



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

Thursday, February 21, 2019

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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 \$34.0 million of direct savings since year 2006!

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

- ❖ \$ 7,250,253 – Lower Interest Rates from Prudent Use of Variable Rate Bonds

\$ 34,014,904 – 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 \$7.25 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 1.76% (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.

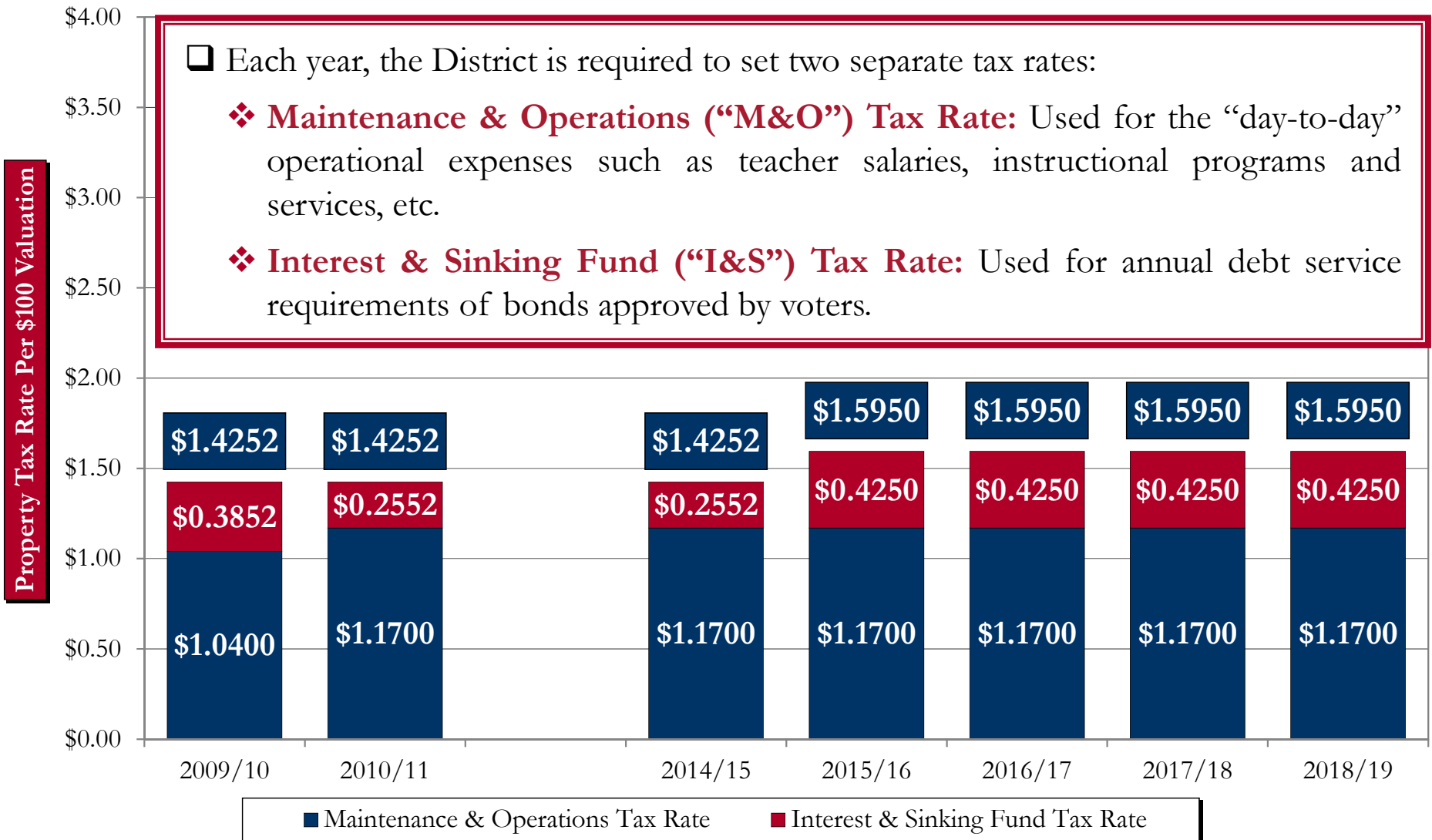
Summary of Interest Cost Savings – Bond Refunding Programs / Prepayment of Bonds

