

Overview of Bond Capacity

Monday, February 13, 2017



Summary of District's Tax Rates & Stated Mandated "50.0 Cent Debt Test"

- ❑ Each year Midlothian Independent School District's (the "District") Board of Trustees is required to set two separate tax rates:
 - **Maintenance & Operations ("M&O") Tax Rate:** Used for the "day-to-day" operational expenses of a school district including teacher salaries, instructional programs, instructional supplies, utilities, security, student transportation, extracurricular activities, facilities maintenance/infrastructure, etc.; and
 - **Interest & Sinking Fund ("I&S") Tax Rate:** Used for annual debt service requirements of bonds approved by voters.
- ❑ For fiscal year 2016/17, Midlothian ISD's M&O tax rate is \$1.04 and its I&S tax rate is \$0.50 – equaling a total tax rate of \$1.54.

$$\begin{array}{ccccc} \boxed{\text{M\&O Tax Rate =}} & & \boxed{\text{I\&S Tax Rate =}} & & \boxed{\text{Total Tax Rate =}} \\ \boxed{\$1.04} & + & \boxed{\$0.50} & = & \boxed{\$1.54} \end{array}$$

- ❑ **State Mandated "50.0 Cent Debt Test":** 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. However, there is not a limit on the amount of bonds that may be authorized in a bond election.



Savings from Bond Refundings and Prepayment of Bonds

- Over the last 7-years, the District has strategically and prudently implemented 6 refunding programs and prepaid \$4.98 million of existing bonds, generating more than \$25.2 million of savings for taxpayers.

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

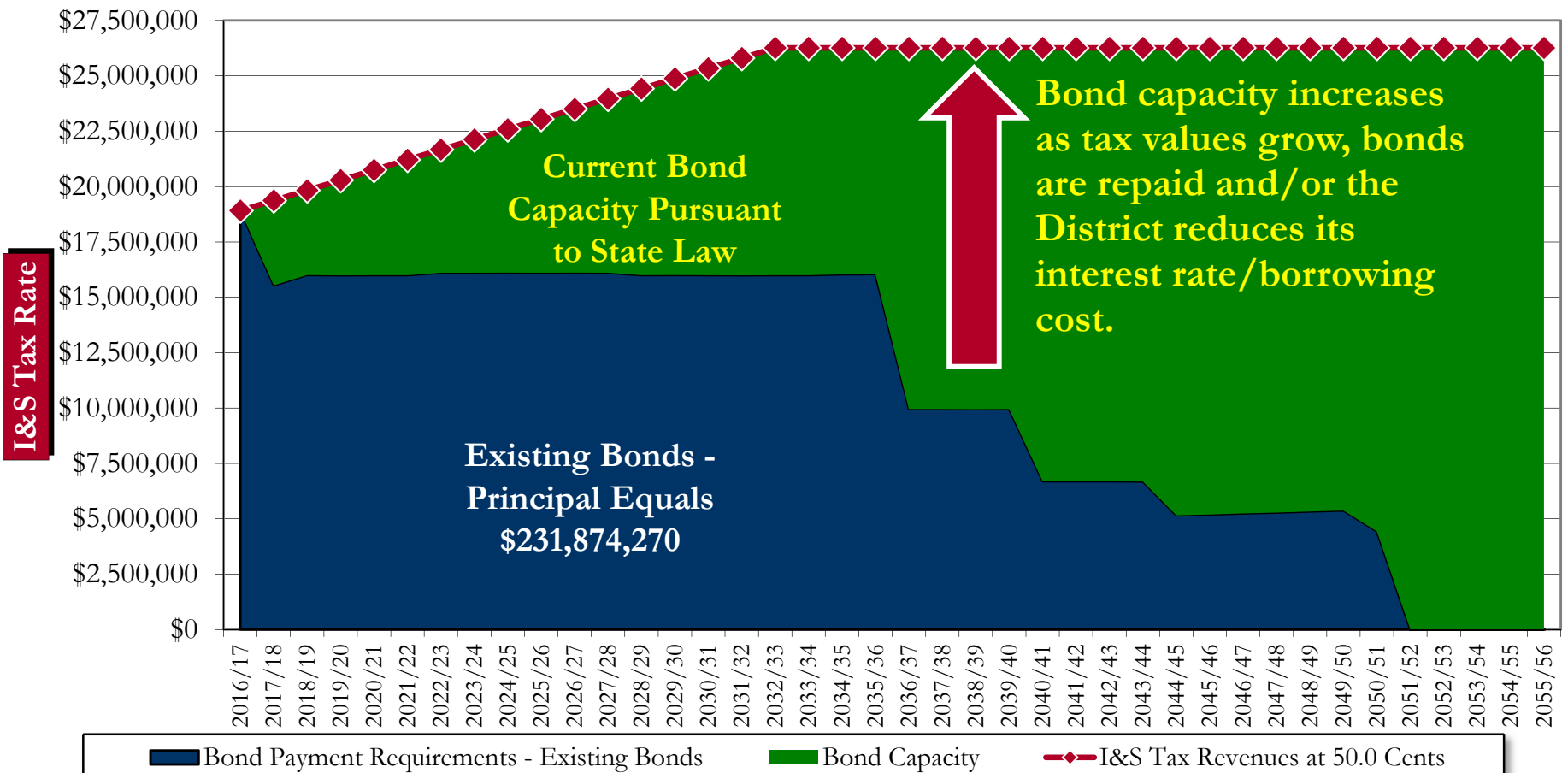
Issue	Series Refunded	Principal Amount Refunded	Total Savings
Unlimited Tax Refunding Bonds, Series 2010	1999, 2002A, 2002B & 2004	\$ 51,989,575	\$ 4,695,827
Unlimited Tax Refunding Bonds, Series 2011-C	2002A, 2002B & 2004	5,811,437	1,090,308
Unlimited Tax Refunding Bonds, Series 2012	2004 & 2005	7,259,431	1,857,643
Unlimited Tax Refunding Bonds, Series 2013-A	2005 & 2006	56,357,656	9,989,146
Unlimited Tax Refunding Bonds, Taxable Series 2013-B	2004, 2004A & 2005	13,050,569	1,441,304
Unlimited Tax Refunding Bonds, Series 2014-A	2005	9,302,344	2,663,127
Prepayment of Bonds – February 2016	2006	1,545,000	1,042,850
Prepayment of Bonds – February 2017	2008 & 2013-C	3,435,000	2,481,325
Totals	---	\$ 148,751,012	\$ 25,261,530



