

Report on the 2023 - 2024 Proposed Tax Rate and Proposed Cash Defeasance

Board of Trustees Meeting
July 25, 2023



On Track...to 2023-2024 Tax Rate Adoption

**Certified Property
Value Roll received
from Tarrant
Appraisal District**

July 25

Aug 1

**Deadline for
FWISD to
publish
proposed
tax rate**

Aug 11

Aug 22

**Texas Education
Agency submission
deadline for
“Compressed Tax Rate”
for all Texas Public
Schools**

**Date for the Board
to consider and
adopt tax rate for
the 2023-2024
fiscal year**



Property Values and Tax Rate Highlights

- Revenue used to calculate property tax collections to Local General Fund and Debt Service Fund is based on estimated net taxable property values.
- Estimated net taxable property value is based on Appraisal Roll from the Tarrant County Appraisal District. Certified property values were received on July 24, 2023; the estimated net taxable property value initially used to calculate local property tax revenue was provided.
 - **The Current Tax Rate is \$1.2816 per \$100 of valuation**
 - **Maintenance & Operations Tax Rate = \$.9896**
 - **Interest & Sinking Tax Rate = \$.2920**
- The Final 2023-2024 Tax Rate will be adopted at the August 22, 2023 Board of Education Board Meeting.

Here's what we know...

- Due to timing of legislative decisions (specifically, Senate Bill (SB) 2, 88th Texas Legislature, Second Called Session), the official Local Property Value Survey (LPVS) application will calculate MCRs under Regular session (88th R) law only. The information below also assumes SB 2 (88th SS #2) will be signed by the Governor, enacted, and then approved by voters in November. If voters approve the increased homestead exemption, the state certified "T2" values will reflect the \$100,000 exemption and will be incorporated into the Summary of Finances (SOF) reports in February 2024.

TY 2023 State MCR: $0.8941 \times (1.025 \div 1.0443) - 0.0825 = \$0.7950 - \$0.1070 = \0.6880

- If SB 2 (88th SS #2) is signed by the Governor and is enacted, **Tier One MCRs for TY 2023 will range from \$0.6880 (max) to \$0.6192 (90% floor)**. As a result, the maximum M&O rate for the 2023 tax year would be \$0.8580 (\$0.6880 + \$0.17).

Important note: Includes M&O hold harmless provisions for school districts and includes I&S hold harmless for the homestead increase for debt that is EDA-eligible as of September 1, 2023 or authorized by the voters but not yet issued as of September 1, 2023, that later becomes EDA-eligible.

Don't Adopt Your Tax Rate Just Yet!

Districts should wait to proceed with tax rate adoption until the TEA publishes preliminary MCRs on or before August 5th. If an appeal is requested, then districts should wait to receive from TEA a final MCR determination before proceeding with tax rate adoption.

As a reminder, a lower MCR does not impact your district's total FSP entitlement, but rather shifts funding between the state and local share, as Tier One tax compression does not impact the overall level of funding a district is entitled to. Rather, tax compression only impacts the balance of the state and local share of a school district's total Tier One entitlement.

2023 Uncertified Property Values

- April 2023 - \$61,039,678,575
- May 2023 - \$59,809,779,944
- June 2023 - \$56,262,969,609
- July 2023 – Certified Values received on July 24, 2023



