



Overview of District's Current Debt Position and Preliminary Bond Capacity Analysis

Wednesday, October 17, 2018



Savings from District's Debt Management Practices

- Aledo Independent School District (the “District”) has actively deployed various debt management practices to lower the borrowing costs of taxpayers. Such actions have reduced the cost of voter-approved bonds and provided District taxpayers with more than \$33.8 million of direct savings since year 2006!

- ❖ \$ 26,764,651 – Bond Refundings/Prepayment of Bonds

- ❖ \$ 7,082,561 – Lower Interest Rates from Prudent Use of Variable Rate Bonds

\$ 33,847,212 – Total Savings to Taxpayers

■ Variable Rate Debt:

- ❖ The District has strategically incorporated variable rate bonds within its debt portfolio since year 2006 – lowering its borrowing cost by approximately \$7.1 million in comparison to the sale of fixed rate bonds.
- ❖ The District's interest rate on its existing \$13,710,000 Variable Rate Unlimited Tax School Building Bonds, Series 2006-A is currently 1.57% (does not include ongoing support costs such as remarketing agent fees, liquidity provider fees, etc.).



Savings from District's Debt Management Practices

- **Bond Refundings and Prepayment of Bonds:** 8 bond refunding programs at a lower interest rate and prepayment of \$3.515 million of existing bonds – \$26.8 million of savings.

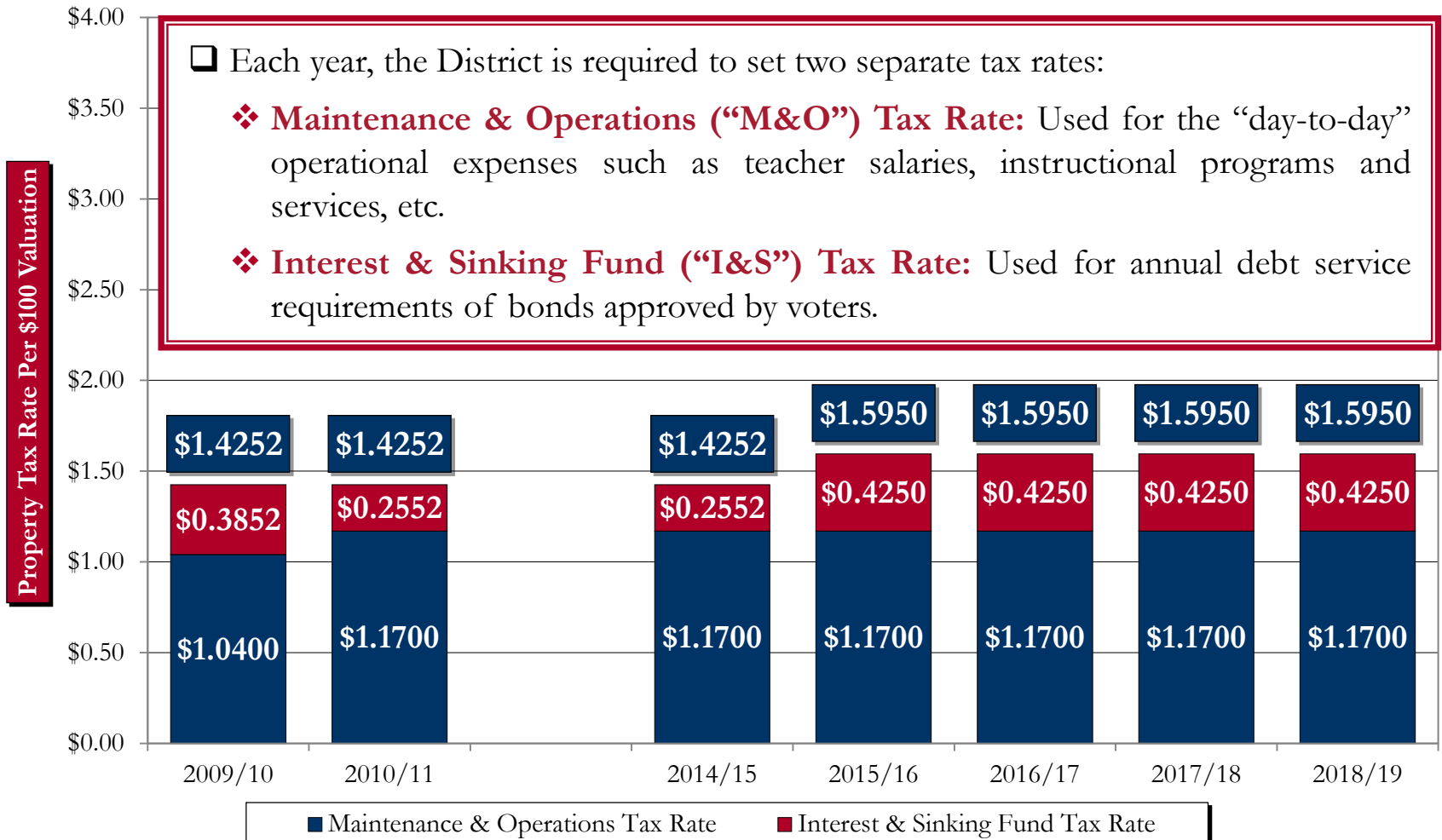
Summary of Interest Cost Savings – Bond Refunding Programs / Prepayment of Bonds

Issue / Description	Series Refunded / Redeemed	Principal Amount Refunded / Redeemed	Total Savings
Unlimited Tax Refunding Bonds, Series 2006	1998	\$ 23,035,000	\$ 1,172,515
Unlimited Tax Refunding Bonds, Series 2007	1998	7,520,000	988,788
Unlimited Tax Refunding Bonds, Series 2012	2001, 2005-A	8,519,919	1,075,426
Unlimited Tax Refunding Bonds, Series 2013-A	2005-A	8,985,000	2,344,653
Unlimited Tax Refunding Bonds, Taxable Series 2013-B	2005-A, 2006	17,010,000	2,204,602
Unlimited Tax Refunding Bonds, Series 2014	2005-A	9,330,000	1,866,979
Unlimited Tax Refunding Bonds, Series 2015	2005-A, 2006, 2008	13,195,000	3,502,667
Unlimited Tax Refunding Bonds, Series 2016	2008	56,615,000	12,467,671
Total - Bond Refunding Programs at a Lower Interest Rate	---	\$ 144,209,919	\$ 25,623,301
Prepayment of Series 2007 Bonds - February 2018	2007	\$ 1,275,000	\$ 552,750
Prepayment of Series 2007 Bonds - February 2019	2007	2,240,000	588,600
Total - Prepayment of Bonds Prior to Scheduled Maturity	---	\$ 3,515,000	\$ 1,141,350
Totals	---	\$ 147,724,919	\$ 26,764,651