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

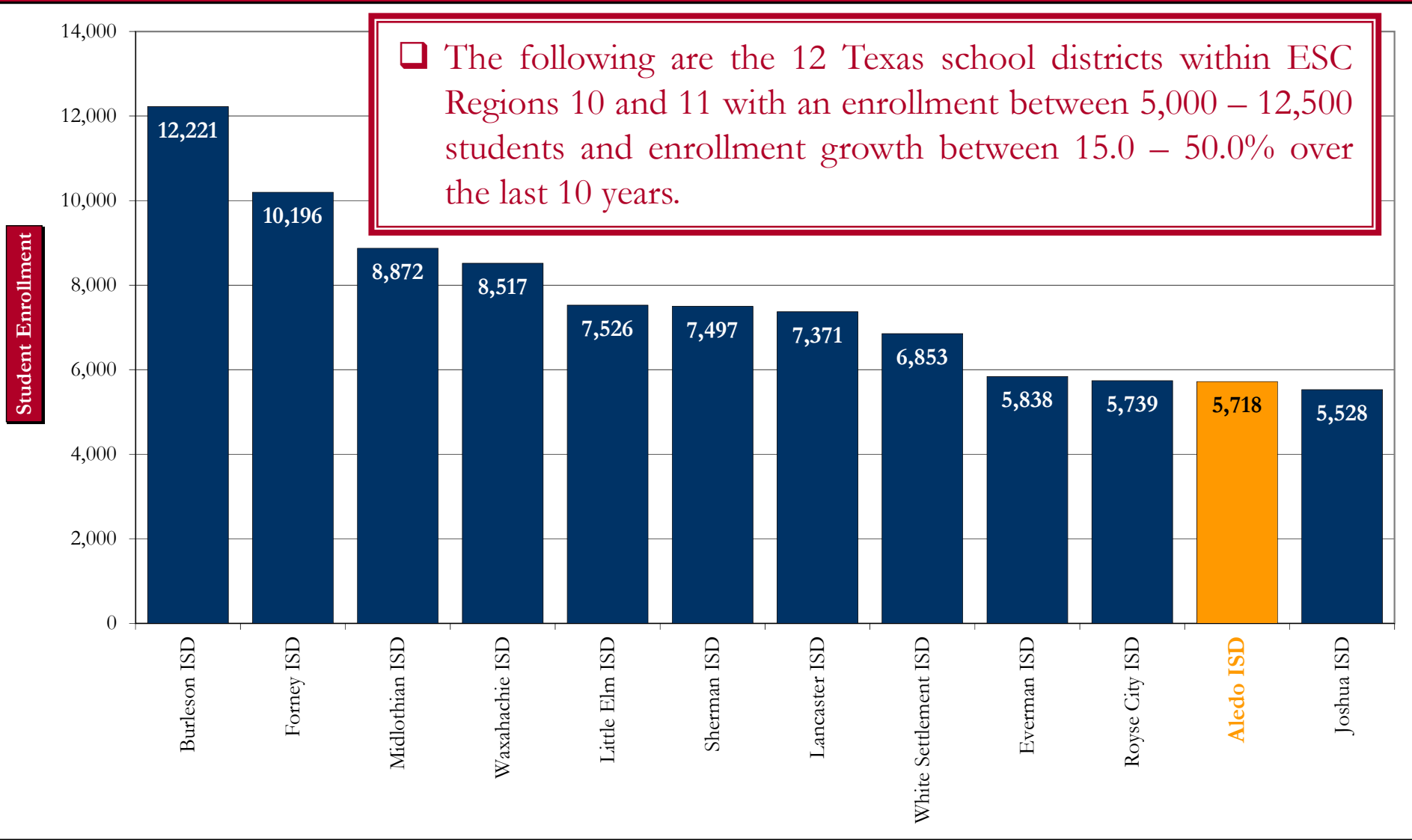
District's Historical Tax Rates