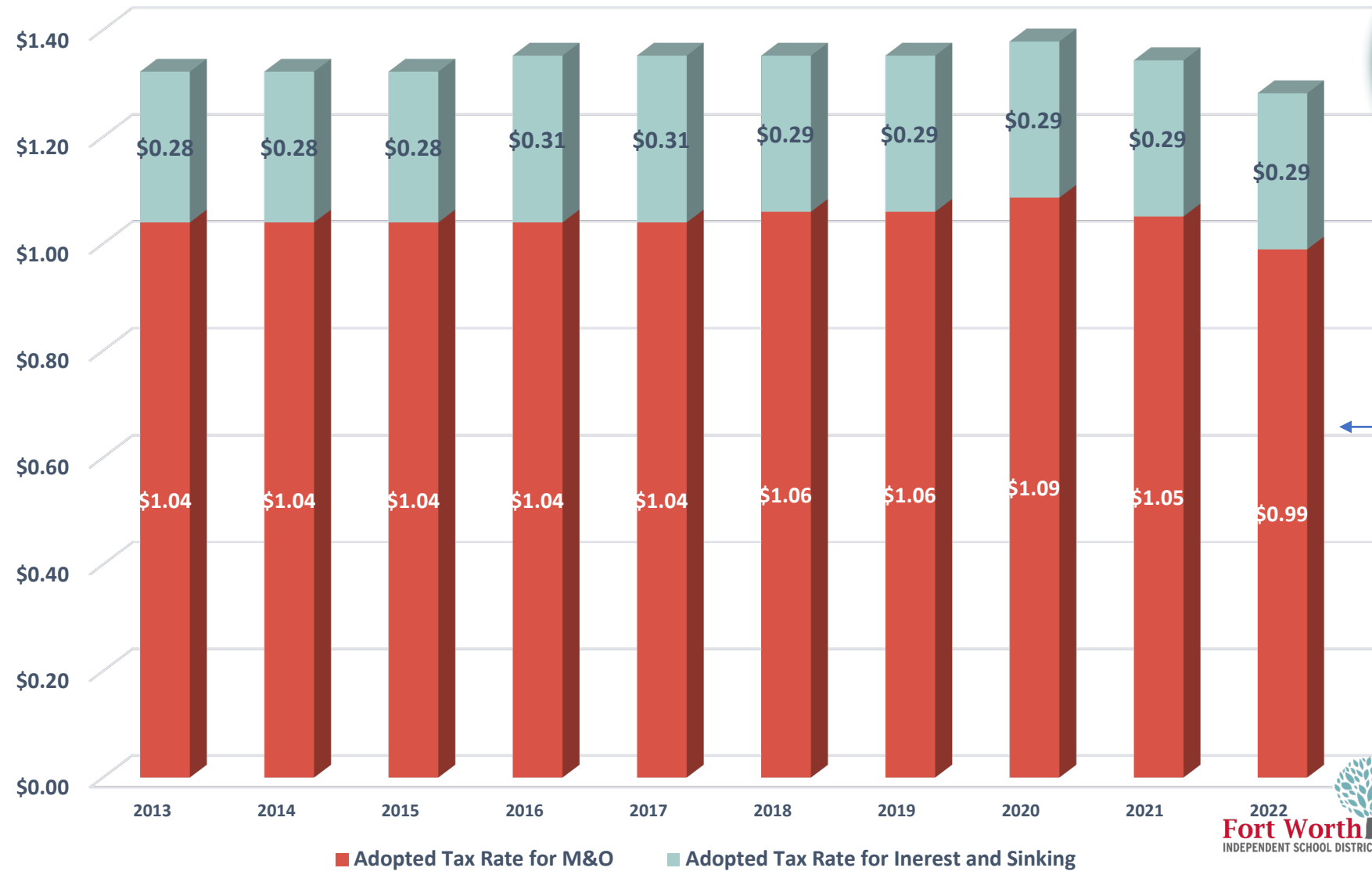
2023 Certified Property Values

| Homestead Exemption | Estimated Net Taxable Values (Certified) |
|---------------------|--|
| \$40,000 | \$59,027,477,318 |
| \$100,000 | \$54,842,957,205 |