Historical Tax Rates

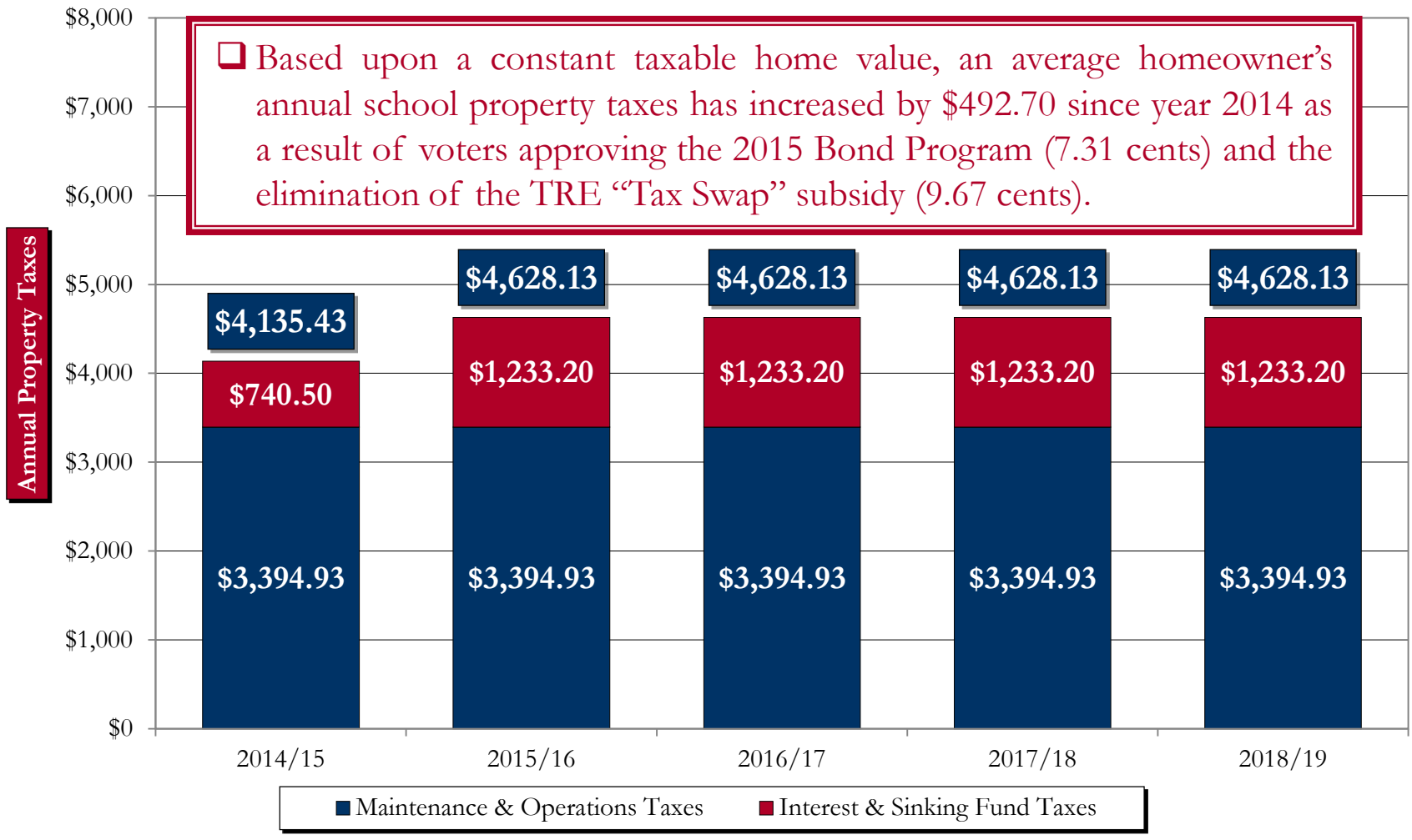
District's Historical Tax Rates





Historical Taxes for a Constant \$290,165 Average Taxable Home Value

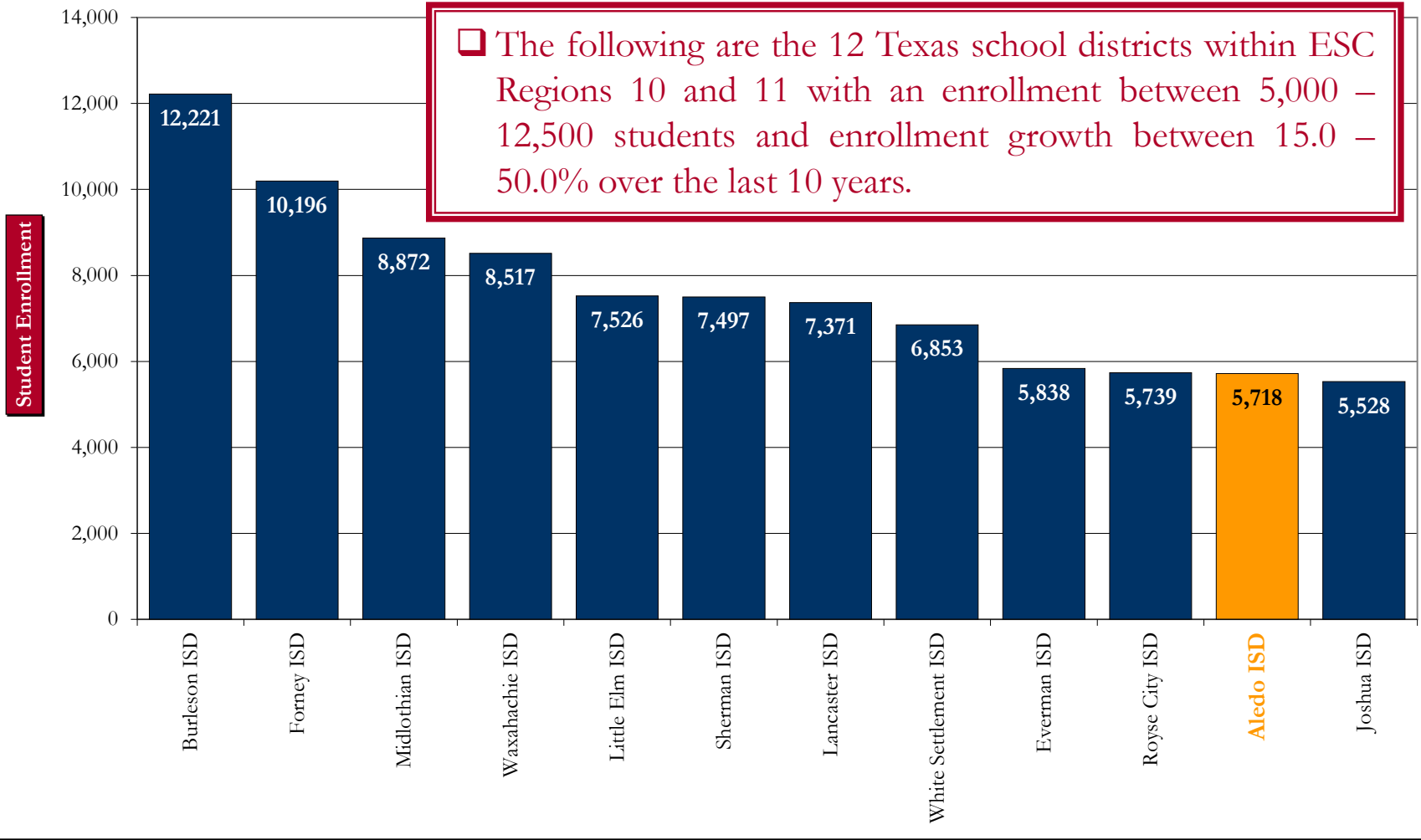
Historical Taxes – For a Constant \$290,165 Average Taxable Home Value





Comparison of Certain Texas School Districts – Greater Dallas/Fort Worth Area

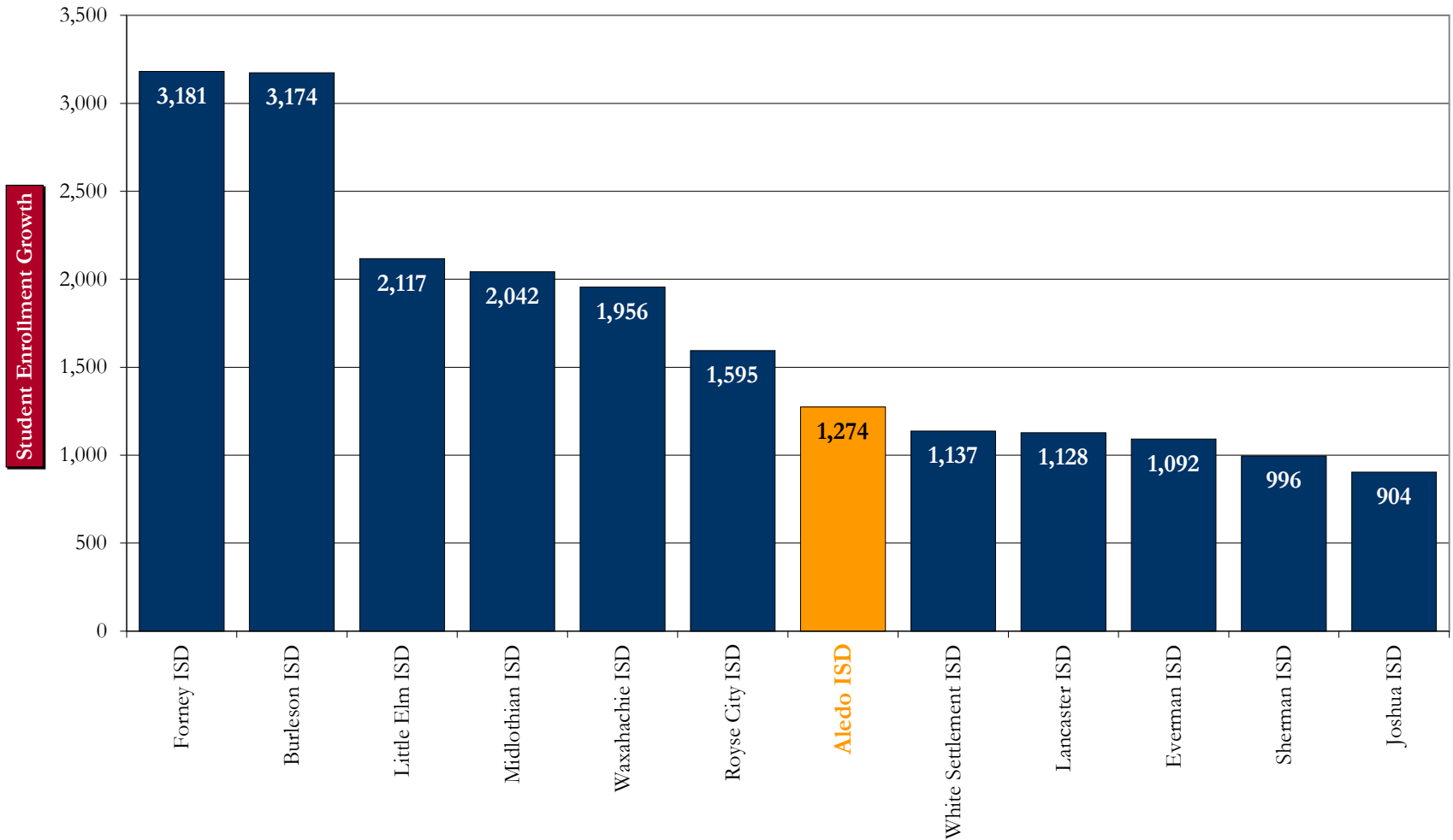
Ranked By 2017/18 Student Enrollment





Comparison of Certain Texas School Districts – Greater Dallas/Fort Worth Area

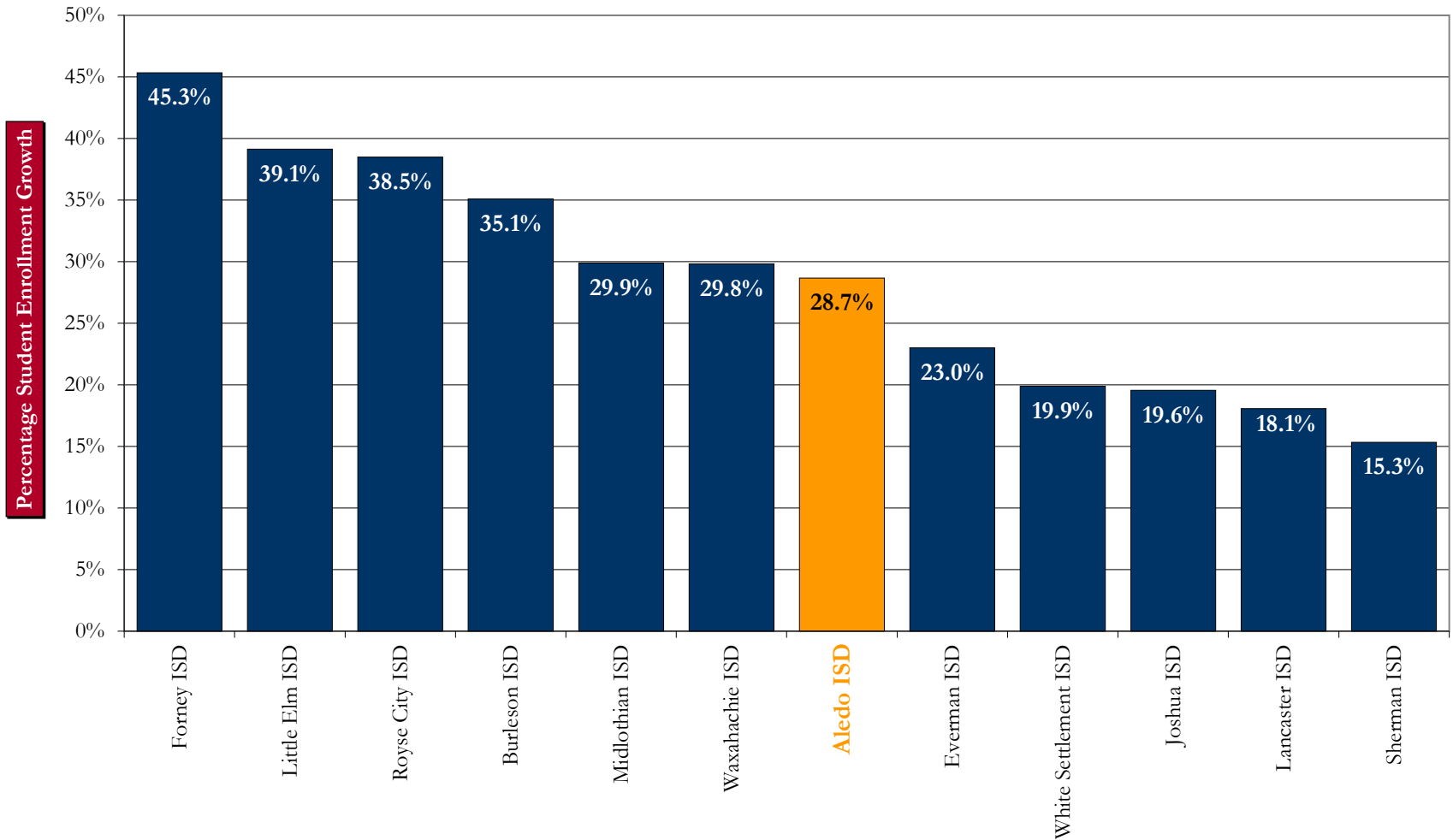
Ranked By Student Enrollment Growth – Last 10 Years





Comparison of Certain Texas School Districts – Greater Dallas/Fort Worth Area

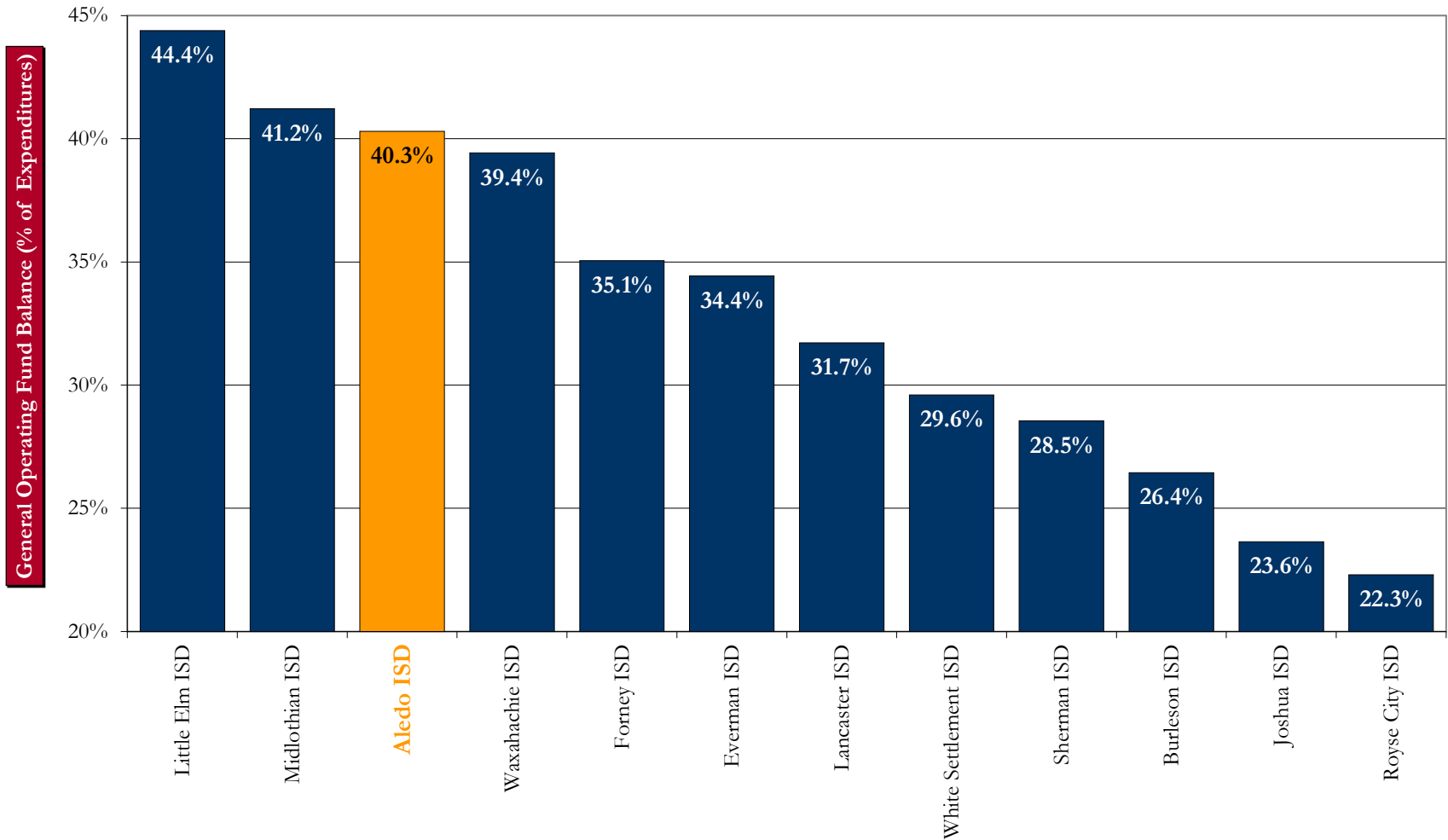
Ranked By Percentage Student Enrollment Growth – Last 10 Years