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

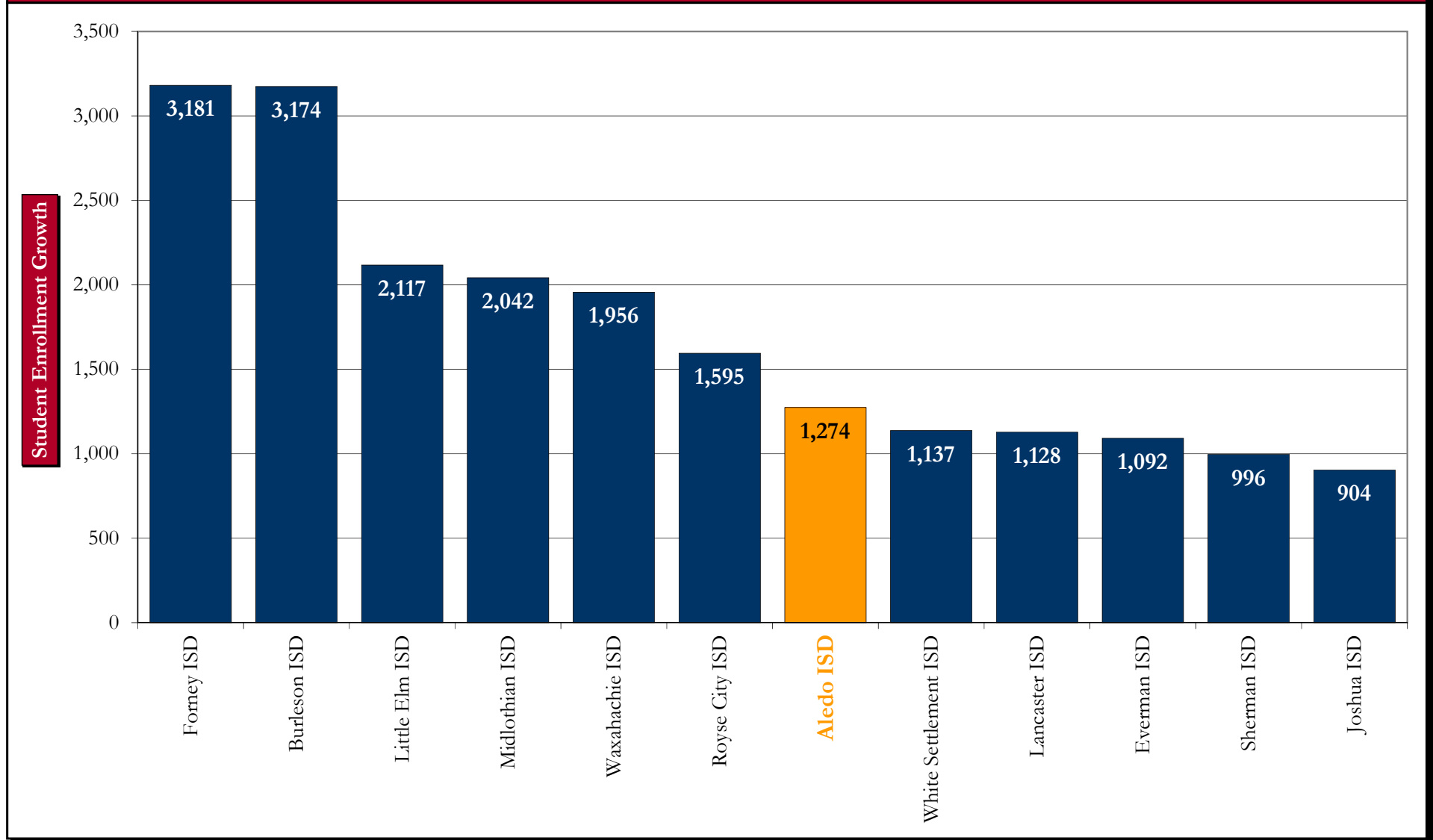
Ranked By 2017/18 Student Enrollment





