Scenarios-Option 1

Pay off portion of existing 2015 debt utilizing tax revenue of $1.8M

FYE 9/30	Defeased Debt Service	Escrow Cost	Annual Savings/(Cost)
2018	$ 37,625	$ (1,799,959)	$ (1,762,334)
2019	75,250	-	75,250
2020	75,250	-	75,250
2021	75,250	-	75,250
2022	75,250	-	75,250
2023	75,250	-	75,250
2024	75,250	-	75,250
2025	75,250	-	75,250
2026	75,250	-	75,250
2027	75,250	-	75,250
2028	75,250	-	75,250
2029	75,250	-	75,250
2030	75,250	-	75,250
2031	220,250	-	220,250
2032	383,000	-	383,000
2033	382,250	-	382,250
2034	380,750	-	380,750
2035	388,500	-	388,500
2036	-	-	-
2037	-	-	-
2038	-	-	-
	$ 2,695,375	$ (1,799,959)	$ 895,416

Issue	Par	Maturities	Rate	Callable
2015 Comb Tax & Rev C/Os	$ 1,505,000	2031-2035	5.000%	8/15/24

Preliminary Par Amount of Bonds Defeased	$ 1,505,000
Preliminary Interest Amount Defeased	1,190,375
Less: Preliminary Defeasance Cost	(1,799,959)
Preliminary Net Savings	***$ 895,416***

Scenarios-Option 2

Accelerated principal on 2018 new issue

FYE 9/30	Level D/S 2019-2038	Accelerated Amortization 2018-2038	Annual Savings/(Cost)
2018	$ -	$ 1,796,281	$ (1,796,281)
2019	559,391	437,463	121,928
2020	555,894	435,413	120,481
2021	559,694	438,213	121,481
2022	560,094	435,713	124,381
2023	555,194	438,063	117,131
2024	560,144	435,113	125,031
2025	559,644	437,013	122,631
2026	558,844	433,613	125,231
2027	557,744	435,063	122,681
2028	556,344	436,213	120,131
2029	559,644	437,063	122,581
2030	557,494	436,825	120,669
2031	559,525	436,263	123,263
2032	555,550	435,375	120,175
2033	556,250	434,163	122,088
2034	555,894	437,181	118,713
2035	560,031	434,694	125,338
2036	558,494	436,869	121,625
2037	556,450	438,538	117,913
2038	558,900	434,700	124,200
	$ 11,161,216	$ 10,519,825	$ 641,391

Assumes $8,000,000 in bonds issued February 2018.

Total D/S, Level Scenario		11,161,216
Total D/S, Accelerated Scenario		10,519,825
Preliminary Net Savings	***$***	***641,391***

Summary

- Neither scenario is more beneficial than the other to the City's long-term ability to complete the Bond program approved by the citizens of San Marcos
- City staff and the City's Financial Advisor will work to structure all bond issues to fit within the tax rate necessary to service the bonds

Recommendation

- Pursue option 1 as it provides the highest financial benefit to the citizens by reducing interest cost
- Issue up to the portion of the voter approved bonds that can be expended within the next three years in order to meet federal tax requirements and to avoid risk associated with future project cost inflation