Comparison of Certain Texas School Districts – Greater Dallas/Fort Worth Area

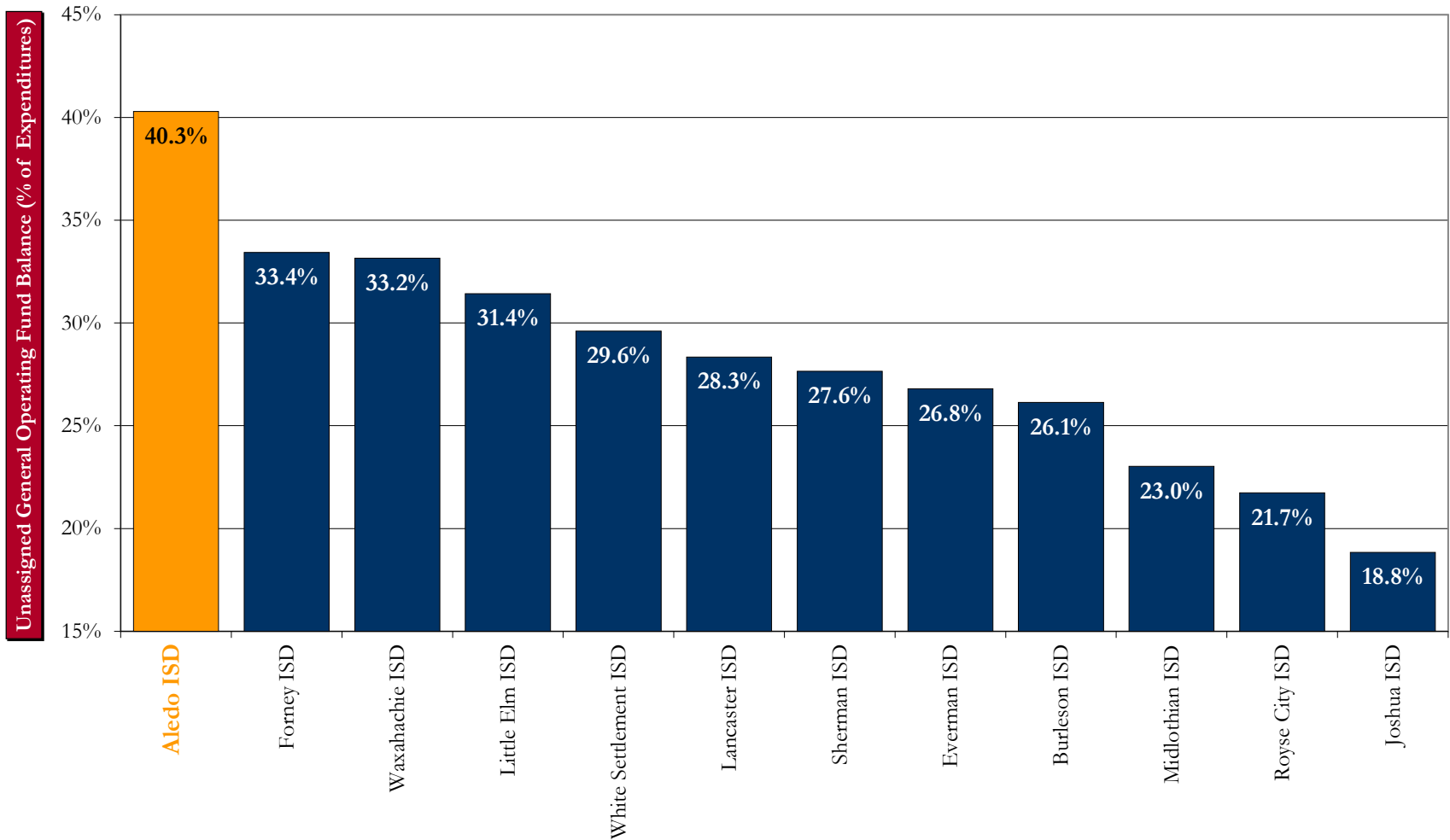
Ranked By Ending General Operating Fund Balance As a Percentage of General Operating Fund Expenditures – Fiscal Year Ending 2017





Comparison of Certain Texas School Districts – Greater Dallas/Fort Worth Area

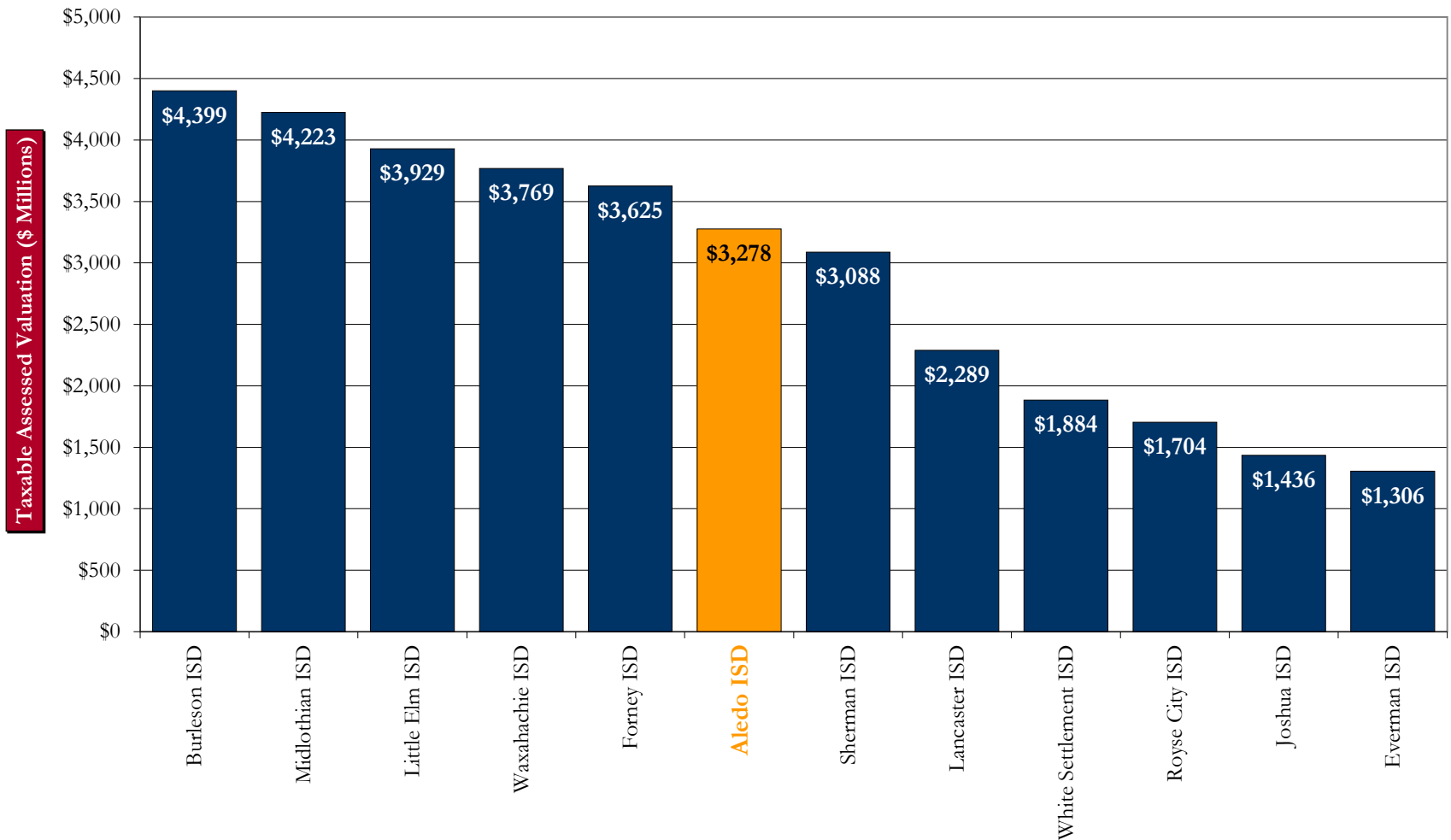
Ranked By Ending Unassigned General Operating Fund Balance As a Percentage of General Operating Fund Expenditures – Fiscal Year Ending 2017





Comparison of Certain Texas School Districts – Greater Dallas/Fort Worth Area

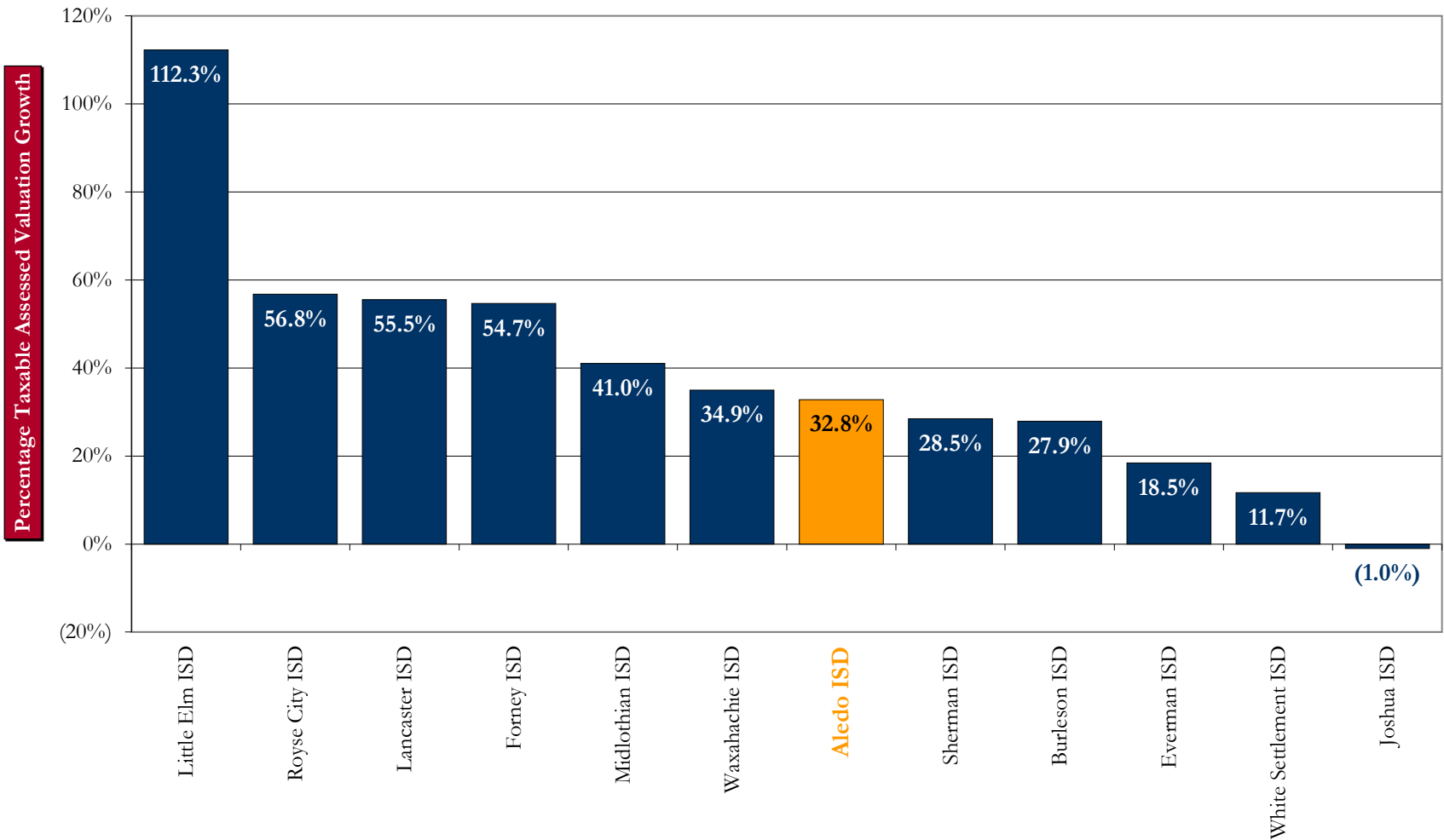
Ranked By Taxable Assessed Valuation – Year 2017/18