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

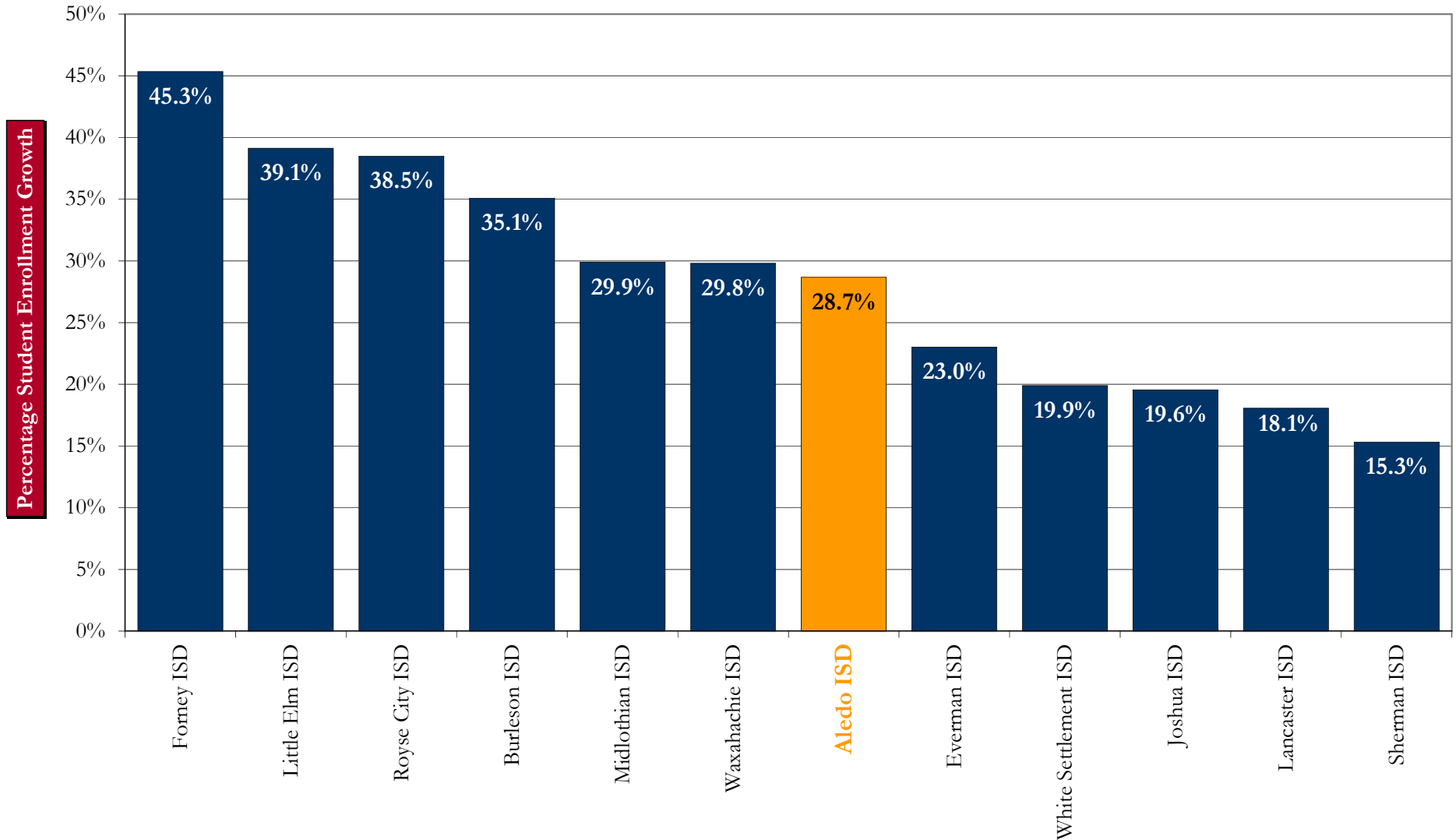
Ranked By Student Enrollment Growth – Last 10 Years