Note: 2023 ENTV (\$40K Exemption) are 15.48% higher than 2022 values



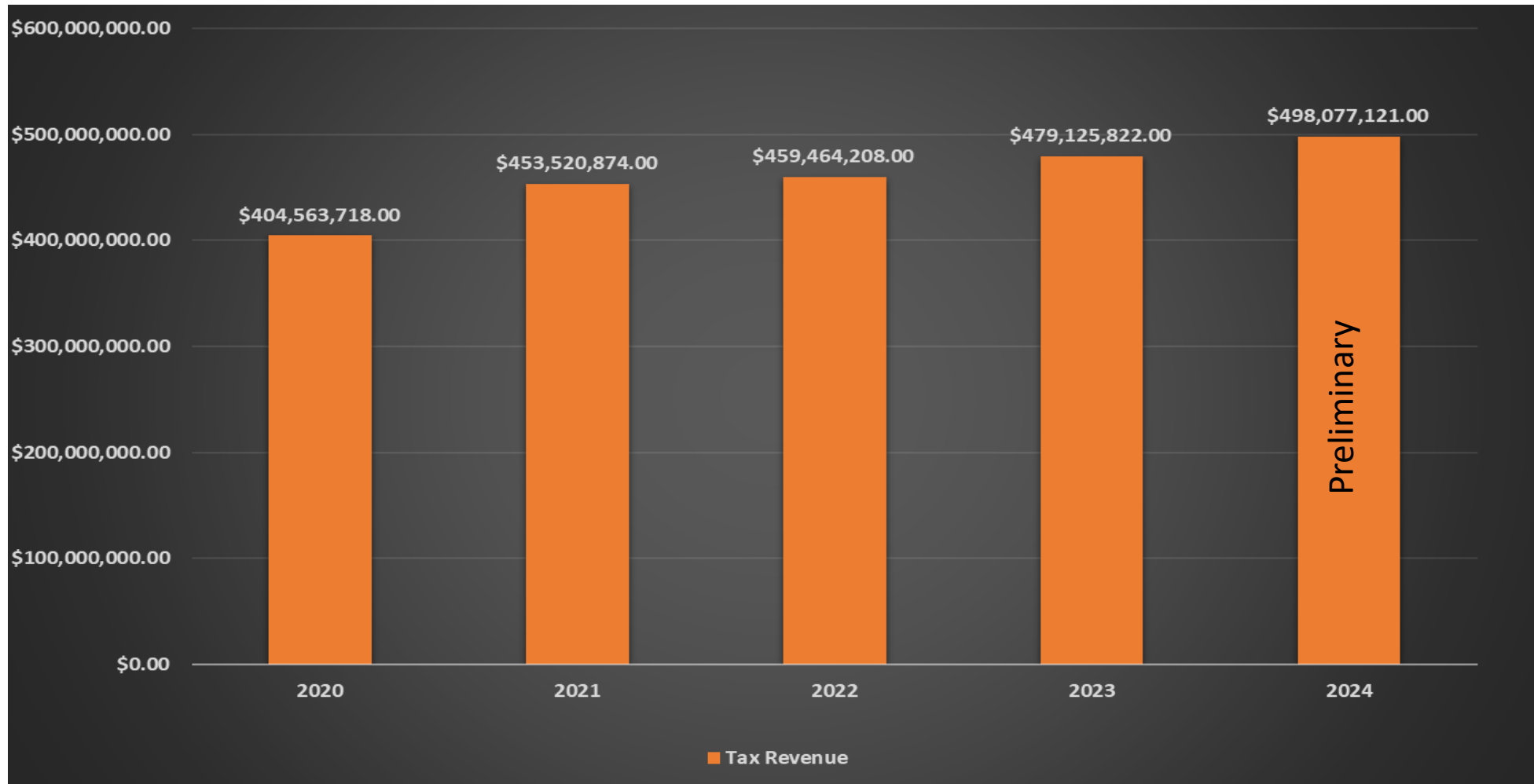
History of M&O and I&S Tax Rates for FWISD from 2013 to 2022