Comparison of Certain Texas School Districts – Greater Dallas/Fort Worth Area

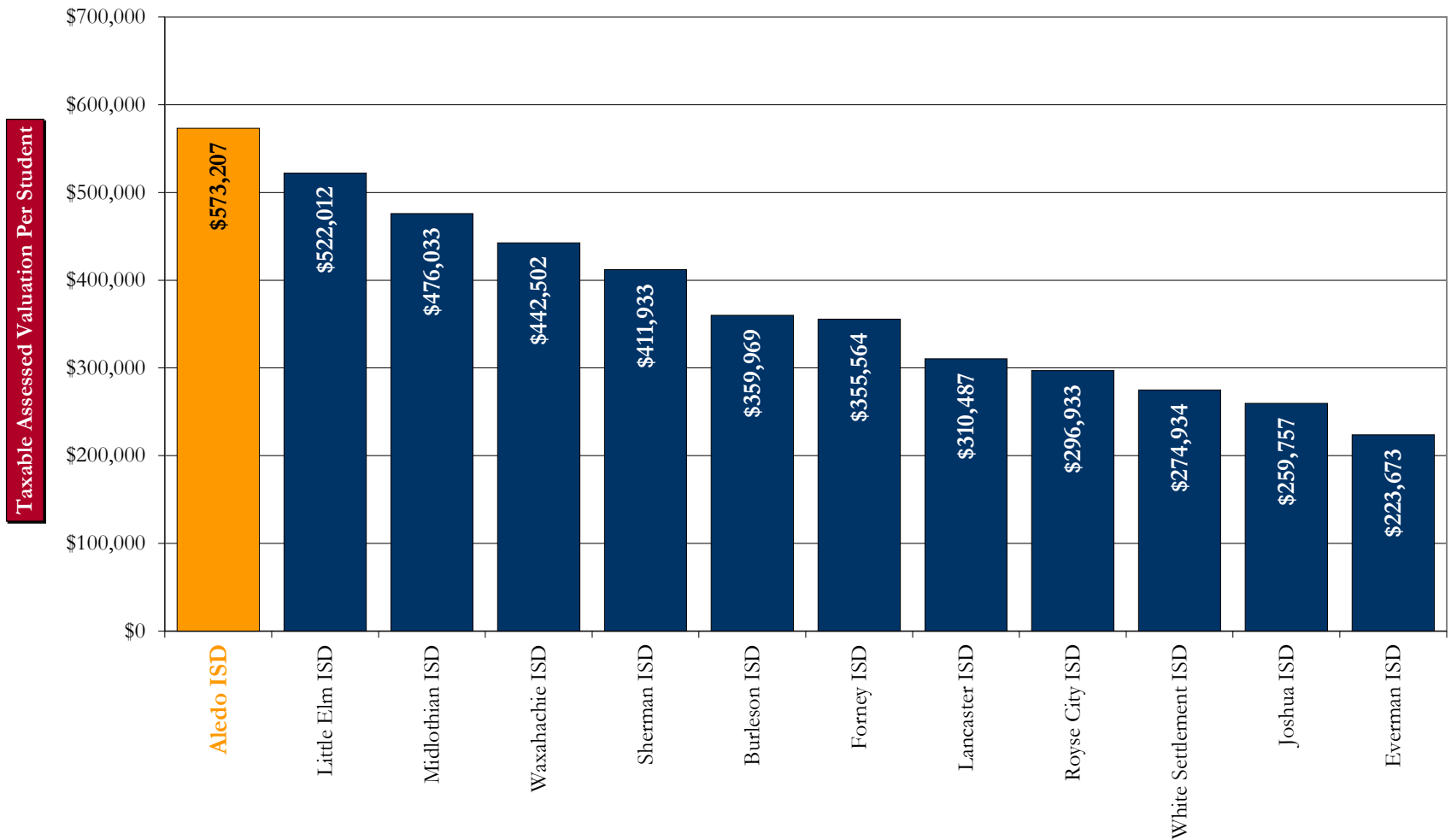
Ranked By Percentage Taxable Assessed Valuation Growth – Last 5-Years





Comparison of Certain Texas School Districts – Greater Dallas/Fort Worth Area

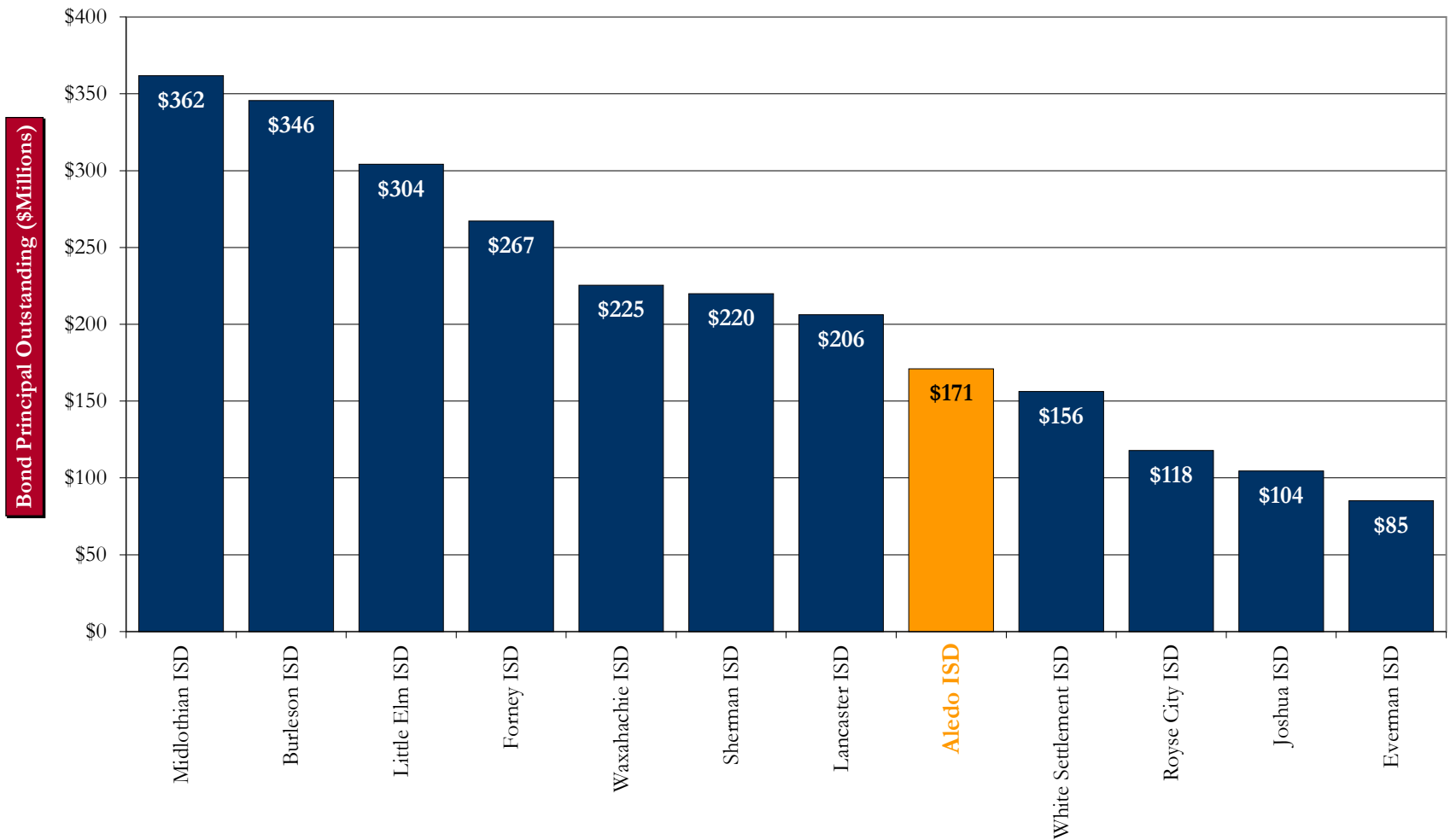
Ranked By Taxable Assessed Valuation Per Student – Year 2017/18





