

La Porte

INDEPENDENT SCHOOL DISTRICT



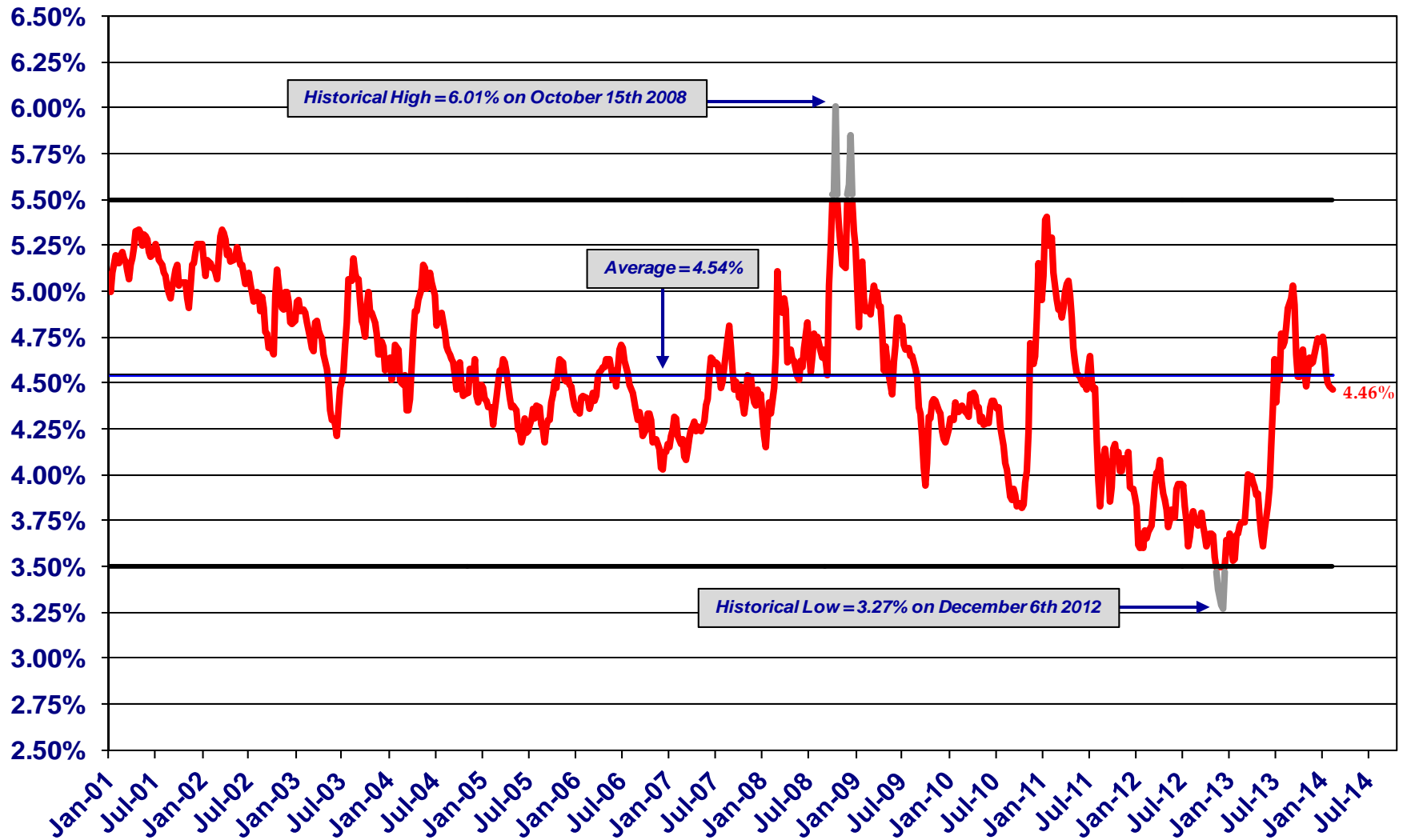
Preliminary Bond Program Information

February 13, 2014

BOND MARKET UPDATE

BOND BUYERS INDEX OF MUNICIPAL BONDS

January 2001 - February 2014



Current Bond Market Conditions

- Permanent School Fund Guaranteed AAA Market

Approximate Yields to Maturity:

1-year = 0.35%

5-year = 1.35%

10-year = 2.95%

15-year = 3.80%

20-year = 4.20%

25-year = 4.50%

30-year = 4.60%

HISTORICAL BOND ELECTION INFORMATION

Texas School Bond Elections

- In the Past 5 Years, there have been 490 Texas School Bond Elections Representing \$22.0 Billion
- Approximately 63% in May and 37% in November
- 89% were Single Proposition
- On Average Approximately 68% Passed All or Part
 - Low Pass % was 49% in November 2010
 - High Pass % was 82% in May 2013

Texas School Bond Elections

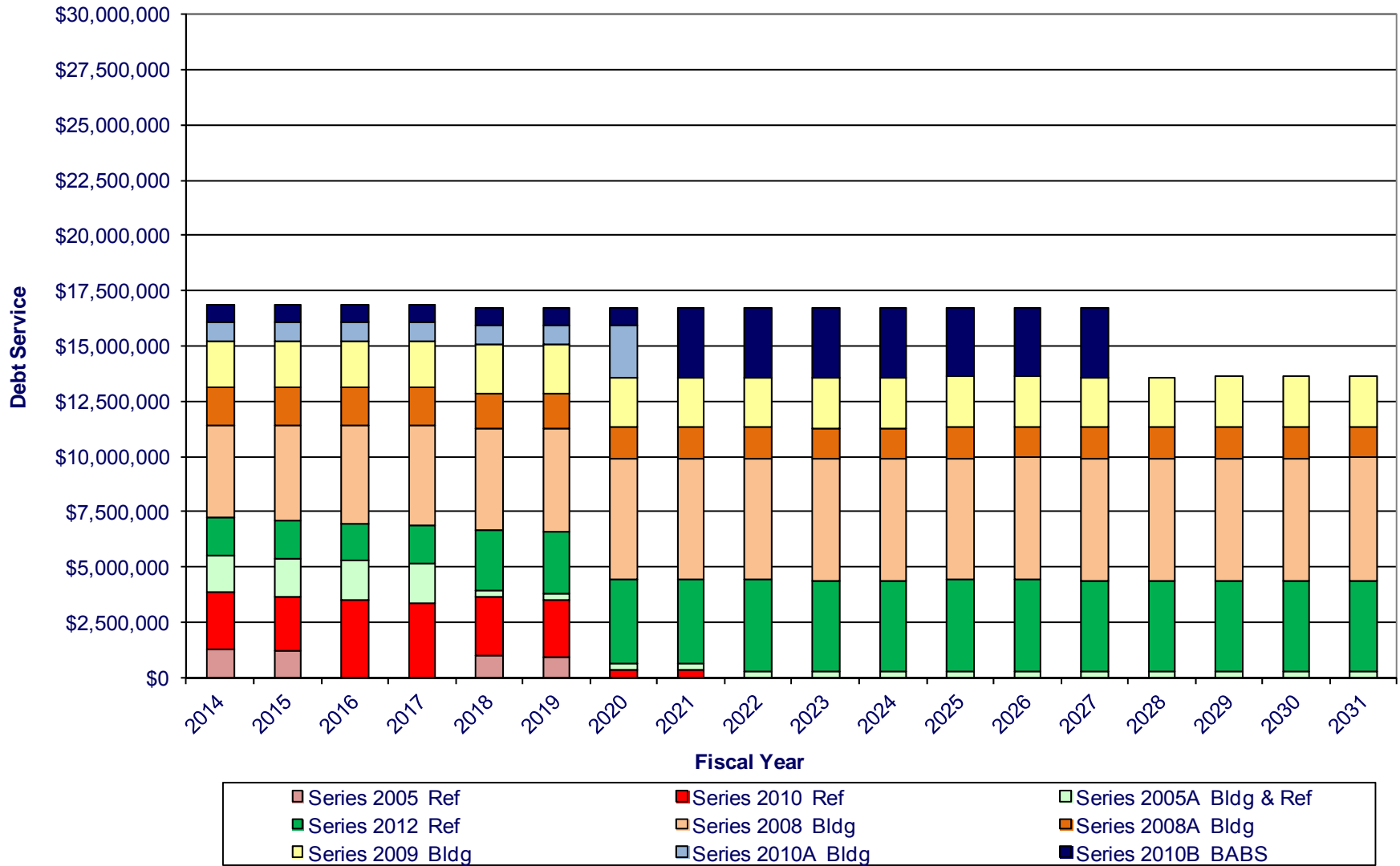
	2013 Texas School Bond Elections	2012 Texas School Bond Elections	2011 Texas School Bond Elections	2010 Texas School Bond Elections	2009 Texas School Bond Elections
Total Number of Elections	138	67	94	110	81
Dollar Volume of Elections	7.32 Billion	3.71 Billion	3.94 Billion	4.59 Billion	2.44 Billion
Number of May Elections	82 (59%)	43 (64%)	63 (67%)	69 (63%)	50 (62%)
Successful May Elections	67 (82%)	35 (81%)	46 (73%)	42 (61%)	34 (68%)
Number of November Elections	56 (41%)	24 (36%)	31 (33%)	41 (37%)	31 (38%)
Successful November Elections	35 (63%)	17 (71%)	18 (58%)	20 (49%)	21 (68%)