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 "50.0 Cent Debt Test."

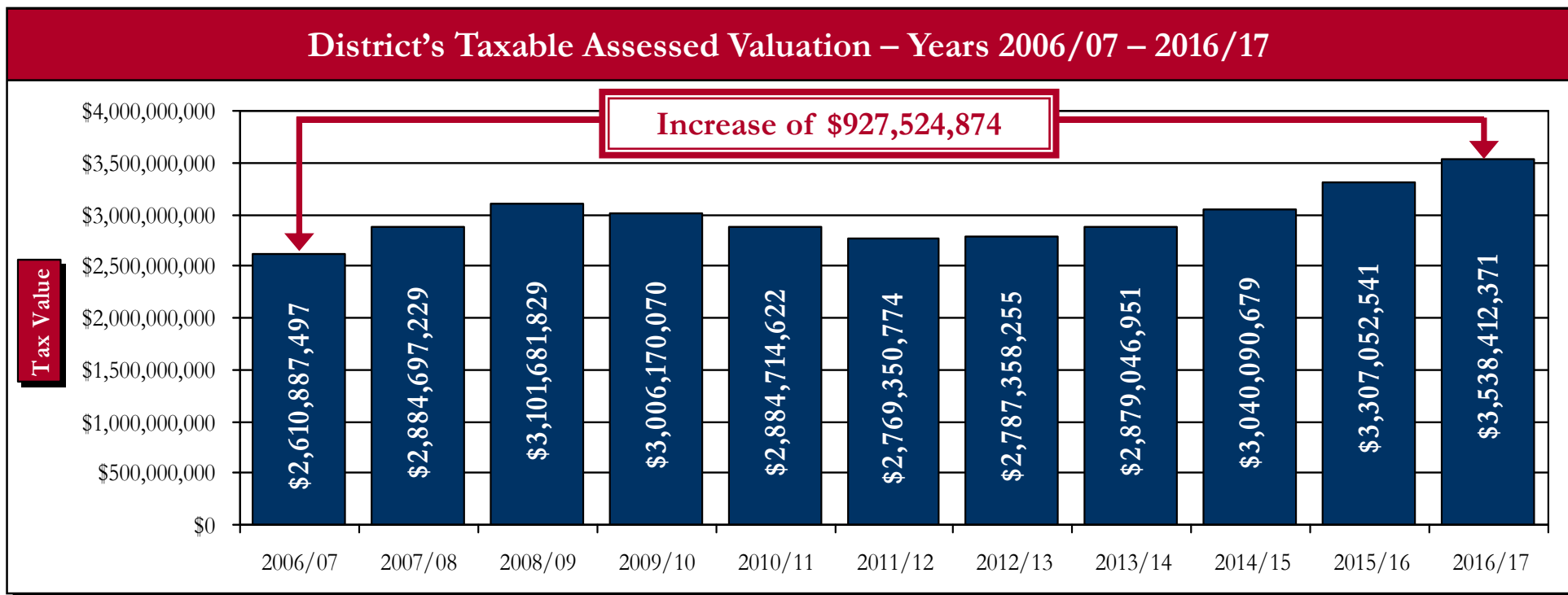
Bond Capacity





Primary Bond Capacity Factor – District's Taxable Assessed Valuation

- ❑ The value of the District's tax base is a primary factor impacting the District's bond capacity – As this determines the annual revenues generated from the District's I&S tax rate.
- Over the last decade, the District's taxable values have increased as follows:
 - ❖ Maximum tax base increase occurred in Year 2007/08: \$273,809,732;
 - ❖ Average tax base increase last 5-years: \$153,812,319; and
 - ❖ Average tax base increase last 10-years: \$92,752,487.