Comparison of Certain Texas School Districts – Greater Dallas/Fort Worth Area

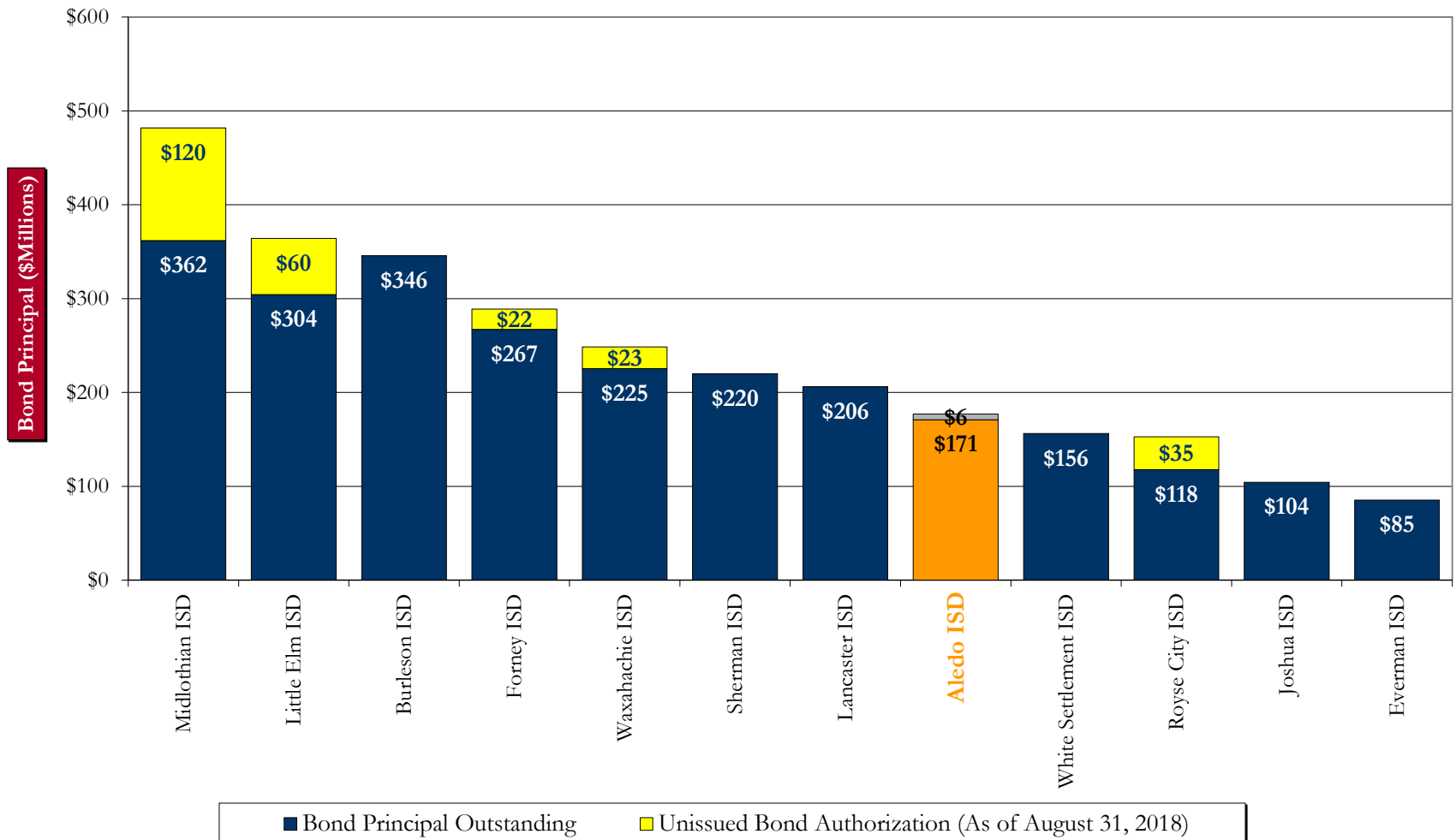
Ranked By Bond Principal Outstanding





Comparison of Certain Texas School Districts – Greater Dallas/Fort Worth Area

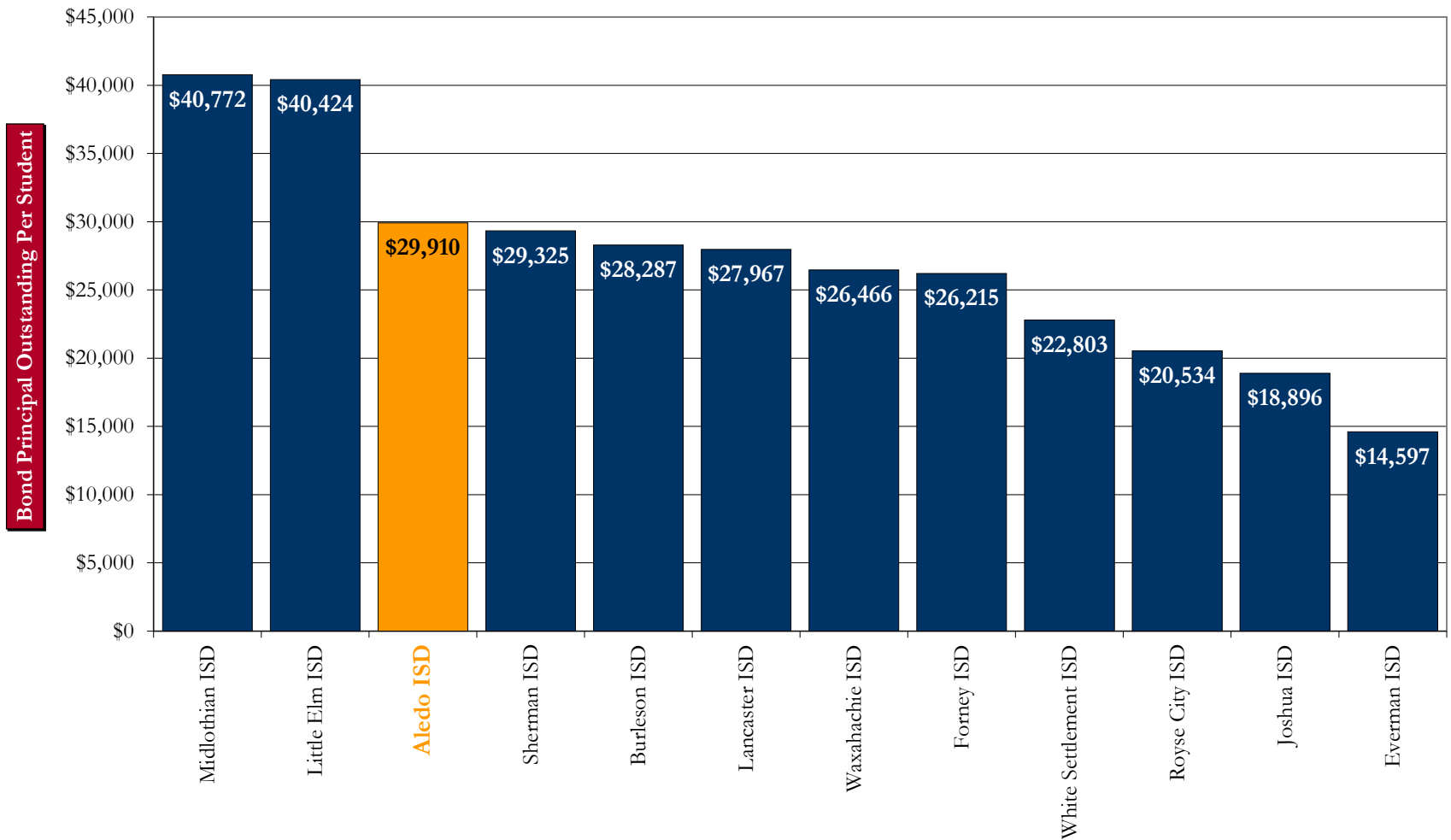
Ranked By Bond Principal Plus Unissued Bond Authorization





Comparison of Certain Texas School Districts – Greater Dallas/Fort Worth Area

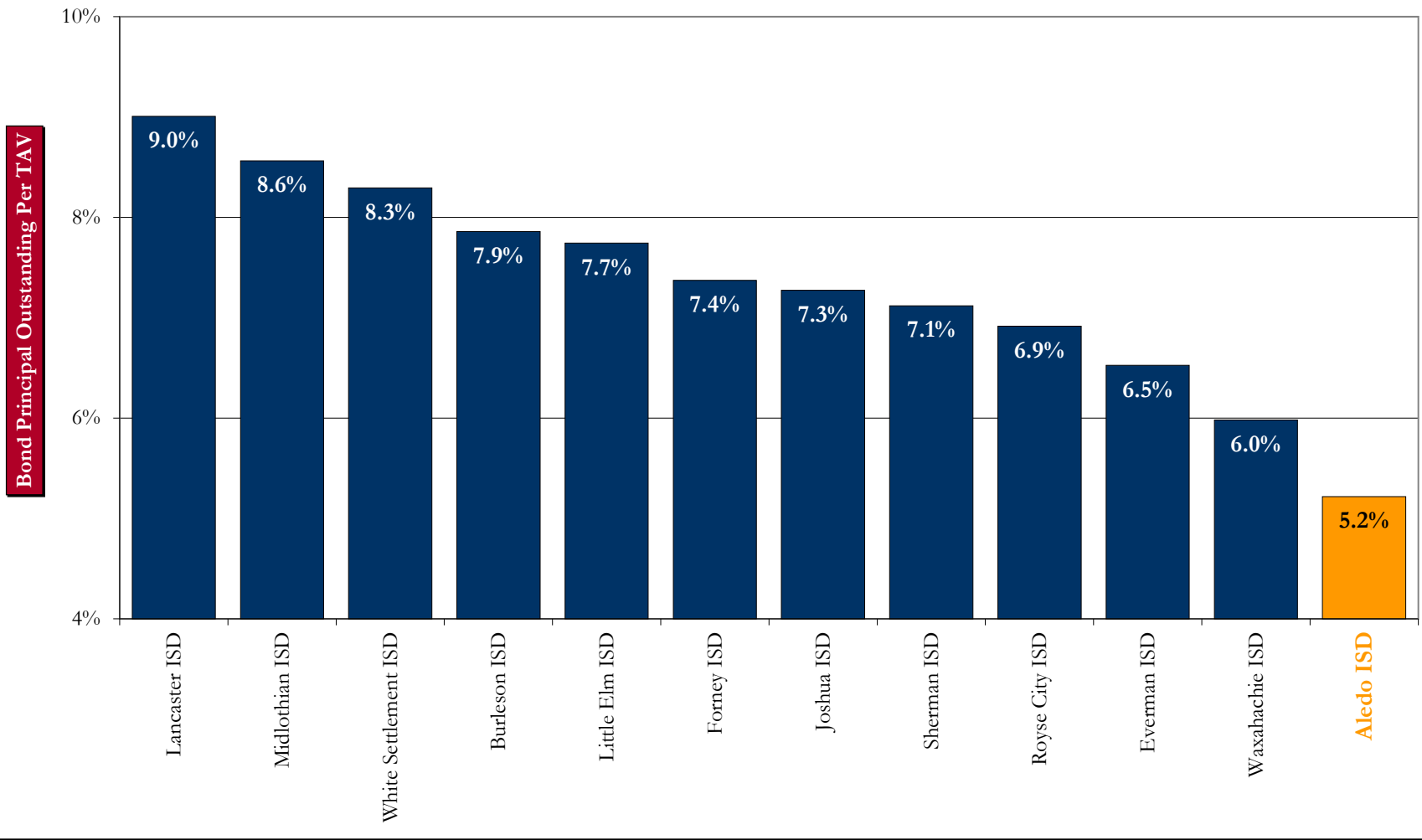
Ranked By Bond Principal Outstanding Per Student





Comparison of Certain Texas School Districts – Greater Dallas/Fort Worth Area

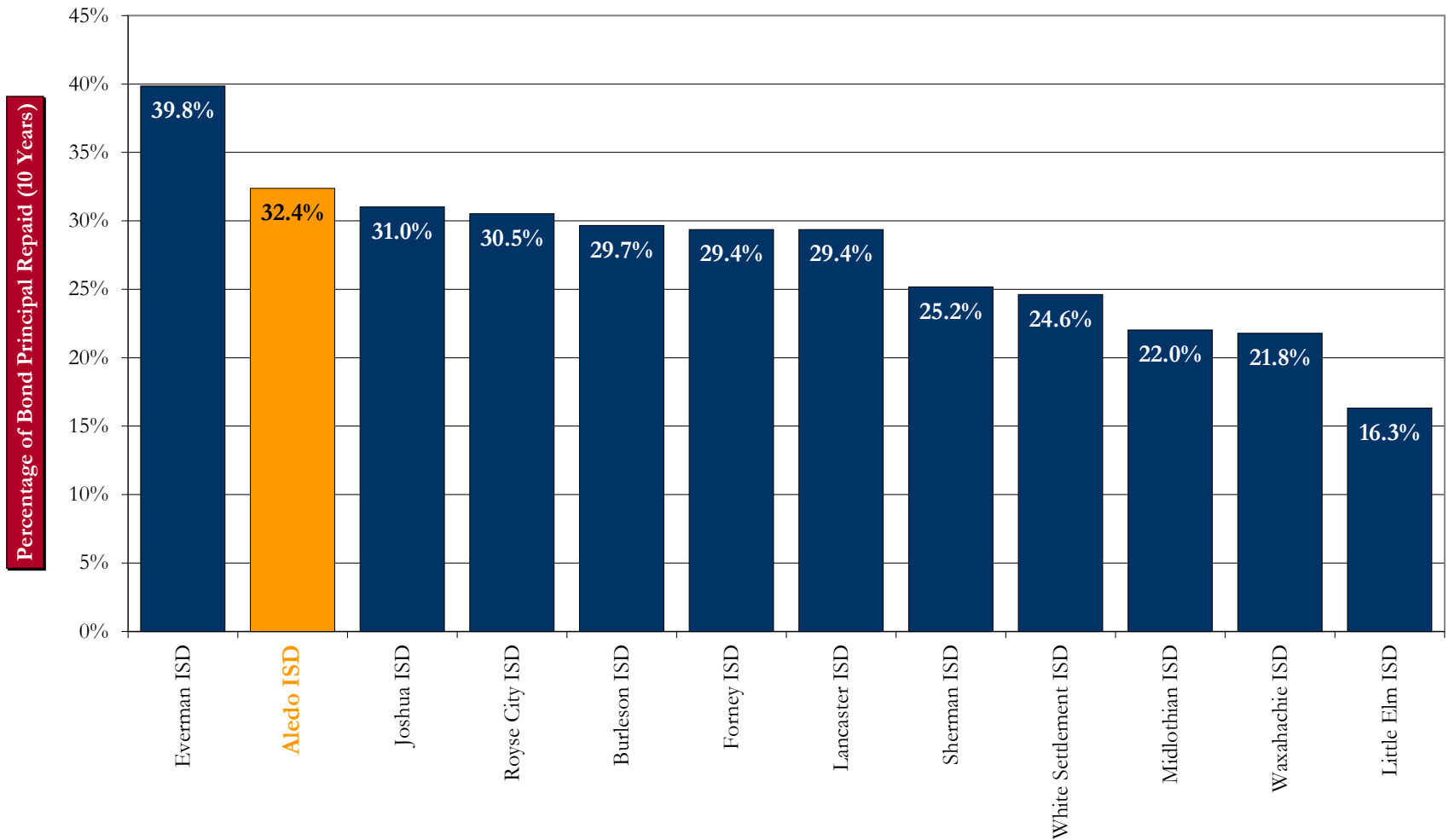
Ranked By Bond Principal Outstanding as a Percentage of Taxable Value