Historical LPISD Bond Election Results

(1)	(2)	(3)	(4)	
<u>Date</u>	<u>Amount</u>	<u>Propositions</u>	<u>Vote Count</u>	
			<u>For</u>	<u>Against</u>
October 5, 1996	\$ 66,800,000	-	-	-
September 16, 2000	\$ 12,500,000	1. Mtn Expenses	636	267
	2,500,000	2. Buses	648	249
	<u>5,000,000</u>	3. Technology	<u>601</u>	<u>291</u>
	\$ 20,000,000		1,885	807
October 8, 2005	\$ 107,115,000	1. School Building	1,021	254
	70,410,000	2. Renovations	1,001	286
	<u>25,660,000</u>	3. Future Improvements	<u>871</u>	<u>417</u>
	\$ 203,185,000		2,893	957

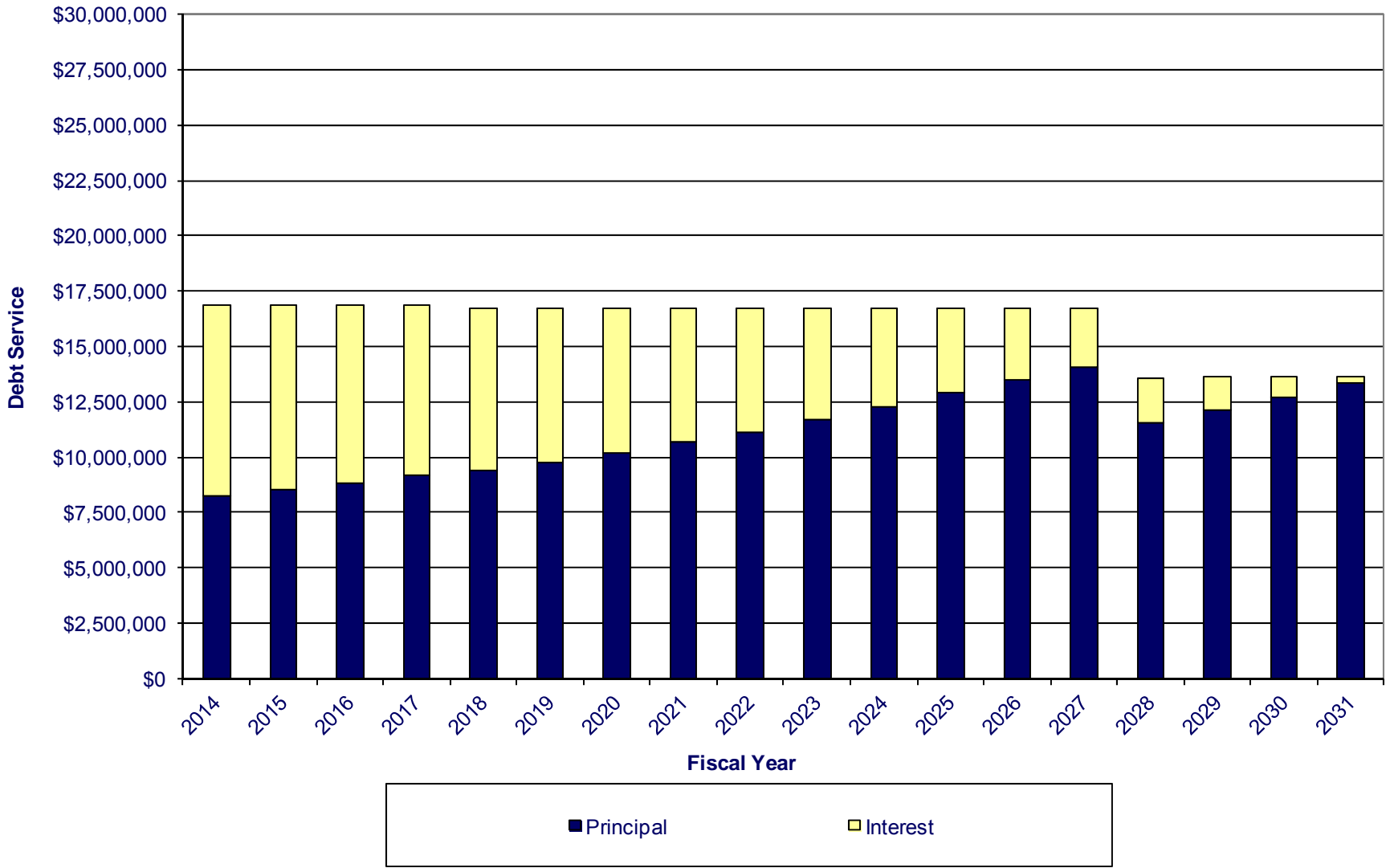
OUTSTANDING DEBT SERVICE

LA PORTE INDEPENDENT SCHOOL DISTRICT Outstanding Debt Service



LA PORTE INDEPENDENT SCHOOL DISTRICT

Principal & Interest



Bond Rating Categories

Moody's		Standard & Poor's		Rating Description
Rating	Count	Rating	Count	
Aaa	7	AAA	-	Prime
Aa1	15	AA+	13	High Investment Grade
Aa2	69	AA	45	
Aa3	59	AA-	76	
A1	163	A+	233	Medium Investment Grade
A2	52	A	100	
A3	20	A-	10	
Baa1	43	BBB+	3	Low Investment Grade
Baa2	11	BBB	3	
Baa3	11	BBB-	2	
Total	450	Total	485	

LPISD Bond Ratings

- AAA/Aaa Based Upon the Permanent School Fund Guarantee

- Standard & Poor's Underlying Rating – “AA”
 - Affirmed in 2012
 - Last Rating Report is from the Series 2012 Bonds where the Analyst Cites
 - Access to Houston's Deep Economic and Employment Bases
 - Strong Wealth and Income Levels
 - Strong General Fund Reserves
 - Sound Financial Management

- Moody's Underlying Rating – “Aa2”
 - Recalibrated in 2010
 - Last Rating Report is from the Series 2009 Bonds where the Analyst Cites
 - Large Tax Base with Significant Petro-Chemical Concentration
 - Satisfactory Financial Reserves
 - Manageable Debt Profile