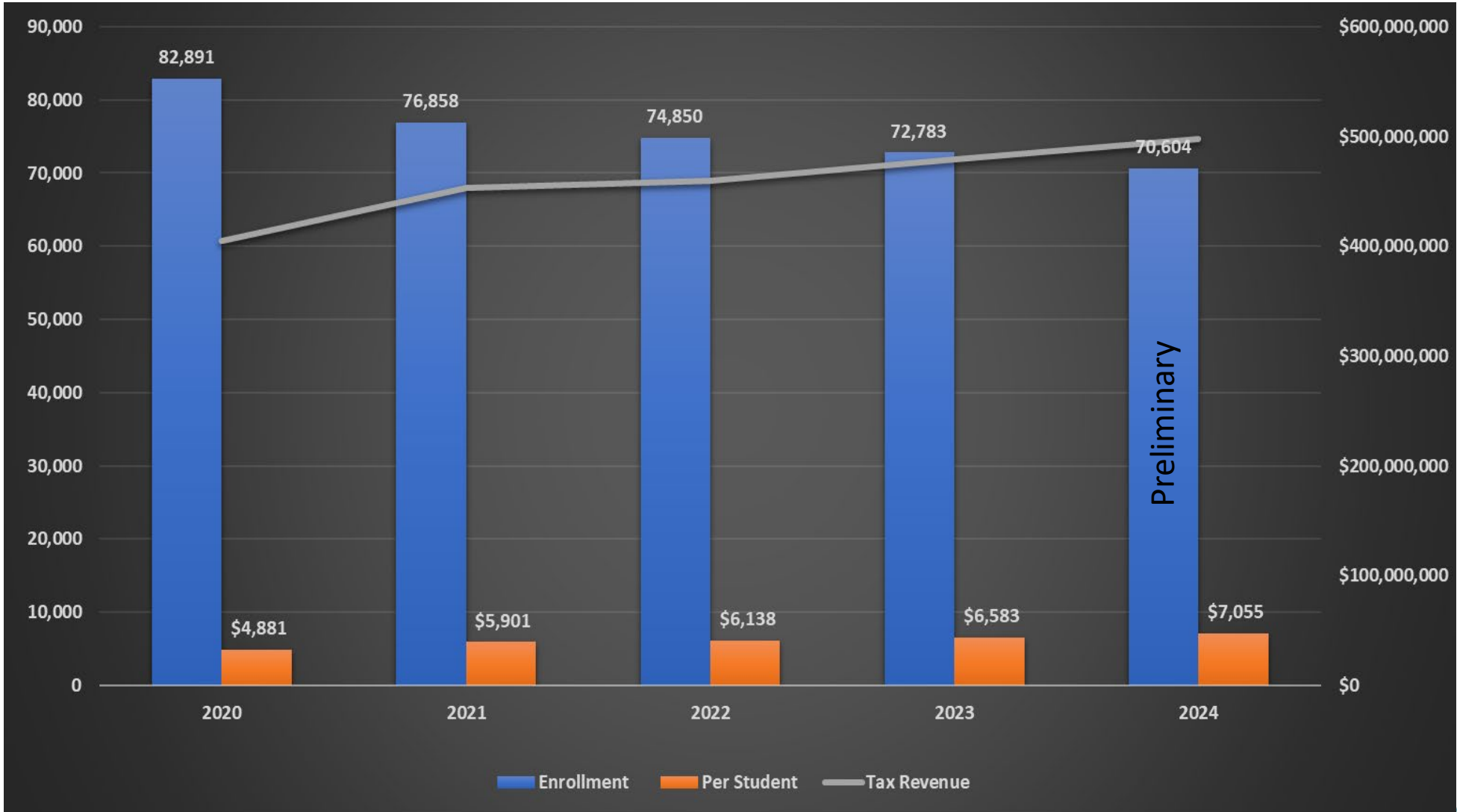
The District's I&S rate has stayed the same for the last five years.