Comparison of Certain Texas School Districts – Greater Dallas/Fort Worth Area

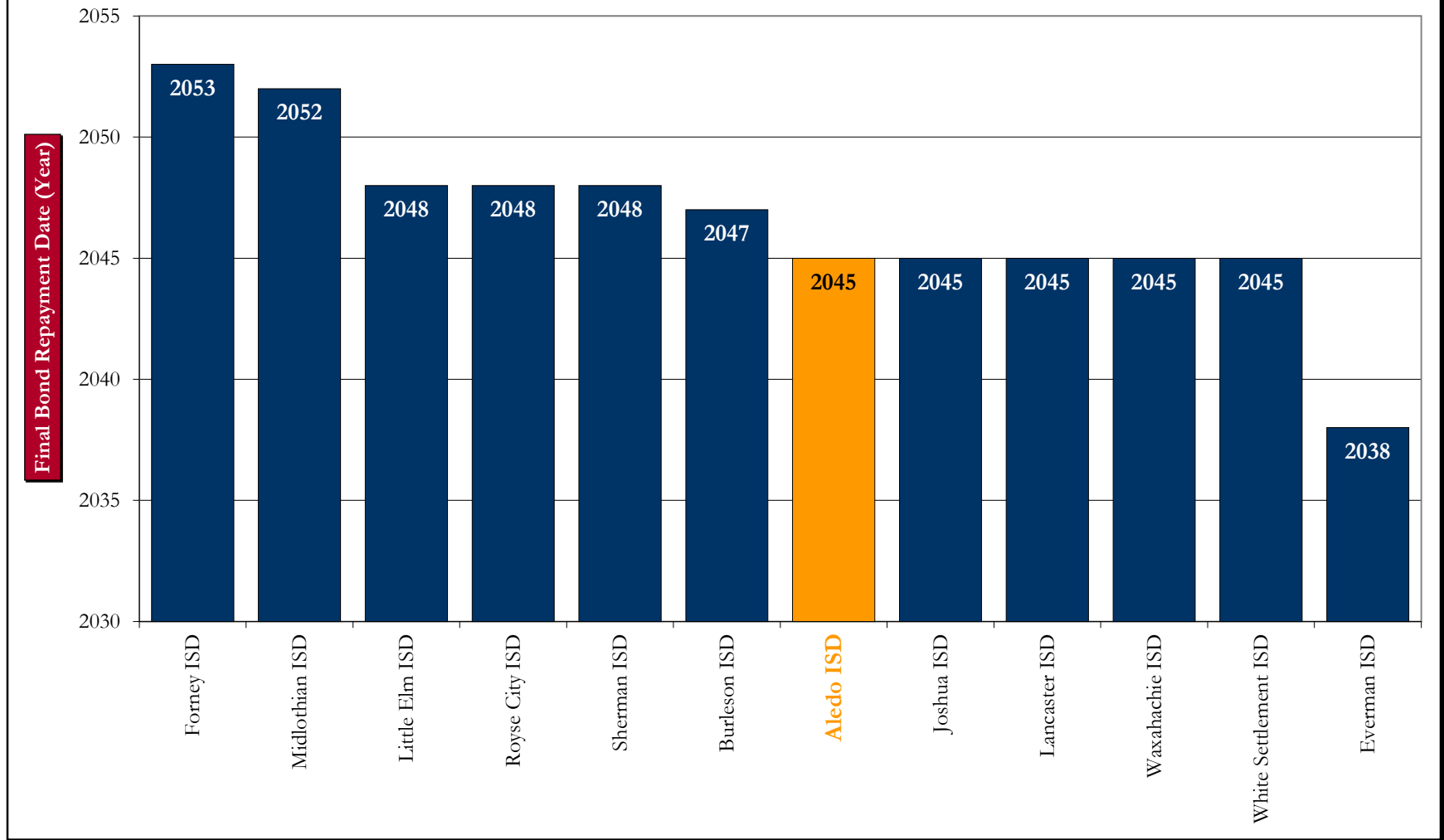
Ranked By Percentage of Bond Principal Repaid – Next 10 Years





Comparison of Certain Texas School Districts – Greater Dallas/Fort Worth Area

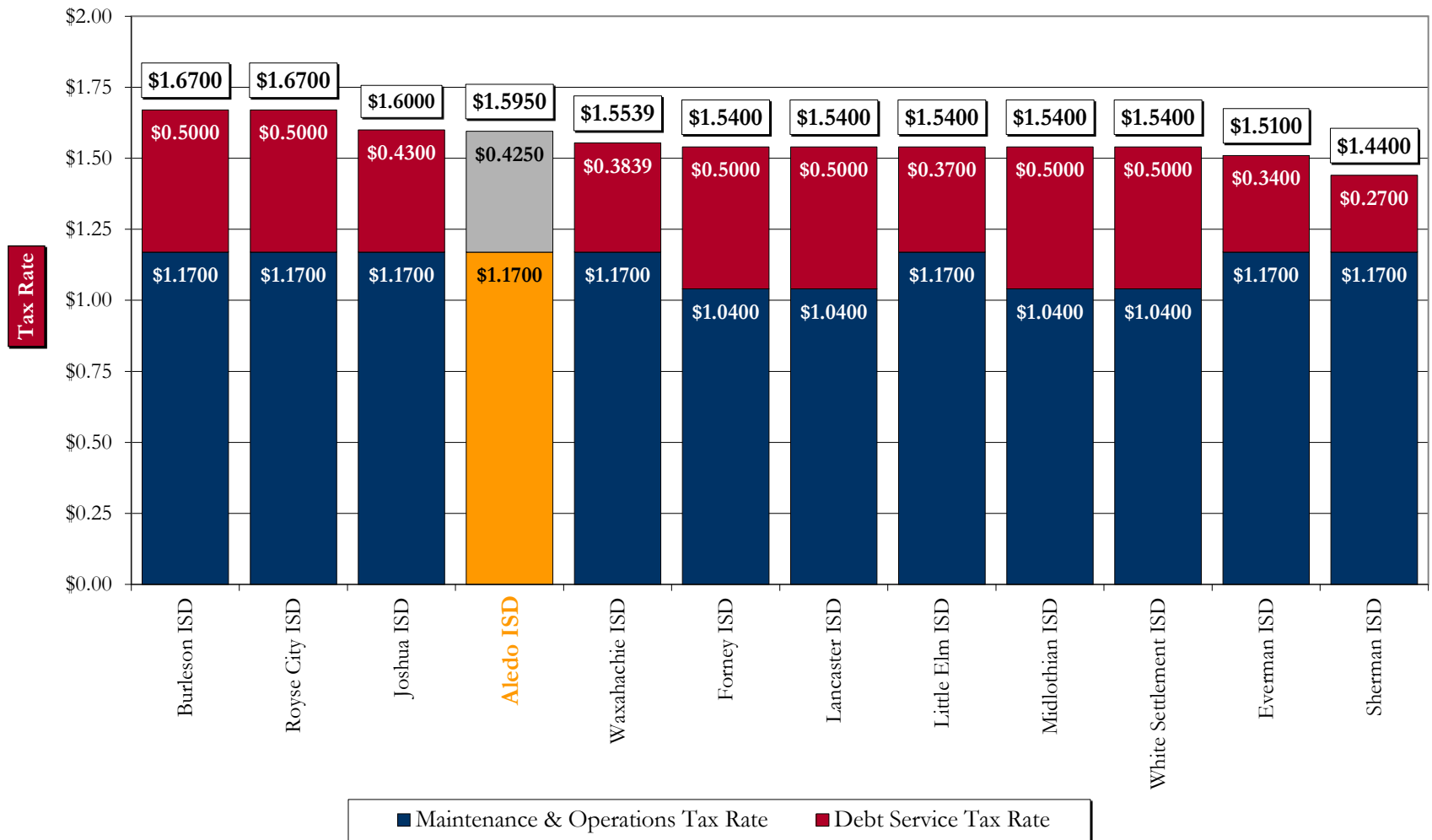
Ranked By Final Bond Repayment Date





Comparison of Certain Texas School Districts – Greater Dallas/Fort Worth Area

Ranked By Total Tax Rate – Year 2017/18





Tax Rate Management and Bond Capacity Considerations

☐ Tax Rate Management Considerations

- Generally speaking, on an annual basis, Aledo ISD's Board of Trustees may either:
 - Adopt the minimum I&S tax rate necessary to service its current year bond payment requirements;
 - Maintain existing or adopt a higher I&S tax rate and prepay bonds; or
 - Any combination of the above.

☐ Bond Capacity Considerations

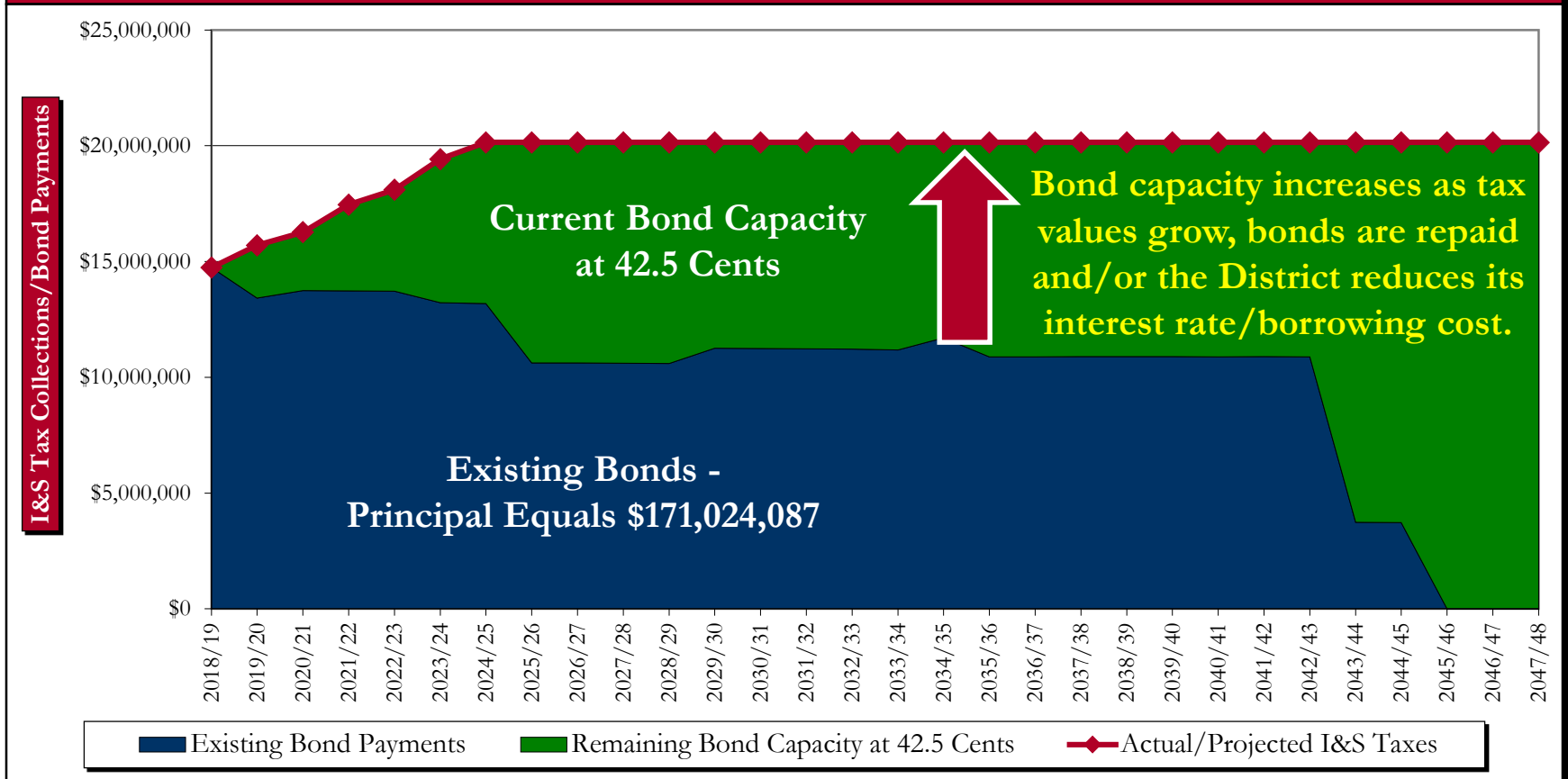
- Pursuant to State law, the District may only issue new bonds to the degree it can demonstrate its I&S tax rate will not exceed 50.0 cents (the so-called State mandated "50-Cent Debt Test").
- However, there is not a limit on the amount of bonds that may be authorized in a bond election.