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

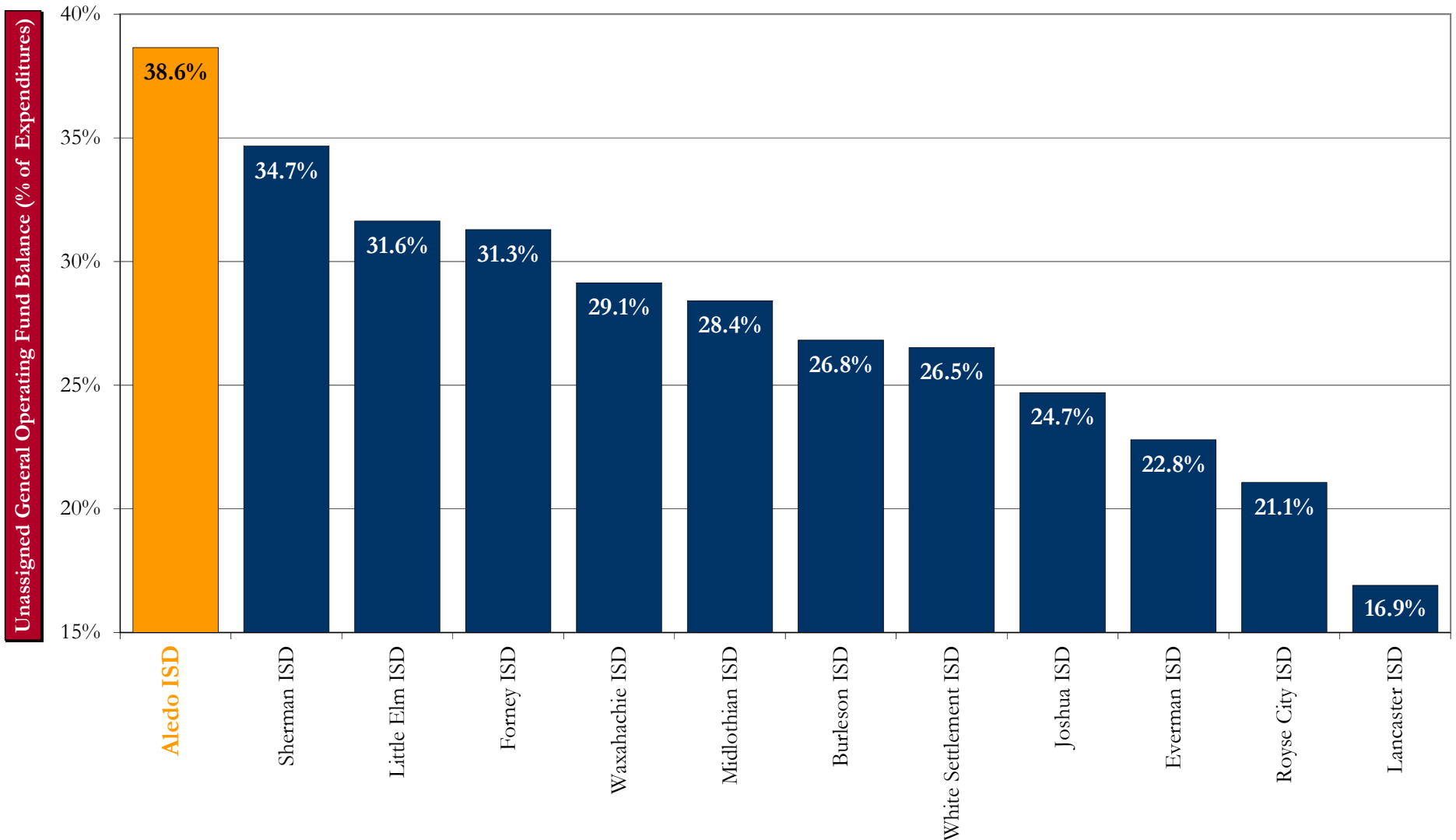
Ranked By Percentage Student Enrollment Growth – Last 10 Years