\$1.2816
current
total rate

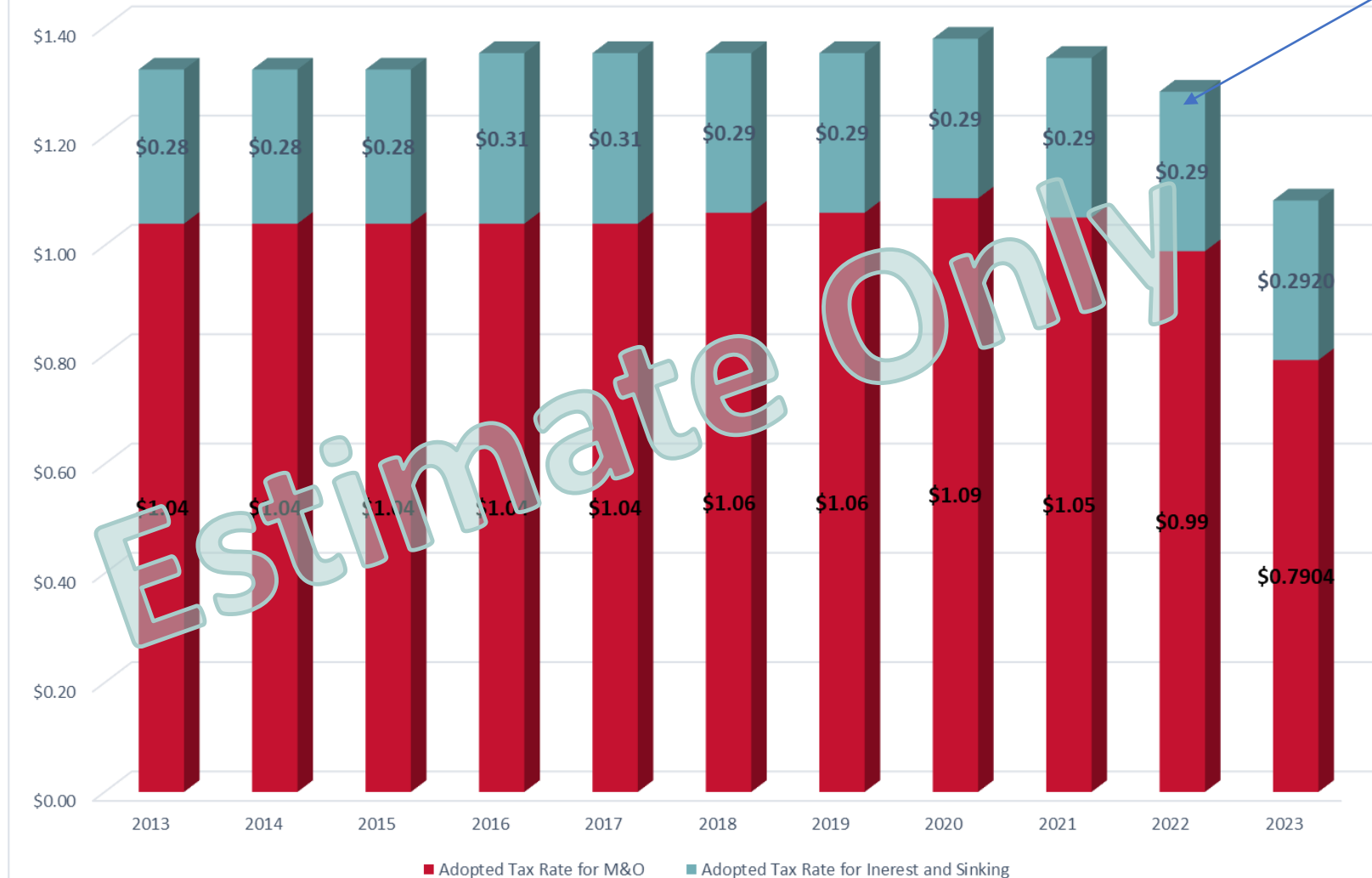
History of Local Tax Revenue



Tax Revenue Per Student



History of M&O and I&S Tax Rates for FWISD
from 2013 to 2022 and *proposed* 2023



2022 - \$1.2816
combined rate



**19.92 cent
drop**

2023 - \$0.7904
(M&O Rate) +
\$0.2920 (I&S Rate) =
\$1.0824 combined
total rate

State MCR Floor - \$0.6192 + \$0.17
M&O Rate = \$0.7892

Next Steps

- Texas Education Agency submission deadline for “Compressed Tax Rate” for all Texas Public Schools (August 1)
- TEA approval of the District’s Compress Tax Rate (August 5)
- Public Notice regarding Tax Rate (August 11)
- Adoption of the Tax Rate (August 22)

Questions?



Debt Plan for 23-24



Key Assumptions for 23-24

- Cash Defeasance of approximately \$30 million to create additional capacity in the District's debt structure as well as reduce the cost of borrowing utilizing the District's fund balance in the Debt Service Fund
- Issue \$300 million in new debt in January 2024
 - Currently have \$761,000,000 in outstanding debt authorization from the 2021 Bond Program
- Maintain a \$0.2920 Interest & Sinking (I&S) tax rate



July 25, 2023



Cash Defeasance Plan of Finance

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INVESTMENT BANKERS



Dallas • Austin • Chicago • Houston • Los Angeles • Miami • New York • San Antonio