What is Bond Capacity?

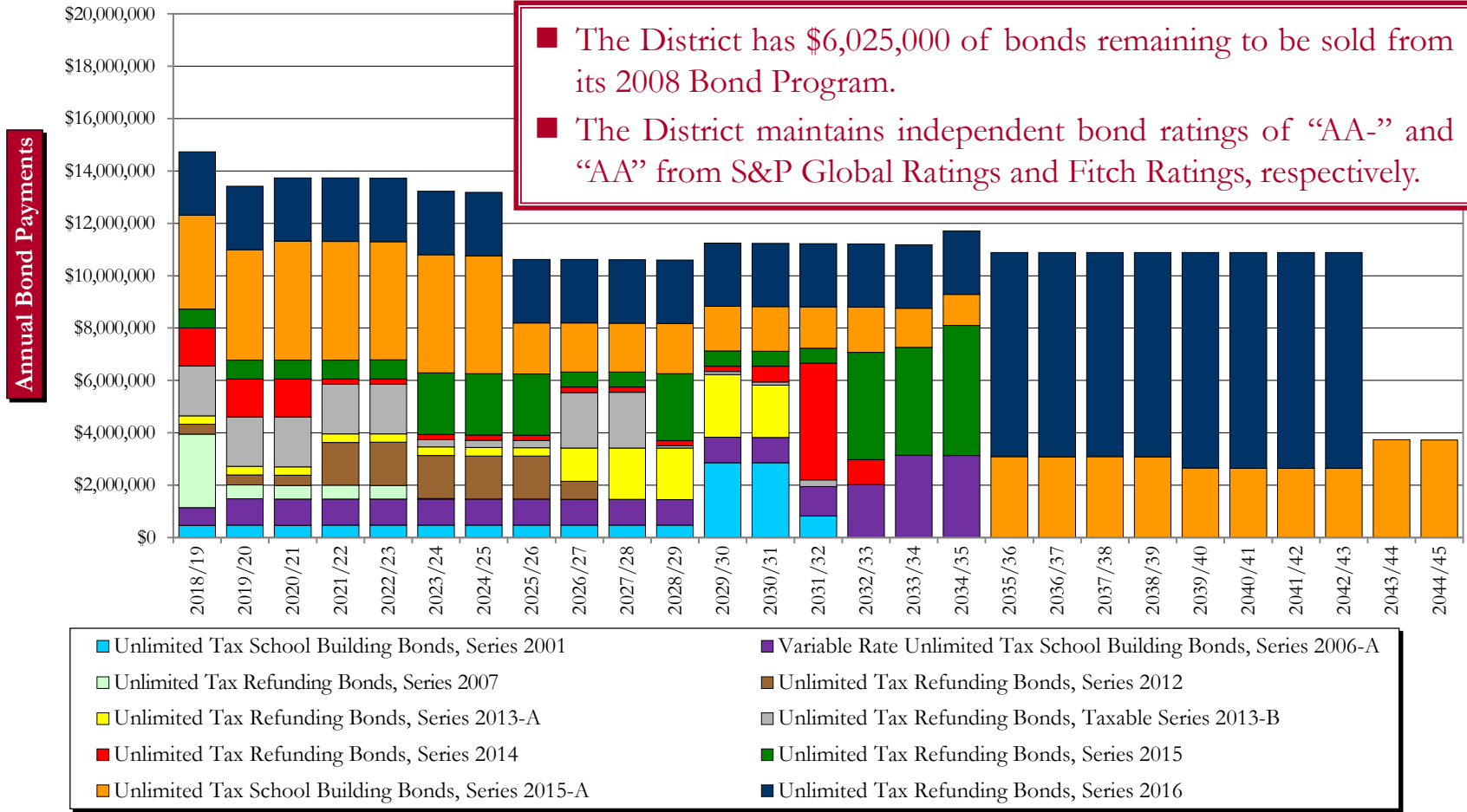
- Bond capacity refers to the District's capacity to issue new bonds in light of the limitations imposed by the State mandated "50-Cent Debt Test" and the District's current I&S tax rate.

Current Bond Capacity – 42.5 Cent I&S Tax Rate





Bond Capacity Factors – Existing Bonds – Debt Service by Series



Note: Assumes a 2.50% coupon rate on the District’s Variable Rate Unlimited Tax School Building Bonds, Series 2006-A through July 31, 2019 and a 5.00% coupon thereafter. Includes a \$2,240,000 redemption of the District’s Unlimited Tax Refunding Bonds, Series 2007 prior to scheduled maturity on February 15, 2019.

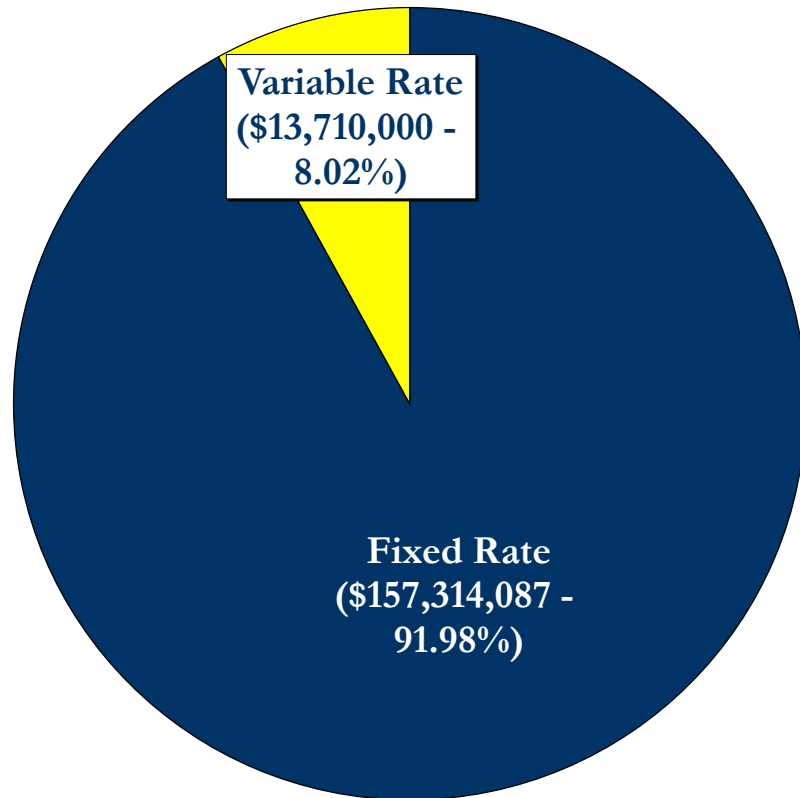
The District has a total principal amount of existing bonds equal to \$171,024,087.



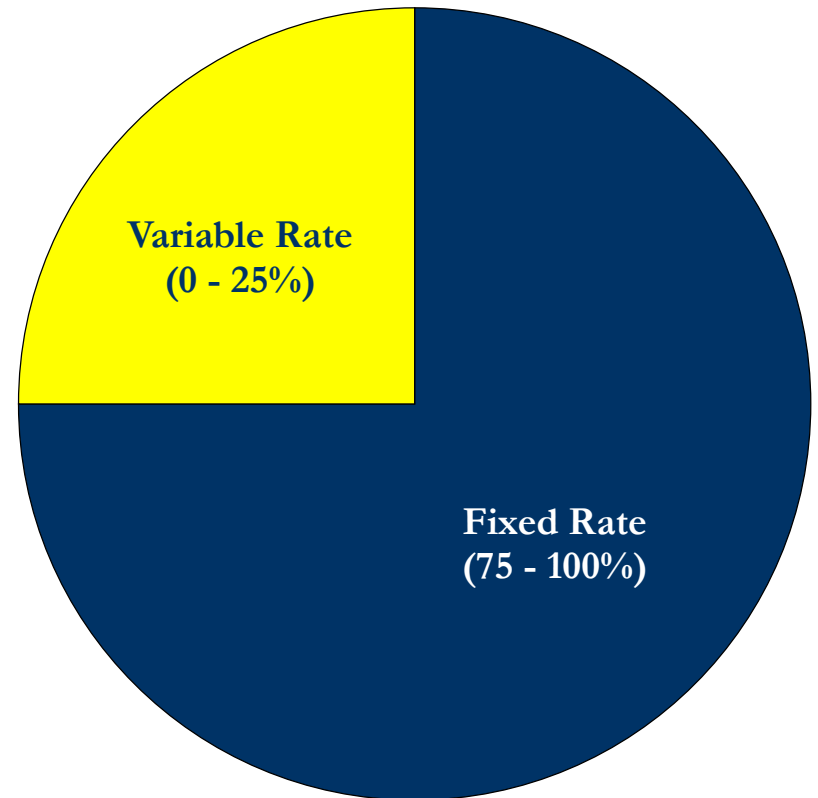
Composition of District's Existing Debt Portfolio

- Variable rate bonds comprise 8.02% of the District's existing debt portfolio, which remains within the expectations of the bond rating agencies and, generally speaking, prudent debt management standards.

Existing Debt Portfolio



Debt Portfolio Acceptable To Rating Agencies





Summary of Outstanding Callable Bonds

- ❑ The District currently has \$136,015,000 of existing bonds eligible to be repaid prior to maturity.
- ❑ As a direct result of “The Tax Cuts and Jobs Act of 2017”, which became law on December 22, 2017, the District may no longer complete a “tax-exempt” refunding of its existing bonds more than 90 days before their respective call dates.
- ❑ As part of the budgeting process, the District may annually determine the dollar amount of bonds to be “prepaid” based upon prevailing circumstances in future years.

Summary of District’s Outstanding Callable Bonds

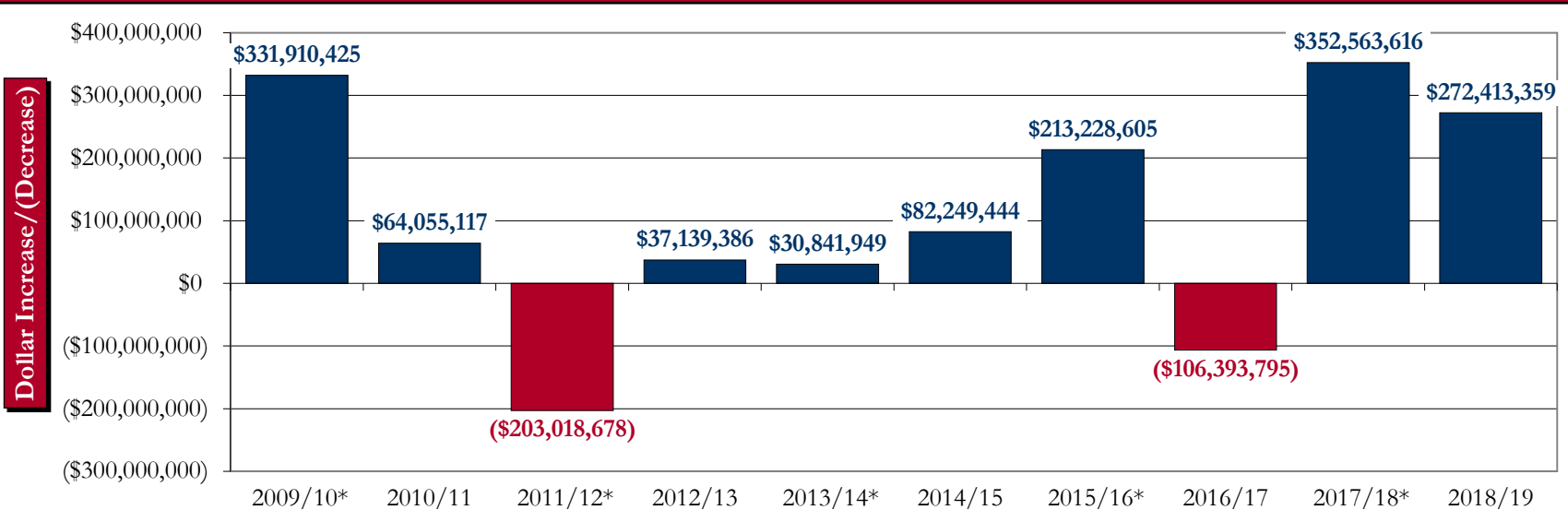
Issue Description	Call Date	Principal Amount Outstanding	Principal Amount Callable	Final Maturity
Variable Rate Unlimited Tax School Building Bonds, Series 2006-A	Any Pmt Date	\$ 13,710,000	\$ 13,710,000	2035
Unlimited Tax Refunding Bonds, Series 2007	Any Date	4,625,000	2,385,000	2024
Unlimited Tax Refunding Bonds, Series 2012	02/15/2022	7,754,913	6,730,000	2027
Unlimited Tax Refunding Bonds, Series 2013-A	02/15/2023	8,790,000	8,580,000	2031
Unlimited Tax Refunding Bonds, Taxable Series 2013-B	02/15/2023	12,675,000	4,970,000	2032
Unlimited Tax Refunding Bonds, Series 2014	02/15/2023	8,920,000	5,675,000	2033
Unlimited Tax Refunding Bonds, Series 2015	02/15/2025	12,315,000	12,230,000	2035
Unlimited Tax School Building Bonds, Series 2015-A	02/15/2025	45,850,000	28,295,000	2045
Unlimited Tax Refunding Bonds, Series 2016	02/15/2026	53,440,000	53,440,000	2043
Unlimited Tax School Building Bonds, Series 2001	Non-Callable	2,944,174	---	2032
Totals	---	\$ 171,024,087	\$ 136,015,000	---