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

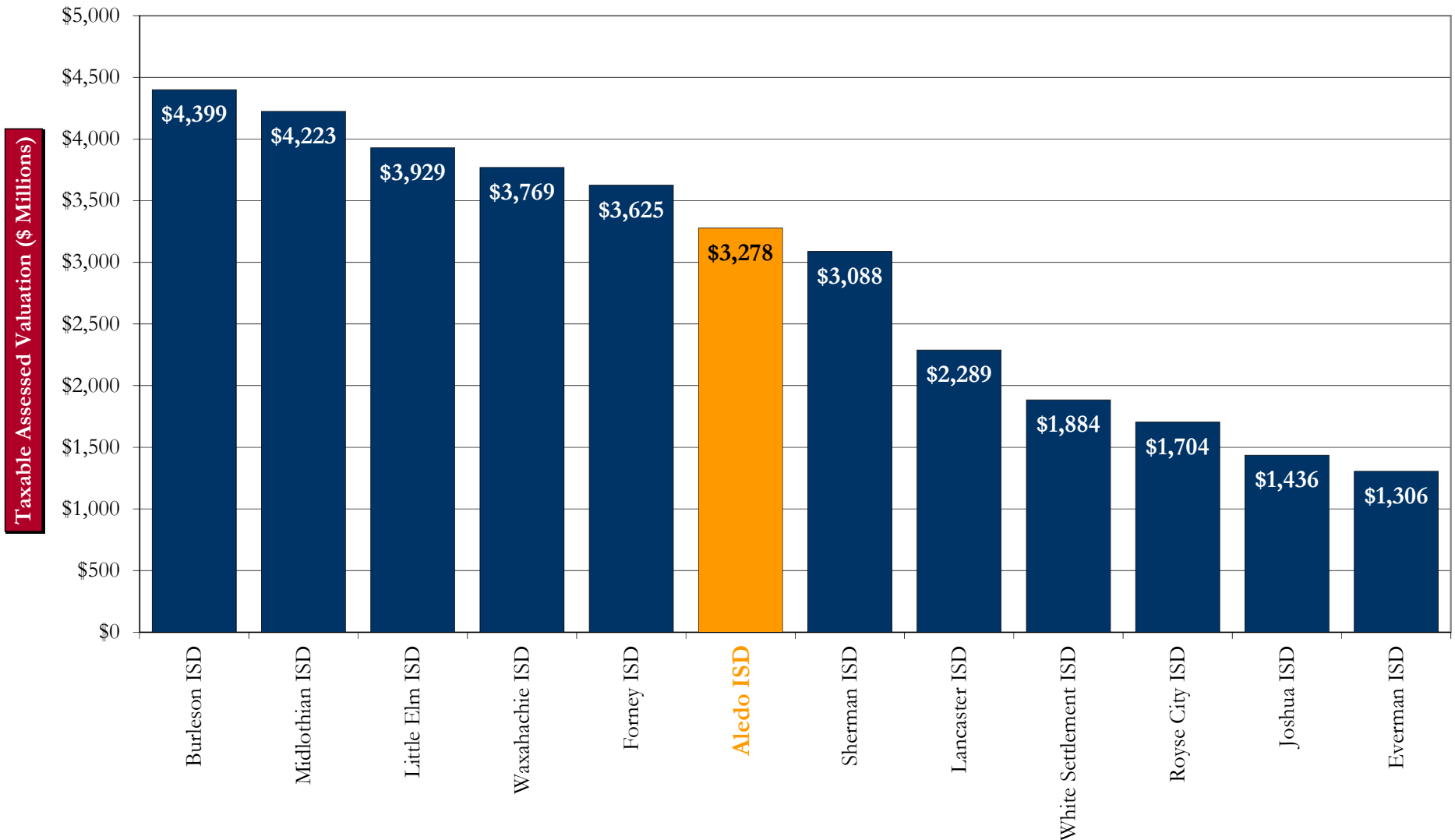
Ranked By Ending Unassigned General Operating Fund Balance As a Percentage of General Operating Fund Expenditures – Fiscal Year Ending 2018