HISTORICAL STATISTICS

Historical Net Taxable Value

(1)	(2)	(3)	(4)
Fiscal Year Ending	Net Taxable Value	(%) Taxable Value Growth	(Amount) Taxable Value Growth
2006/07	\$ 4,954,967,615		
2007/08	\$ 5,511,281,641	11.23%	\$ 556,314,026
2008/09	\$ 5,934,180,294	7.67%	\$ 422,898,653
2009/10	\$ 5,946,864,697	0.21%	\$ 12,684,403
2010/11	\$ 5,735,935,973	-3.55%	\$ (210,928,724)
2011/12	\$ 5,918,422,059	3.18%	\$ 182,486,086
2012/13	\$ 6,154,968,188	4.00%	\$ 236,546,129
2013/14	\$ 6,757,132,756	9.78%	\$ 602,164,568

Average Daily Attendance & Wealth Per ADA

(1)	(2)	(3)	(4)	(5)	(6)
Fiscal Year Ending	ADA	ADA Growth	CPTD Comptroller Value	CPTD Growth	Wealth per ADA
2006/07	7,346		\$ 4,710,367,784		\$ 64.13
2007/08	7,441	1.30%	\$ 5,136,213,388	9.04%	\$ 69.03
2008/09	7,590	2.01%	\$ 5,582,250,378	8.68%	\$ 73.54
2009/10	7,270	-4.22%	\$ 6,149,994,519	10.17%	\$ 84.60
2010/11	7,236	-0.47%	\$ 6,149,593,891	-0.01%	\$ 84.99
2011/12	7,262	0.36%	\$ 5,977,113,370	-2.80%	\$ 82.31
2012/13	7,218	-0.60%	\$ 6,104,767,259	2.14%	\$ 84.58
2013/14	7,171	-0.64%	\$ 6,403,342,084	4.89%	\$ 89.29

Historical Tax Rates & Fund Balances

(1)	(2)	(3)	(4)	(5)	(6)	(7)
<u>Fiscal Year Ending</u>	<u>M&O Tax Rate</u>	<u>I&S Tax Rate</u>	<u>Total Tax Rate</u>	<u>I&S Fund Balance (June 30)</u>	<u>General Fund Balance (June 30)</u>	<u>% of Exp</u>
2006/07	\$ 1.3700	\$ 0.2650	\$ 1.6350	\$ 4,704,331	\$27,612,881	38%
2007/08	\$ 1.0400	\$ 0.2650	\$ 1.3050	\$ 7,708,196	\$27,789,461	36%
2008/09	\$ 1.0400	\$ 0.2850	\$ 1.3250	\$ 9,860,701	\$26,203,071	32%
2009/10	\$ 1.0400	\$ 0.2850	\$ 1.3250	\$ 11,314,332	\$26,855,610	35%
2010/11	\$ 1.0400	\$ 0.2850	\$ 1.3250	\$ 10,956,433	\$23,812,470	31%
2011/12	\$ 1.0400	\$ 0.3150	\$ 1.3550	\$ 5,284,442	\$35,187,821	47%
2012/13	\$ 1.0400	\$ 0.2900	\$ 1.3300	\$ 6,407,019	\$33,194,397	44%
2013/14	\$ 1.0400	\$ 0.2900	\$ 1.3300			

PRELIMINARY BOND PROGRAM ANALYSIS

Preliminary Bond Program Analysis

Scenarios Presented

- **Scenario 1: \$207,000,000 Facility and Capital Improvement Program**

- \$147,000,000 for Long-Term Facility Improvements
= \$59 Million in 2014 / \$44 Million in 2015 / \$44 Million in 2016
- \$ 60,000,000 for Medium-Term Capital Improvements
= \$6 Million Per Year for 10 Years Beginning in 2014

- **Scenario 2: \$237,000,000 Facility and Capital Improvement Program**

- \$177,000,000 for Long-Term Facility Improvements
= \$71 Million in 2014 / \$53 Million in 2015 / \$53 Million in 2016
- \$ 60,000,000 for Medium-Term Capital Improvements
= \$6 Million Per Year for 10 Years Beginning in 2014

