

Refunding Savings Analysis
City of Kyle, Texas
Refunds Series 2007, 2008 and 2009
Assumes Delivery 8/3/2016

Debt Service Comparison

| FYE | Prior Debt Service | Debt Service Fund Contribution | Refunding Debt Service | Savings |
|------|----------------------|--------------------------------|------------------------|---------------------|
| 2016 | \$ 189,328 | \$ 189,328 | \$ - | \$ - |
| 2017 | 378,656 | - | 345,960 | 32,696 |
| 2018 | 378,656 | - | 334,800 | 43,856 |
| 2019 | 378,656 | - | 334,800 | 43,856 |
| 2020 | 378,656 | - | 334,800 | 43,856 |
| 2021 | 1,481,156 | - | 1,358,900 | 122,256 |
| 2022 | 1,480,256 | - | 1,361,200 | 119,056 |
| 2023 | 1,482,456 | - | 1,361,700 | 120,756 |
| 2024 | 1,482,656 | - | 1,360,400 | 122,256 |
| 2025 | 1,484,928 | - | 1,367,100 | 117,828 |
| 2026 | 132,600 | - | 107,400 | 25,200 |
| 2027 | 882,600 | - | 767,400 | 115,200 |
| 2028 | 102,600 | - | 81,000 | 21,600 |
| 2029 | 1,132,600 | - | 1,051,000 | 81,600 |
| 2030 | 53,675 | - | 42,200 | 11,475 |
| 2031 | 1,183,675 | - | 1,097,200 | 86,475 |
| | <u>\$ 12,603,156</u> | <u>\$ 189,328</u> | <u>\$ 11,305,860</u> | <u>\$ 1,107,968</u> |

Refunded Principal:

| | | | |
|-------------|--------------------|-----------------------|--------------|
| Series 2007 | Callable 8/15/2016 | Maturities 2027 | \$ 750,000 |
| Series 2008 | Callable 8/15/2017 | Maturities 2029, 2031 | \$ 2,160,000 |
| Series 2009 | Callable 8/15/2018 | Maturities 2021-2025 | \$ 6,110,000 |
| | | Total | \$ 9,020,000 |

| | |
|---|------------|
| Average Coupon of Refunded Bonds | 4.00% |
| True Interest Cost (TIC) on Refunding Bonds | 2.23% * |
| Negative Arbitrage | \$ 140,599 |
| Net Present Value Savings | \$ 916,968 |
| Average Annual Savings | \$ 73,865 |

Percentage Savings of Refunded Bonds = 10.166%

*Assumes current AA- interest rates as of May 19, 2016.

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 General Obligation Refunding Bonds, Series 2016
 Assumes Current Interest Rates as of May 19, 2016
 Preliminary; For Discussion Purposes Only**

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SOURCES AND USES OF FUNDS

**City of Kyle, Texas
General Obligation Refunding Bonds, Series 2016
Assumes Current Interest Rates as of May 19, 2016
Preliminary; For Discussion Purposes Only**

Dated Date 08/03/2016
Delivery Date 08/03/2016

Sources:

| | |
|--------------------------------|--------------|
| Bond Proceeds: | |
| Par Amount | 8,370,000.00 |
| Net Premium | 1,210,964.85 |
| | 9,580,964.85 |
| Other Sources of Funds: | |
| Debt Service Fund | 189,328.13 |
| | 9,770,292.98 |

Uses:

| | |
|-----------------------------------|--------------|
| Refunding Escrow Deposits: | |
| Cash Deposit | 939,329.76 |
| SLGS Purchases | 8,650,242.00 |
| | 9,589,571.76 |
| Delivery Date Expenses: | |
| Cost of Issuance | 125,000.00 |
| Underwriter's Discount | 54,405.00 |
| | 179,405.00 |
| Other Uses of Funds: | |
| Additional Proceeds | 1,316.22 |
| | 9,770,292.98 |

SAVINGS

**City of Kyle, Texas
General Obligation Refunding Bonds, Series 2016
Assumes Current Interest Rates as of May 19, 2016
Preliminary; For Discussion Purposes Only**