Bond Capacity Factors – Summary of District’s Historical Taxable Assessed Valuation

- ❑ The District’s taxable assessed valuation (net of frozen values) is \$3,135,067,074 for fiscal year 2018/19.
- ❑ The following summarizes certain taxable value growth statistics over the last decade:
 - Maximum tax base increase occurred in Year 2017/18: \$352,563,616;
 - Maximum tax base decline occurred in Year 2011/12: (\$203,018,678); and
 - Average tax base increase last 5 years: \$162,812,246.
 - Average tax base increase last 10 years: \$107,498,943.

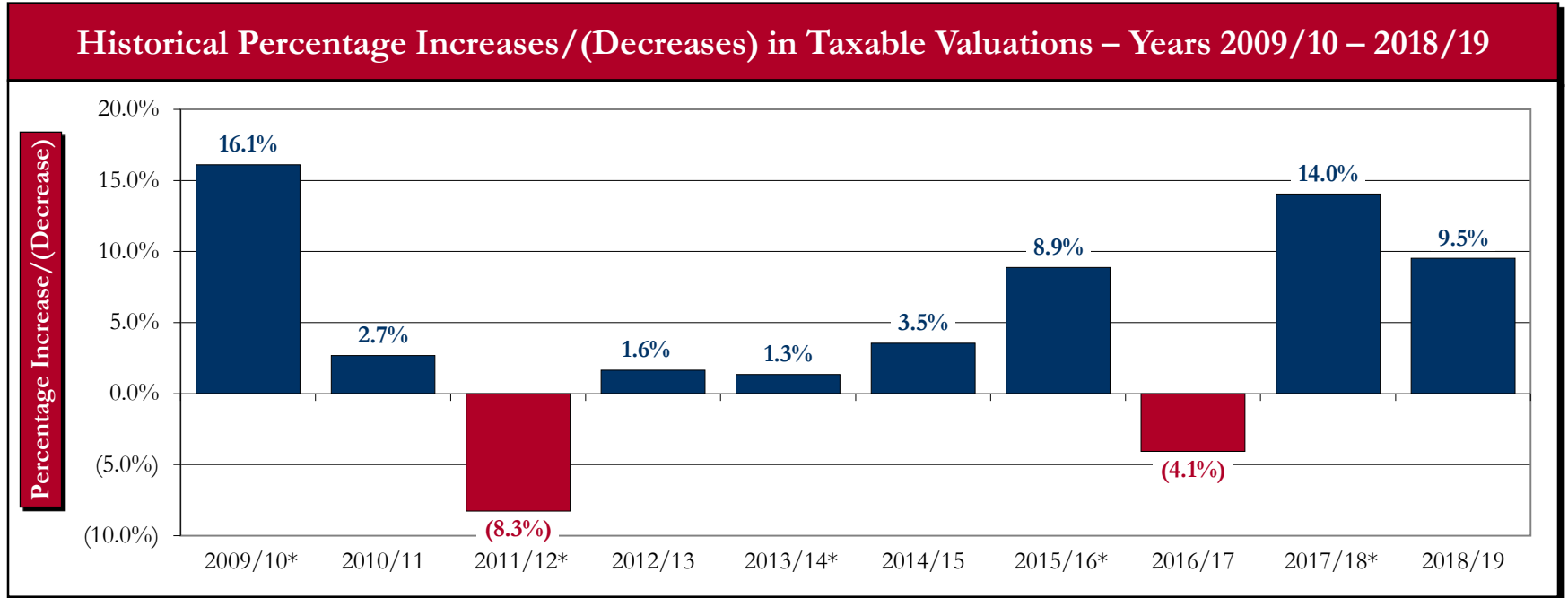
Historical Dollar Increases/(Decreases) in Taxable Valuations – Years 2009/10 – 2018/19





Bond Capacity Factors – Summary of District's Historical Taxable Assessed Valuation

- ❑ The following graph demonstrates percentage taxable value growth over the last decade.



- ❑ Over the last 10 years, the District's average tax base increase has been:

- “Non-Reappraisal Years”: \$69,892,702 or 2.7%; and
- “Reappraisal Years”: \$145,105,183 or 6.4%.



Preliminary Bond Capacity Analysis

The Preliminary Bond Capacity Analysis is based upon the assumptions summarized herein. To the extent the District's actual results differ from the assumptions herein, the financial impact to the District will correspondingly change.

□ Scenarios Presented – Potential New Bond Program

- Determine the District's current bond capacity at a maximum I&S tax rate of **42.5 cents, 45.0 cents, 47.5 cents and 50.0 cents** assuming:
 - ❖ **Moderate TAV Growth:** Taxable values increase by 4% for “Non-Reappraisal” years and 8% for “Reappraisal” years in each of the next 6 years and remain constant thereafter.
 - ❖ **Optimistic TAV Growth:** Taxable values increase by 6% for “Non-Reappraisal” years and 11% for “Reappraisal” years in each of the next 6 years and remain constant thereafter.
- Note: While the District's taxable values may increase in future years, the projected current bond capacity only utilizes 6 years of growth to permit “future growth to fund future bond programs for capital improvements.”



Preliminary Bond Capacity Analysis

□ Assumptions

- The District will prepay a portion of its existing bonds prior to scheduled maturity in year 2019/20 to maintain its current I&S tax rate of 42.5 cents.
- Any I&S tax rate increase for the new bond program will occur in year 2020/21.
- The new bond program is sold at an interest rate of 5.00% (current market rates of interest are approximately 4.25%).
- The bonds will be repaid over 30 years to maximize the District's bond capacity. However, the District will have the flexibility to prepay the bonds prior to scheduled maturity, without penalty.
- The District will not receive any State assistance for the repayment of bonds.



Preliminary Bond Capacity Analysis

- The following summarizes the dollar and percentage growth, on an annual basis and in total, for both the Moderate and Optimistic tax base growth assumptions.

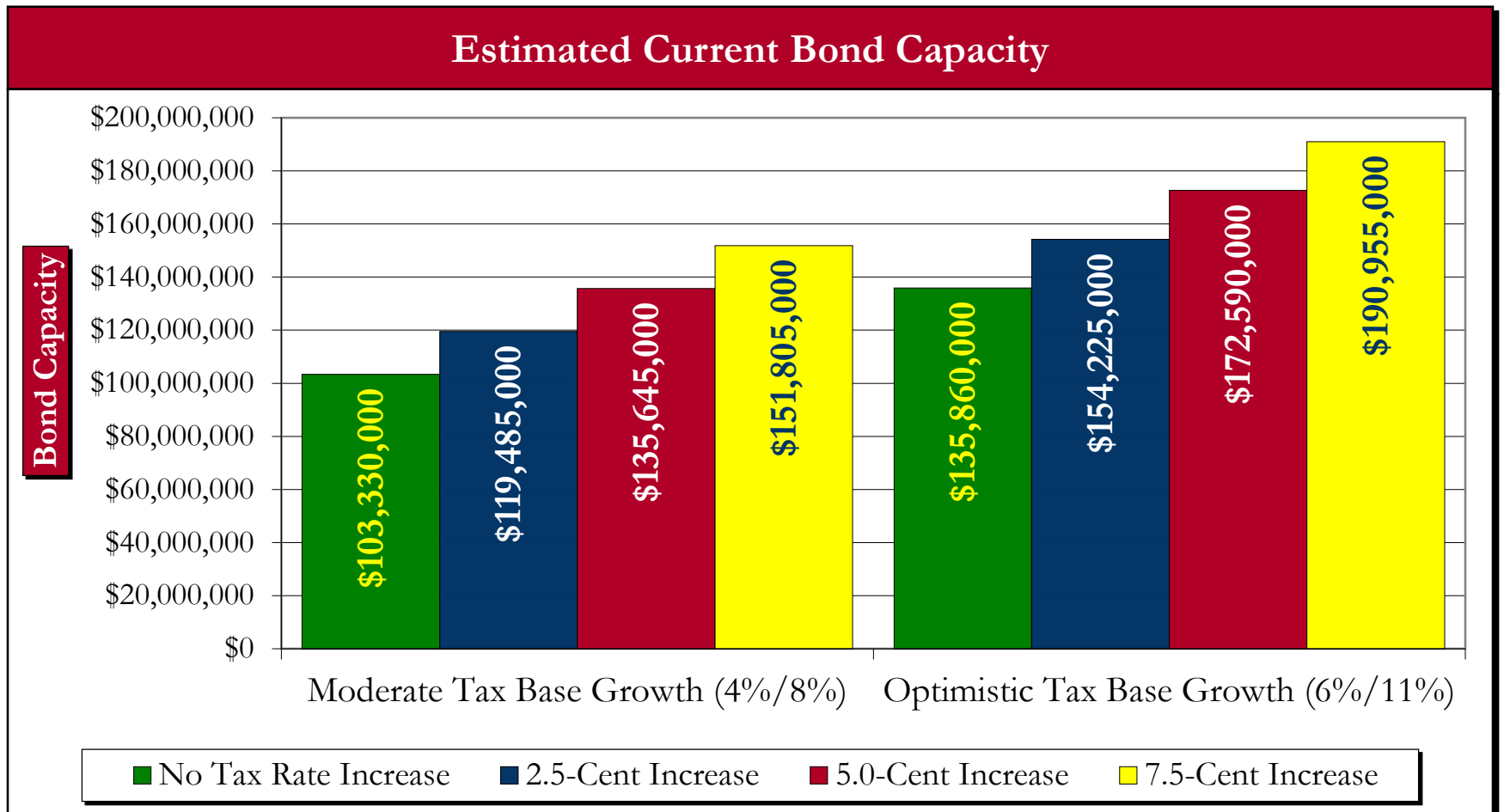
Projected Taxable Values - Moderate and Optimistic Tax Base Growth Scenarios						
A	B	C	D	E	F	G
Fiscal Year	Moderate TAV Growth Assumption			Optimistic TAV Growth Assumption		
	Taxable Value	Dollar Growth	Percentage Growth	Taxable Value	Dollar Growth	Percentage Growth
2018/19	\$ 3,135,067,074	---	---	\$ 3,135,067,074	---	---
2019/20*	3,385,872,440	\$ 250,805,366	8.00%	3,479,924,452	\$ 344,857,378	11.00%
2020/21	3,521,307,338	135,434,898	4.00%	3,688,719,919	208,795,467	6.00%
2021/22*	3,803,011,925	281,704,587	8.00%	4,094,479,110	405,759,191	11.00%
2022/23	3,955,132,402	152,120,477	4.00%	4,340,147,857	245,668,747	6.00%
2023/24*	4,271,542,994	316,410,592	8.00%	4,817,564,121	477,416,264	11.00%
2024/25	4,442,404,714	170,861,720	4.00%	5,106,617,968	289,053,847	6.00%
Totals	---	\$ 1,307,337,640	41.70%	---	\$ 1,971,550,894	62.89%
Average	---	\$ 217,889,607	5.58%	---	\$ 328,591,816	7.97%

*Denotes a "Reappraisal Year".



Preliminary Bond Capacity Analysis

- The following demonstrates the District's estimated bond capacity based upon the scenarios presented herein.





Questions