Preliminary Bond Program Analysis

Conservative Assumptions

- Taxable Value – Assumes a Baseline of \$6.5 Billion + Projected 313 Agreement Values
Combined Value Reduced \$500 Million for Conservatism
Built-In Depreciation for the 313 Projects
- Amortization – Assumed to be 25 Years or Less for Long-Term Facility Improvements
Assumed to be 15 Years or Less for Medium-Term Capital Improvements
- Interest Rate – Assumed to be 4.75% for Long-Term Facility Improvements
Assumed to be 4.00% for Medium-Term Capital Improvements
- Tax Collection % – Assumed to be 98%

Preliminary Bond Program Analysis

Results of Analysis

- **Scenario 1: \$207,000,000 Facility and Capital Improvement Program**

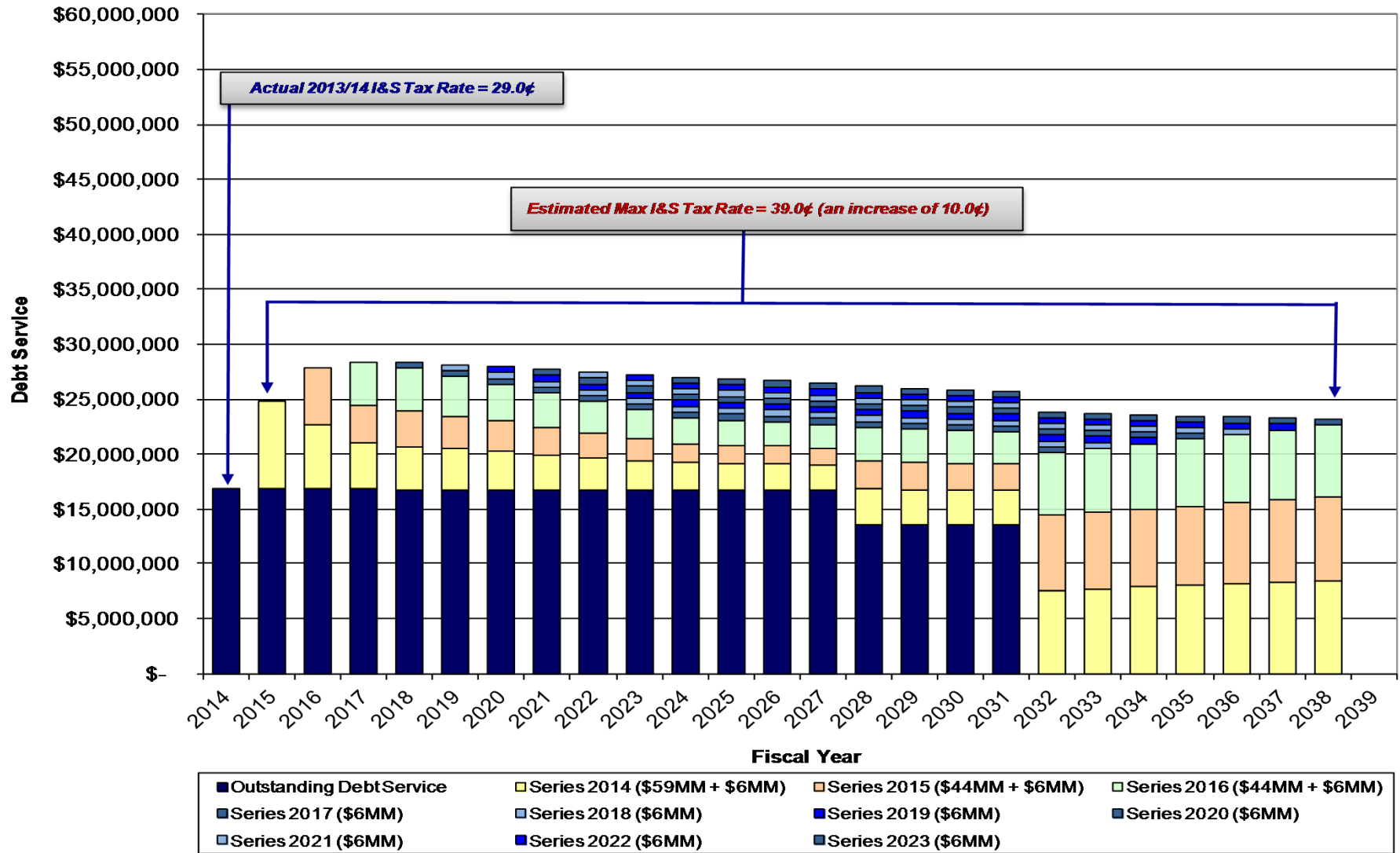
(1)	(2)	(3)
Actual 2013/14 I&S Tax Rate	Estimated I&S Tax Rate Increase	Estimated 2014/15 I&S Tax Rate
29.0¢	10.0¢	39.0¢