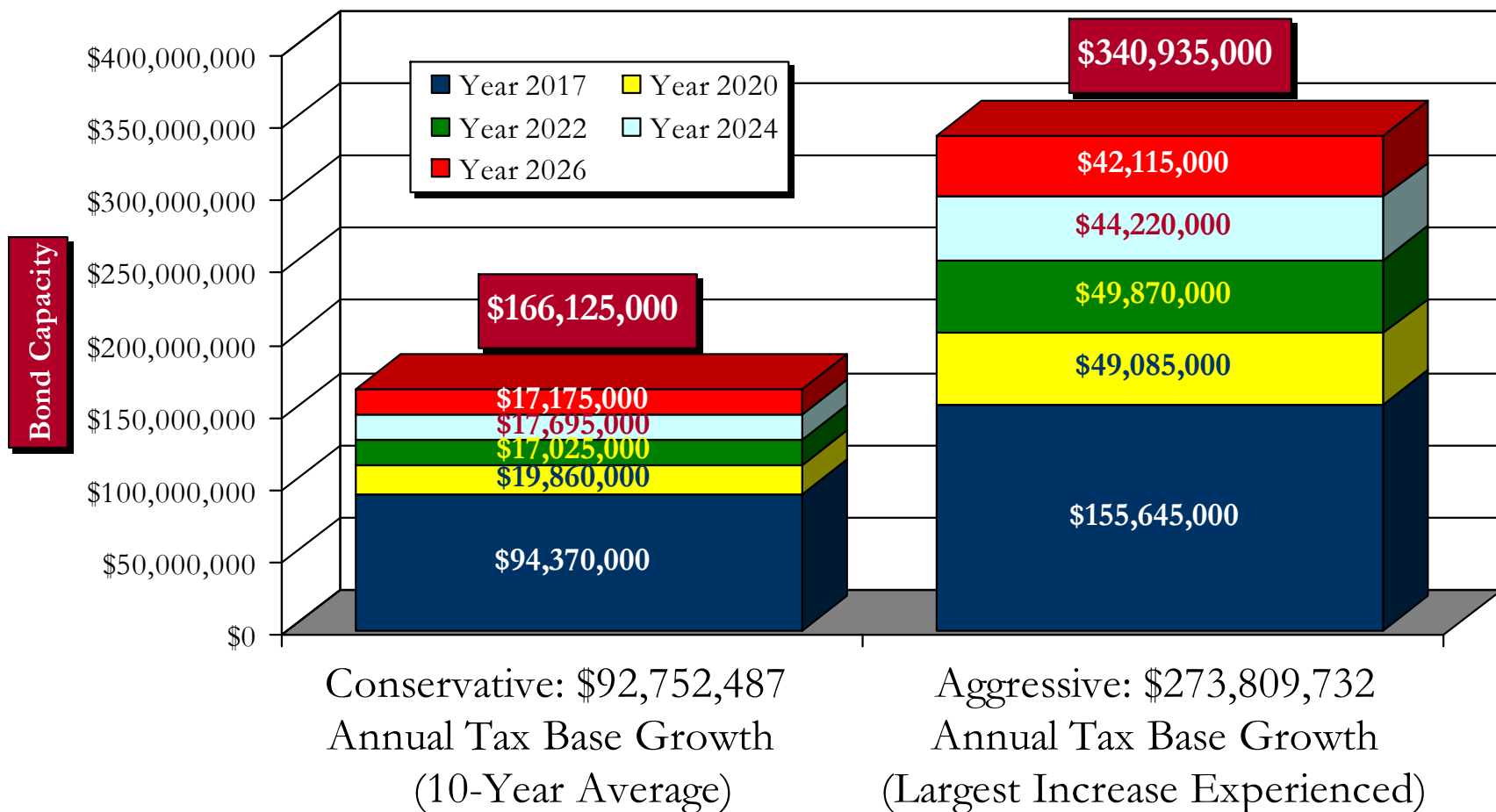




Bond Capacity

- ❑ In November 2016, voters approved the District's \$268,000,000 bond program.
- ❑ The following demonstrates the District's bond capacity pursuant to State law based upon both a Conservative and Aggressive tax base growth assumption.

Bond Capacity – Next 10-Years





Current Financing Plan – 2016 Bond Program

- ❑ Given the District's future taxable values are unknown and the 50.0 cent debt limit imposed by the State, the District will implement the 2016 Bond Program over time.
- ❑ The current financing plan calls for bond sales in years 2017 and 2018 to fund the initial capital projects included within the 2016 Bond Program:
 - February/March 2017 – Sale of \$68.0 million of bonds.
 - Year 2018 – Sale of \$67.0 million of bonds.
- ❑ Upon completion of the bond sales in years 2017 and 2018, the District will have \$133.0 million of authorized but unissued bonds remaining from the 2016 Bond Program. The timing of future bond sales will be based upon the District's future taxable values and school facility needs.



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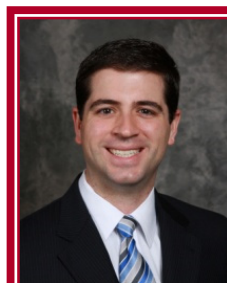
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