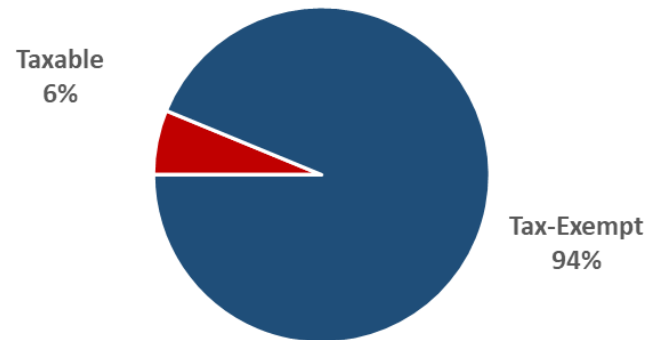
OUTSTANDING DEBT

| Outstanding Bonds | | | | | | | |
|--|--------|------------|-------------|------------------|--------------------------------------|-------------------------|---------------|
| Series | Series | Tax Status | Enhancement | Call Provisions | \$ Outstanding Par as of 7/1/2023 | \$ Callable | % Callable |
| Unlimited Tax School Building Bonds, Series 2023 | 2023 | Tax-Exempt | PSF | 2/15/2032 & 33** | 274,890,000 | 194,675,000 | 70.8% |
| Unlimited Tax School Building Bonds, Series 2022 | 2022 | Tax-Exempt | PSF | 2/15/2028 & 32* | 121,905,000 | 91,095,000 | 74.7% |
| Unlimited Tax Refunding Bonds, Taxable Series 2021B | 2021B | Taxable | PSF | 2/15/2031 | 93,745,000 | 57,795,000 | 61.7% |
| Unlimited Tax School Building Bonds, Series 2021A | 2021A | Tax-Exempt | PSF | 2/15/2031 | 225,980,000 | 169,220,000 | 74.9% |
| Unlimited Tax School Building Bonds, Series 2020 | 2020 | Tax-Exempt | PSF | 2/15/2030 | 111,990,000 | 86,730,000 | 77.4% |
| Unlimited Tax Refunding Bonds, Series 2019B | 2019B | Tax-Exempt | non-PSF | non callable | 33,540,000 | - | - |
| Unlimited Tax School Building Bonds, Series 2019A | 2019A | Tax-Exempt | PSF | 2/15/2029 | 129,850,000 | 102,710,000 | 79.1% |
| Unlimited Tax School Building Bonds, Series 2018 | 2018 | Tax-Exempt | PSF | 2/15/2027 | 142,045,000 | 123,530,000 | 87.0% |
| Unlimited Tax Refunding & School Building Bonds, Series 2016 | 2016 | Tax-Exempt | PSF | 2/15/2026 | 190,040,000 | 141,830,000 | 74.6% |
| Unlimited Tax Refunding & School Building Bonds, Series 2015 | 2015 | Tax-Exempt | PSF | 2/15/2025 | 164,095,000 | 122,075,000 | 74.4% |
| Unlimited Tax School Building Bonds, Series 2014 | 2014 | Tax-Exempt | PSF | non callable | 4,225,000 | - | - |
| Unlimited Tax Qualified School Construction Bonds, Series 2010 (Tax Credit Bond) | 2010Q | QSCB | non-PSF | non callable | 4,680,000 | - | - |
| Unlimited Tax Qualified School Construction Bonds, Series 2009 (Tax Credit Bond) | 2009Q | QSCB | non-PSF | non callable | 7,900,000 | - | - |
| TOTAL | | | | | \$ 1,504,885,000 | \$ 1,089,660,000 | 72.41% |