- **Scenario 2: \$237,000,000 Facility and Capital Improvement Program**

(1)	(2)	(3)
Actual 2013/14 I&S Tax Rate	Estimated I&S Tax Rate Increase	Estimated 2014/15 I&S Tax Rate
29.0¢	12.0¢	41.0¢

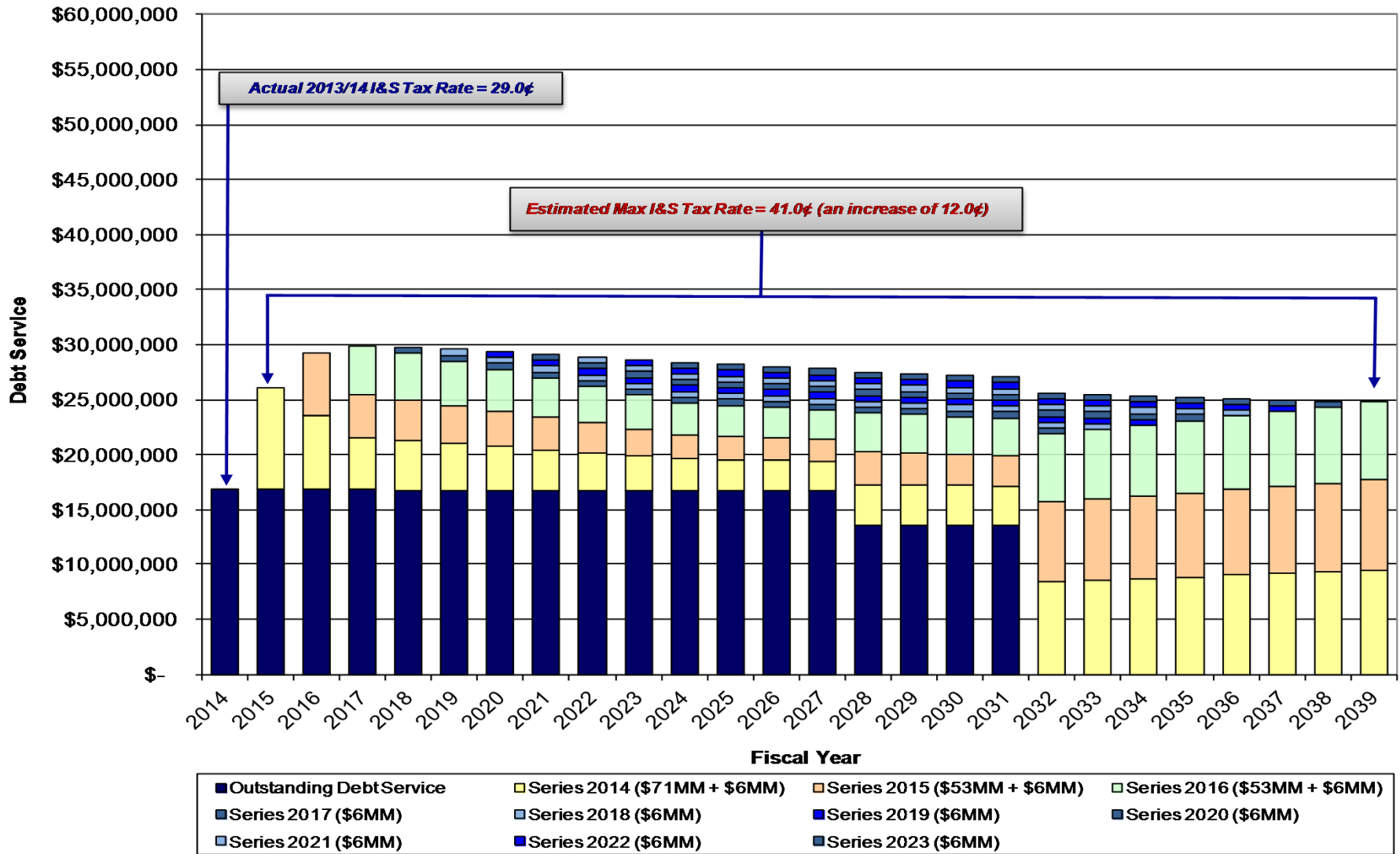
Preliminary Bond Program Analysis

Scenario 1: \$207,000,000 Facility and Capital Improvement Program



Preliminary Bond Program Analysis

Scenario 2: \$237,000,000 Facility and Capital Improvement Program



Tax Impact Chart

Cost to Homeowner of a 10.0¢ Increase			
Scenario 1: \$207,000,000 Facility and Capital Improvement Program			
Home Value Before Exemptions	Home Value After \$15,000 State & Local Option 20% Exemptions	Projected Annual Tax Increase	Projected Monthly Tax Increase
\$50,000	\$25,000	\$25.00	\$2.08
75,000	45,000	45.00	3.75
100,000	65,000	65.00	5.42
125,000	85,000	85.00	7.08
150,000	105,000	105.00	8.75
175,000	125,000	125.00	10.42
200,000	145,000	145.00	12.08
225,000	165,000	165.00	13.75
250,000	185,000	185.00	15.42
275,000	205,000	205.00	17.08
300,000	225,000	225.00	18.75
No Tax Increase above the frozen level on the Homestead of Taxpayers 65 years of age and older who have applied for and received the Age 65 Freeze			

Tax Impact Chart

Cost to Homeowner of a 12.0¢ Increase			
Scenario 2: \$237,000,000 Facility and Capital Improvement Program			
Home Value Before Exemptions	Home Value After \$15,000 State & Local Option 20% Exemptions	Projected Annual Tax Increase	Projected Monthly Tax Increase
\$50,000	\$25,000	\$30.00	\$2.50
