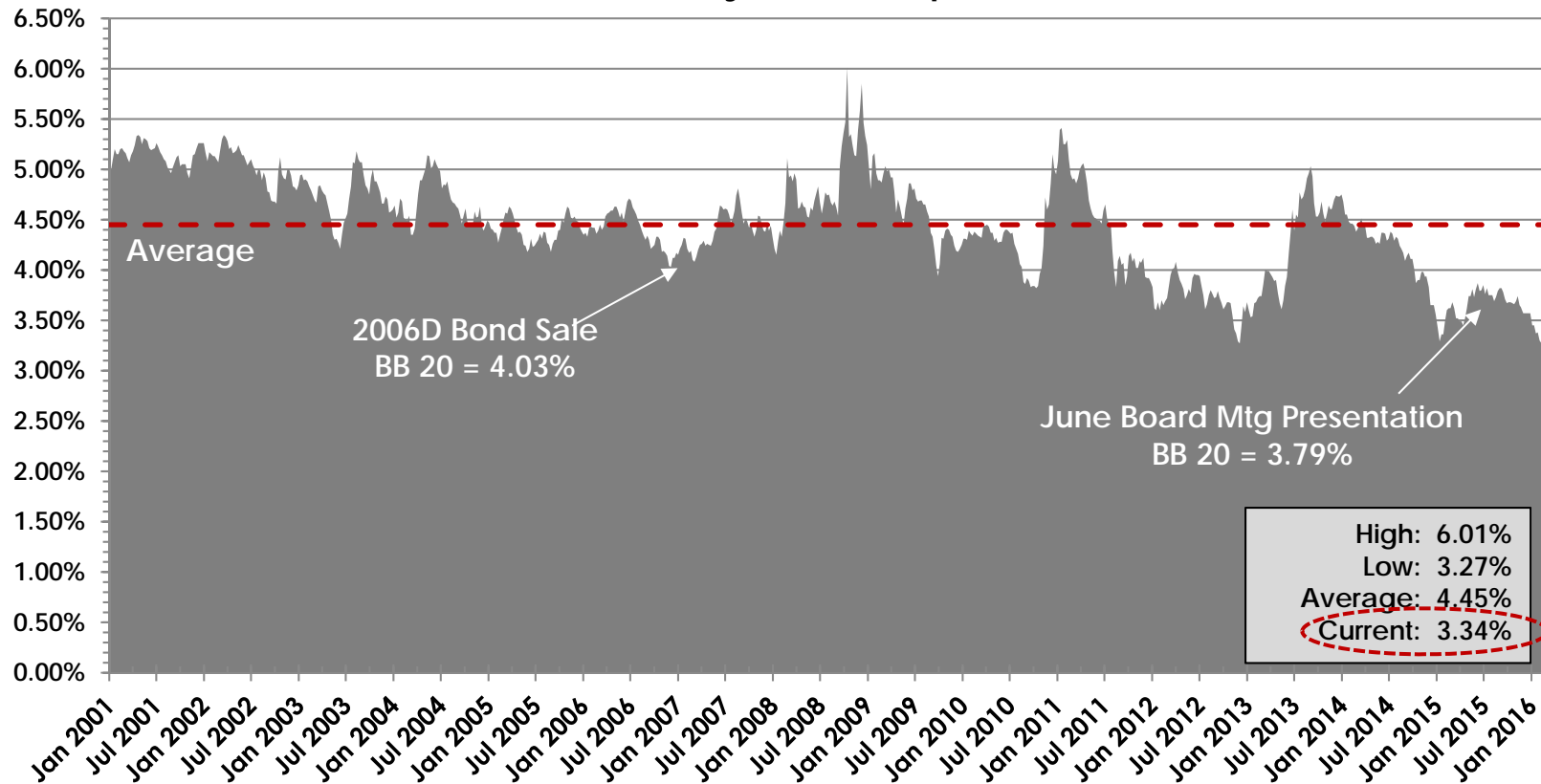
Interest Rate Environment

Low interest rate environment



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Bond Buyer 20 Bond Index (January 1, 2001 to present)



2016 Refunding Detail

Comparison & summary of refunding options



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- ❖ The table below compares a public offering versus a private placement refunding of the District 2006D GO Bonds.

	Private Placement	Public Offering ¹	Public Offering (June 2015)
Transaction Refunded	2006D Bonds (2017-2031 maturities)	2006D Bonds (2017-2031 maturities)	2006D Bonds (2017-2031 maturities)
Par Amount Refunded	\$41,250,000	\$41,250,000	\$41,250,000
TIC of Refunding Bonds	3.60%	3.24%	3.48%
Gross D/S Savings	\$5,045,902	\$6,211,199	\$3,446,519
NPV D/S Savings (\$)	\$3,584,559	\$4,958,586	\$2,649,304
NPV D/S Savings (%)	8.69%	12.02%	6.42%

1. Estimated savings based on current market conditions; subject to change.

- ❖ The table below compares the pros and cons of a private placement versus a public offering.

	Private Placement	Public Offering
Pros	lock in rates today	larger pool of investors competing for bonds
	multiple investors competing for bonds	can "serialize" transaction and take advantage of yield curve
	negotiating with one investor, once winning bid is selected	
Cons	smaller pool of investors	need to provide an offering document and higher standard of continuing disclosure
	potentially higher borrowing costs	Interest rates set at time of sale

2015 Refunding Savings

Refunding of Series 2006D: Annual Savings



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- ❖ Based on current interest rates and a private placement, the District could save taxpayers nearly \$5.1 million by refunding the Series 2006D Bonds.
- ❖ For comparison, in June, estimated savings was \$3.4 million (and assumed a public offering).
- ❖ The industry accepted threshold for present value savings is a minimum of 3.0%. Based on current interest rates, the refunding would generate present value savings of 8.7%.
- ❖ Savings is net of all estimated professional expenses.

<u>Date</u>	<u>Savings as of June 2015</u>	<u>Savings as of March 2016</u>
10/1/15	\$6,519	--
10/1/16	116,700	\$80,492
10/1/17	222,700	331,830
10/1/18	222,850	329,450
10/1/19	219,000	330,110
10/1/20	223,250	328,920
10/1/21	222,000	330,380
10/1/22	220,500	329,400
10/1/23	223,750	330,820
10/1/24	221,500	329,750
10/1/25	224,000	330,690
10/1/26	221,000	333,390
10/1/27	222,750	332,870
10/1/28	219,000	333,810
10/1/29	220,000	331,050
10/1/30	220,500	329,450
<u>10/1/31</u>	<u>220,500</u>	<u>333,490</u>
TOTAL	\$3,446,519	\$5,045,902

Next Steps

Timeline – 2016 Refunding

Private Placement refunding schedule



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Task	Responsible Party	Date
Receive commitment to purchase 2016 Refunding Bonds	Placement Agent	February
Board of Trustees approves resolution authorizing refunding and supporting legal documents	District	March
District accepts bid to purchase 2016 Refunding Bonds	District	March
Finalize legal documents	Finance Team	March-April
Closing of 2016 Refunding Bonds	Finance Team	July