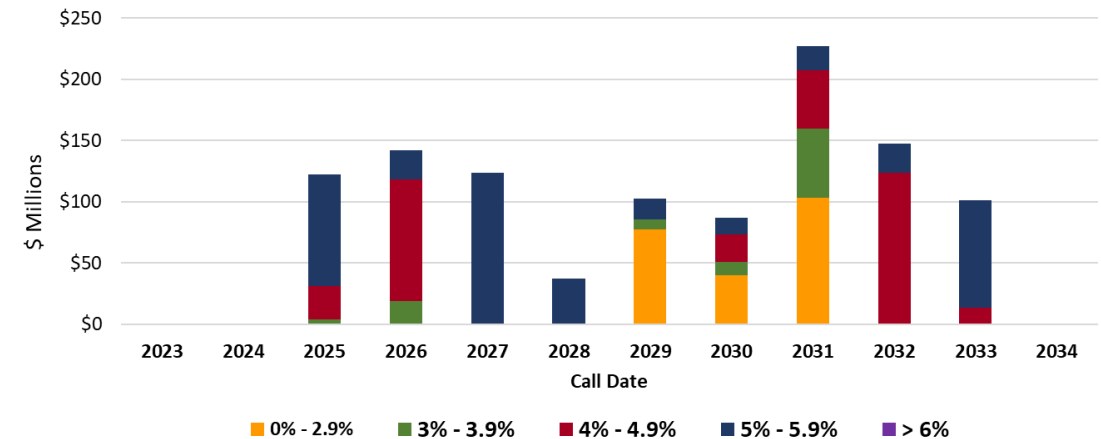
* 2047 Term bond callable in 2028

** 2048 Term bond callable in 2032

Summary of Tax Status

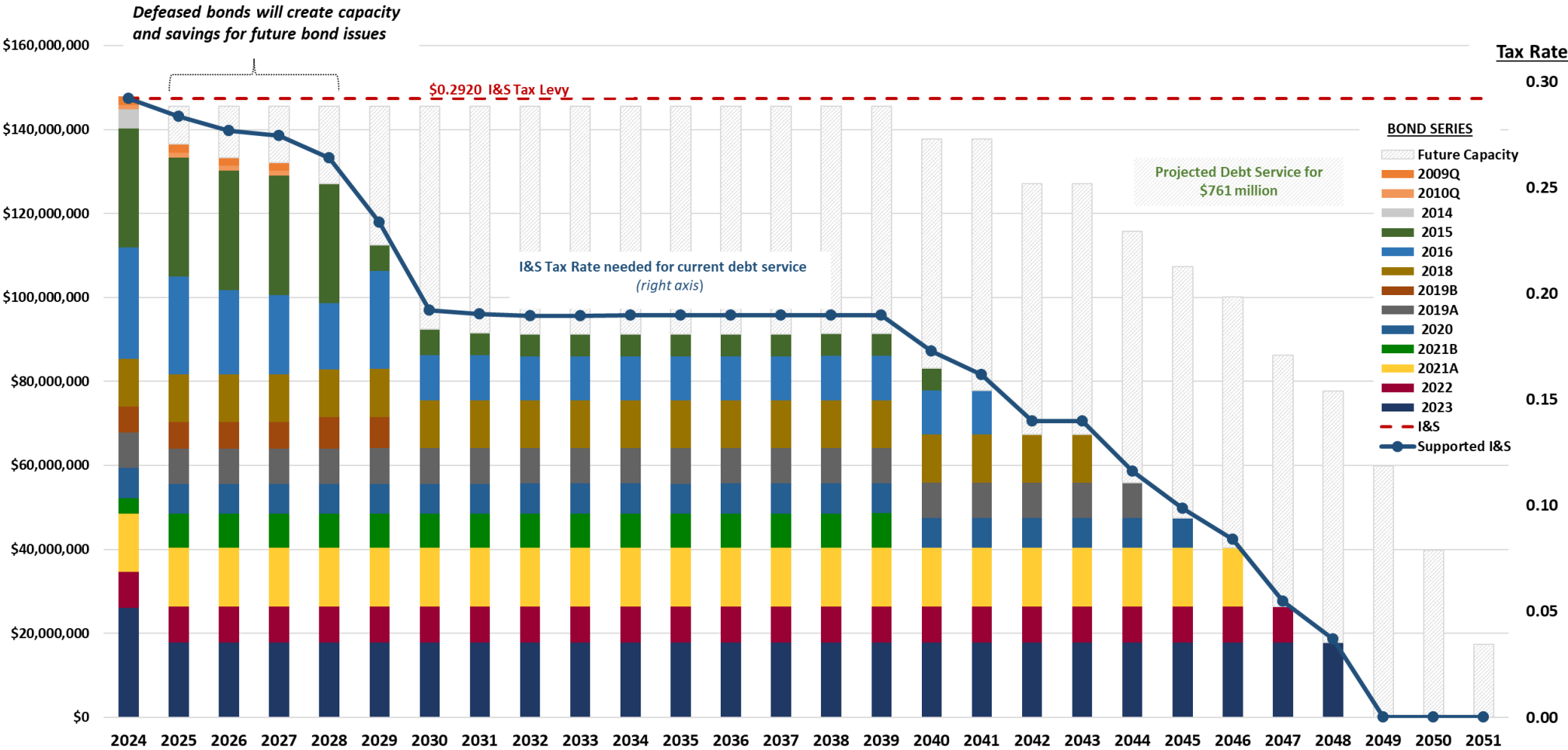


Callable Coupon Summary



OUTSTANDING DEBT WITH I&S IMPACT

Outstanding and Projected Debt by Series



Tax Rate based on 2023 AV Values assuming no growth

SUMMARY OF CASH DEFEASANCE

❖ Plan of Finance

- Use fund balance of approximately \$25 to \$30 million to defease Series 2015 Bonds, callable 2/15/2025
- Defease Term bond due 2040 to generate interest savings of almost \$1 million per year
- Defease Serial bonds in 2027 and 2028 to create capacity
- Maintain 2023 \$0.292 I&S tax rate

SUMMARY OF BONDS DEFEASED

Fort Worth ISD (General Obligation Debt)
2023 Cash Defeasance

| Bond | Maturity Date | Interest Rate | Par Amount | Call Date | Call Price |
|---|---------------|---------------|------------|------------|------------|
| Unlimited Tax Refunding & School Building Bonds, Series 2015, 2015: | | | | | |
| SERIAL | 02/15/2027 | 5.000% | 4,265,000 | 02/15/2025 | 100.000 |
| | 02/15/2028 | 5.000% | 680,000 | 02/15/2025 | 100.000 |
| TERM | 02/15/2036 | 4.000% | 4,360,000 | 02/15/2025 | 100.000 |
| | 02/15/2037 | 4.000% | 4,540,000 | 02/15/2025 | 100.000 |
| | 02/15/2038 | 4.000% | 4,725,000 | 02/15/2025 | 100.000 |