75,000	45,000	54.00	4.50
100,000	65,000	78.00	6.50
125,000	85,000	102.00	8.50
150,000	105,000	126.00	10.50
175,000	125,000	150.00	12.50
200,000	145,000	174.00	14.50
225,000	165,000	198.00	16.50
250,000	185,000	222.00	18.50
275,000	205,000	246.00	20.50
300,000	225,000	270.00	22.50
No Tax Increase above the frozen level on the Homestead of Taxpayers 65 years of age and older who have applied for and received the Age 65 Freeze			

**TEXAS SCHOOL DISTRICT
CONSIDERATIONS FOR
FACILITY NEEDS & BONDS**

Texas School District Considerations for Facility Needs & Bonds

- Public Finance versus Personal Finance
 - Today's Taxpayers versus Tomorrow's Taxpayers
 - Personal Life Cycle
- State Law
 - M&O Rate versus I&S Rate
 - Recapture Payments
 - 313 Agreements
- Options When Have Facility Needs
 - Not Build and Put the Facility Burden On the Next Generation
 - Accumulate Cash??? Small Projects / Short Term Plan???
 - Finance with Bonds
 - Higher Tax Rate, Shorter Payback Period
 - Lower Tax Rate, Higher Payback Period
 - Balance

PRELIMINARY BOND ELECTION TIMETABLE

Preliminary Bond Election Timetable

- May 10, 2014
 - Board Action to Call for the Bond Election
 - On or Before February 28th
 - Early Voting
 - April 28th through May 6th
 - Bond Election
 - May 10, 2014
 - Canvass Bond Election Results
 - May 13th through May 21st
 - 30-Day Contest Period
 - 30 Days from the date the Board Canvasses the Bond Election Results
 - Sell the Bonds
 - Mid-July through Mid-August