| Date | Prior Debt Service | Prior Receipts | Prior Net Cash Flow | Refunding Debt Service | Savings |
|------------|----------------------|-------------------|----------------------|------------------------|---------------------|
| 09/30/2016 | 189,328.13 | 189,328.13 | | | |
| 09/30/2017 | 378,656.26 | | 378,656.26 | 345,960.00 | 32,696.26 |
| 09/30/2018 | 378,656.26 | | 378,656.26 | 334,800.00 | 43,856.26 |
| 09/30/2019 | 378,656.26 | | 378,656.26 | 334,800.00 | 43,856.26 |
| 09/30/2020 | 378,656.26 | | 378,656.26 | 334,800.00 | 43,856.26 |
| 09/30/2021 | 1,481,156.26 | | 1,481,156.26 | 1,358,900.00 | 122,256.26 |
| 09/30/2022 | 1,480,256.26 | | 1,480,256.26 | 1,361,200.00 | 119,056.26 |
| 09/30/2023 | 1,482,456.26 | | 1,482,456.26 | 1,361,700.00 | 120,756.26 |
| 09/30/2024 | 1,482,656.26 | | 1,482,656.26 | 1,360,400.00 | 122,256.26 |
| 09/30/2025 | 1,484,928.13 | | 1,484,928.13 | 1,367,100.00 | 117,828.13 |
| 09/30/2026 | 132,600.00 | | 132,600.00 | 107,400.00 | 25,200.00 |
| 09/30/2027 | 882,600.00 | | 882,600.00 | 767,400.00 | 115,200.00 |
| 09/30/2028 | 102,600.00 | | 102,600.00 | 81,000.00 | 21,600.00 |
| 09/30/2029 | 1,132,600.00 | | 1,132,600.00 | 1,051,000.00 | 81,600.00 |
| 09/30/2030 | 53,675.00 | | 53,675.00 | 42,200.00 | 11,475.00 |
| 09/30/2031 | 1,183,675.00 | | 1,183,675.00 | 1,097,200.00 | 86,475.00 |
| | 12,603,156.34 | 189,328.13 | 12,413,828.21 | 11,305,860.00 | 1,107,968.21 |

Savings Summary

| | |
|-------------------------------|-------------------|
| Savings PV date | 08/03/2016 |
| PV of savings from cash flow | 915,651.47 |
| Plus: Refunding funds on hand | 1,316.22 |
| Net PV Savings | 916,967.69 |

SUMMARY OF REFUNDING RESULTS

City of Kyle, Texas
General Obligation Refunding Bonds, Series 2016
Assumes Current Interest Rates as of May 19, 2016
Preliminary; For Discussion Purposes Only

| | |
|--------------------------------------|--------------|
| Dated Date | 08/03/2016 |
| Delivery Date | 08/03/2016 |
| Arbitrage yield | 1.960066% |
| Escrow yield | 0.763643% |
| Value of Negative Arbitrage | 140,599.11 |
| | |
| Bond Par Amount | 8,370,000.00 |
| True Interest Cost | 2.232237% |
| Net Interest Cost | 2.424230% |
| All-In TIC | 2.409335% |
| Average Coupon | 4.000000% |
| Average Life | 8.769 |
| | |
| Par amount of refunded bonds | 9,020,000.00 |
| Average coupon of refunded bonds | 4.306202% |
| Average life of refunded bonds | 8.770 |
| | |
| Net PV Savings | 916,967.69 |
| Percentage savings of refunded bonds | 10.165939% |

SUMMARY OF BONDS REFUNDED

**City of Kyle, Texas
General Obligation Refunding Bonds, Series 2016
Assumes Current Interest Rates as of May 19, 2016
Preliminary; For Discussion Purposes Only**

| Bond | Maturity Date | Interest Rate | Par Amount | Call Date | Call Price |
|---|---------------|---------------|--------------|------------|------------|
| Combination Tax & Revenue C/O, Series 2007, 2007: | | | | | |
| BOND | 08/15/2027 | 4.000% | 750,000.00 | 08/15/2016 | 100.000 |
| Combination Tax & Revenue C/O, Series 2008, 2008: | | | | | |
| TERM | 08/15/2029 | 4.750% | 1,030,000.00 | 08/15/2017 | 100.000 |
| | 08/15/2031 | 4.750% | 1,130,000.00 | 08/15/2017 | 100.000 |
| | | | 2,160,000.00 | | |
| General Obligation Refunding Bonds, Series 2009, 2009: | | | | | |
| SERIAL | 02/15/2021 | 4.000% | 1,125,000.00 | 02/15/2018 | 100.000 |
| | 02/15/2022 | 4.000% | 1,170,000.00 | 02/15/2018 | 100.000 |
| | 02/15/2023 | 4.000% | 1,220,000.00 | 02/15/2018 | 100.000 |
| | 02/15/2024 | 4.000% | 1,270,000.00 | 02/15/2018 | 100.000 |
| | 02/15/2025 | 4.125% | 1,325,000.00 | 02/15/2018 | 100.000 |
| | | | 6,110,000.00 | | |
| | | | 9,020,000.00 | | |

BOND SUMMARY STATISTICS

**City of Kyle, Texas
General Obligation Refunding Bonds, Series 2016
Assumes Current Interest Rates as of May 19, 2016
Preliminary; For Discussion Purposes Only**

| | |
|---------------------------------|---------------|
| Dated Date | 08/03/2016 |
| Delivery Date | 08/03/2016 |
| First Coupon | 02/15/2017 |
| Last Maturity | 08/15/2031 |
| Arbitrage Yield | 1.960066% |
| True Interest Cost (TIC) | 2.232237% |
| Net Interest Cost (NIC) | 2.424230% |
| All-In TIC | 2.409335% |
| Average Coupon | 4.000000% |
| Average Life (years) | 8.769 |
| Duration of Issue (years) | 7.557 |
| Par Amount | 8,370,000.00 |
| Bond Proceeds | 9,580,964.85 |
| Total Interest | 2,935,860.00 |
| Net Interest | 1,779,300.15 |
| Bond Years from Dated Date | 73,396,500.00 |
| Bond Years from Delivery Date | 73,396,500.00 |
| Total Debt Service | 11,305,860.00 |
| Maximum Annual Debt Service | 1,367,100.00 |
| Average Annual Debt Service | 752,052.77 |
| Underwriter's Fees (per \$1000) | |
| Average Takedown | |
| Other Fee | 6.500000 |
| Total Underwriter's Discount | 6.500000 |
| Bid Price | 113.817919 |