| | 02/15/2039 | 4.000% | 4,915,000 | 02/15/2025 | 100.000 |
| | 02/15/2040 | 4.000% | 5,115,000 | 02/15/2025 | 100.000 |
| | | | 28,600,000 | | |

SAVINGS

Fort Worth ISD (General Obligation Debt)
2023 Cash Defeasance

| Date | Prior Debt Service | 2024 Cash Defeasance | Savings |
|---------------|--------------------|----------------------|----------------|
| 06/30/2024 | 1,193,450.00 | 29,998,954.77 | -28,805,504.77 |
| 06/30/2025 | 1,193,450.00 | | 1,193,450.00 |
| 06/30/2026 | 1,193,450.00 | | 1,193,450.00 |
| 06/30/2027 | 5,458,450.00 | | 5,458,450.00 |
| 06/30/2028 | 1,660,200.00 | | 1,660,200.00 |
| 06/30/2029 | 946,200.00 | | 946,200.00 |
| 06/30/2030 | 946,200.00 | | 946,200.00 |
| 06/30/2031 | 946,200.00 | | 946,200.00 |
| 06/30/2032 | 946,200.00 | | 946,200.00 |
| 06/30/2033 | 946,200.00 | | 946,200.00 |
| 06/30/2034 | 946,200.00 | | 946,200.00 |
| 06/30/2035 | 946,200.00 | | 946,200.00 |
| 06/30/2036 | 5,306,200.00 | | 5,306,200.00 |
| 06/30/2037 | 5,311,800.00 | | 5,311,800.00 |
| 06/30/2038 | 5,315,200.00 | | 5,315,200.00 |
| 06/30/2039 | 5,316,200.00 | | 5,316,200.00 |
| 06/30/2040 | 5,319,600.00 | | 5,319,600.00 |
| 43,891,400.00 | | 29,998,954.77 | 13,892,445.23 |

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Division of Business and Finance



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