| Bond Component | Par Value | Price | Average Coupon | Average Life | PV of 1 bp change |
|----------------|--------------|---------|----------------|--------------|-------------------|
| Serial Bond | 8,370,000.00 | 114.468 | 4.000% | 8.769 | 6,403.60 |
| | 8,370,000.00 | | | 8.769 | 6,403.60 |

| | TIC | All-In TIC | Arbitrage Yield |
|----------------------------|--------------|--------------|-----------------|
| Par Value | 8,370,000.00 | 8,370,000.00 | 8,370,000.00 |
| + Accrued Interest | | | |
| + Premium (Discount) | 1,210,964.85 | 1,210,964.85 | 1,210,964.85 |
| - Underwriter's Discount | -54,405.00 | -54,405.00 | |
| - Cost of Issuance Expense | | -125,000.00 | |
| - Other Amounts | | | |
| Target Value | 9,526,559.85 | 9,401,559.85 | 9,580,964.85 |
| Target Date | 08/03/2016 | 08/03/2016 | 08/03/2016 |
| Yield | 2.232237% | 2.409335% | 1.960066% |

BOND PRICING

City of Kyle, Texas
General Obligation Refunding Bonds, Series 2016
Assumes Current Interest Rates as of May 19, 2016
Preliminary; For Discussion Purposes Only

| Bond Component | Maturity Date | Amount | Rate | Yield | Price | Yield to Maturity | Call Date | Call Price | Premium (-Discount) |
|----------------|---------------|-----------|--------|--------|-----------|-------------------|------------|------------|---------------------|
| Serial Bond: | | | | | | | | | |
| | 02/15/2021 | 1,045,000 | 4.000% | 1.290% | 111.895 | | | | 124,302.75 |
| | 02/15/2022 | 1,090,000 | 4.000% | 1.460% | 113.454 | | | | 146,648.60 |
| | 02/15/2023 | 1,135,000 | 4.000% | 1.590% | 114.898 | | | | 169,092.30 |
| | 02/15/2024 | 1,180,000 | 4.000% | 1.710% | 116.121 | | | | 190,227.80 |
| | 02/15/2025 | 1,235,000 | 4.000% | 1.840% | 116.985 | | | | 209,764.75 |
| | 08/15/2027 | 660,000 | 4.000% | 2.160% | 116.517 C | 2.297% | 08/15/2026 | 100.000 | 109,012.20 |
| | 08/15/2029 | 970,000 | 4.000% | 2.480% | 113.427 C | 2.766% | 08/15/2026 | 100.000 | 130,241.90 |
| | 08/15/2031 | 1,055,000 | 4.000% | 2.580% | 112.481 C | 2.965% | 08/15/2026 | 100.000 | 131,674.55 |
| | | 8,370,000 | | | | | | | 1,210,964.85 |

| | |
|------------------------|--------------|
| Dated Date | 08/03/2016 |
| Delivery Date | 08/03/2016 |
| First Coupon | 02/15/2017 |
| Par Amount | 8,370,000.00 |
| Premium | 1,210,964.85 |
| Production | 9,580,964.85 |
| Underwriter's Discount | -54,405.00 |
| Purchase Price | 9,526,559.85 |
| Accrued Interest | 113.817919% |
| Net Proceeds | 9,526,559.85 |

BOND DEBT SERVICE

City of Kyle, Texas
General Obligation Refunding Bonds, Series 2016
Assumes Current Interest Rates as of May 19, 2016
Preliminary; For Discussion Purposes Only

| Period Ending | Principal | Interest | Debt Service |
|---------------|------------------|------------------|-------------------|
| 09/30/2017 | | 345,960 | 345,960 |
| 09/30/2018 | | 334,800 | 334,800 |
| 09/30/2019 | | 334,800 | 334,800 |
| 09/30/2020 | | 334,800 | 334,800 |
| 09/30/2021 | 1,045,000 | 313,900 | 1,358,900 |
| 09/30/2022 | 1,090,000 | 271,200 | 1,361,200 |
| 09/30/2023 | 1,135,000 | 226,700 | 1,361,700 |
| 09/30/2024 | 1,180,000 | 180,400 | 1,360,400 |
| 09/30/2025 | 1,235,000 | 132,100 | 1,367,100 |
| 09/30/2026 | | 107,400 | 107,400 |
| 09/30/2027 | 660,000 | 107,400 | 767,400 |
| 09/30/2028 | | 81,000 | 81,000 |
| 09/30/2029 | 970,000 | 81,000 | 1,051,000 |
| 09/30/2030 | | 42,200 | 42,200 |
| 09/30/2031 | 1,055,000 | 42,200 | 1,097,200 |
| | 8,370,000 | 2,935,860 | 11,305,860 |