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

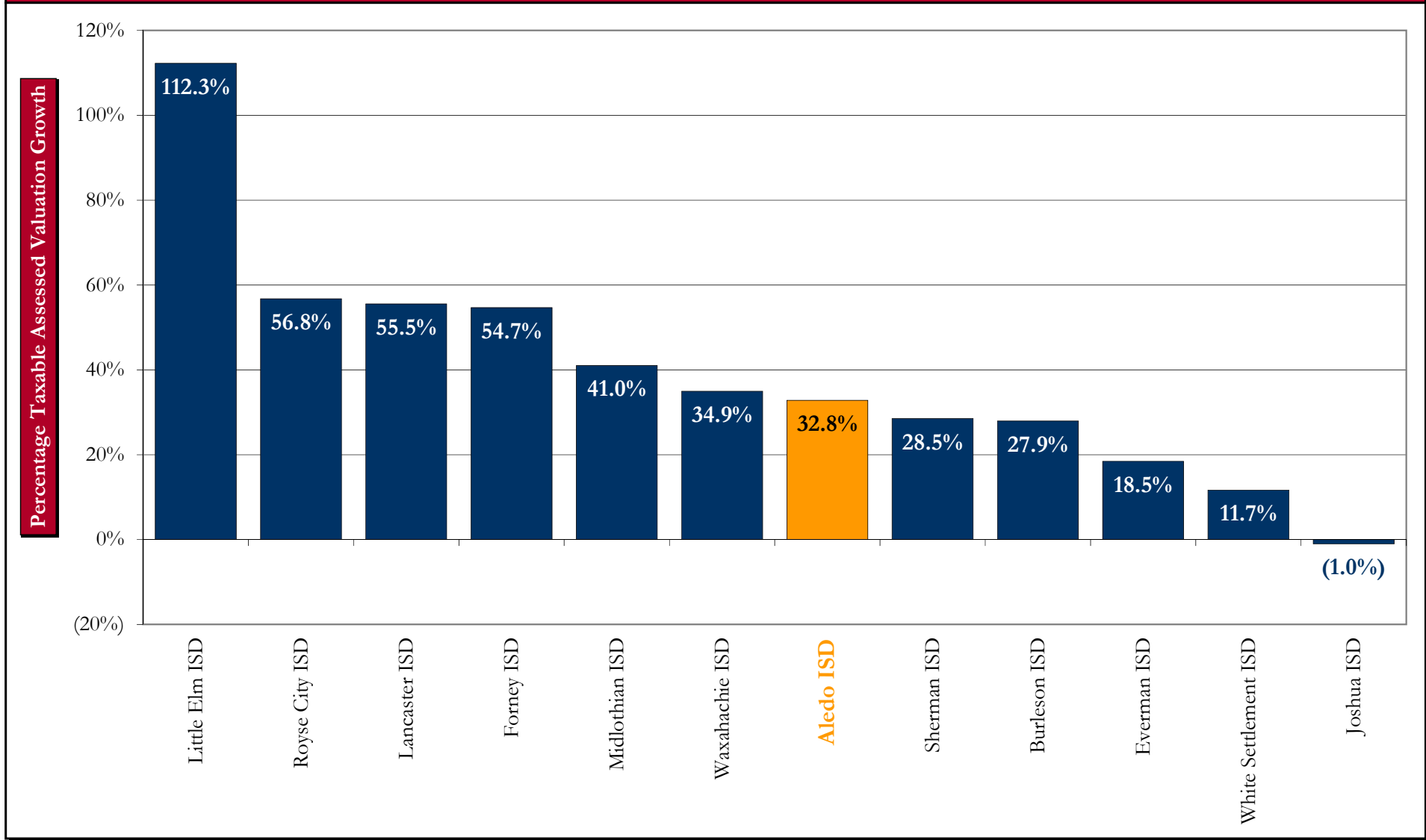
Ranked By Taxable Assessed Valuation – Year 2017/18





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

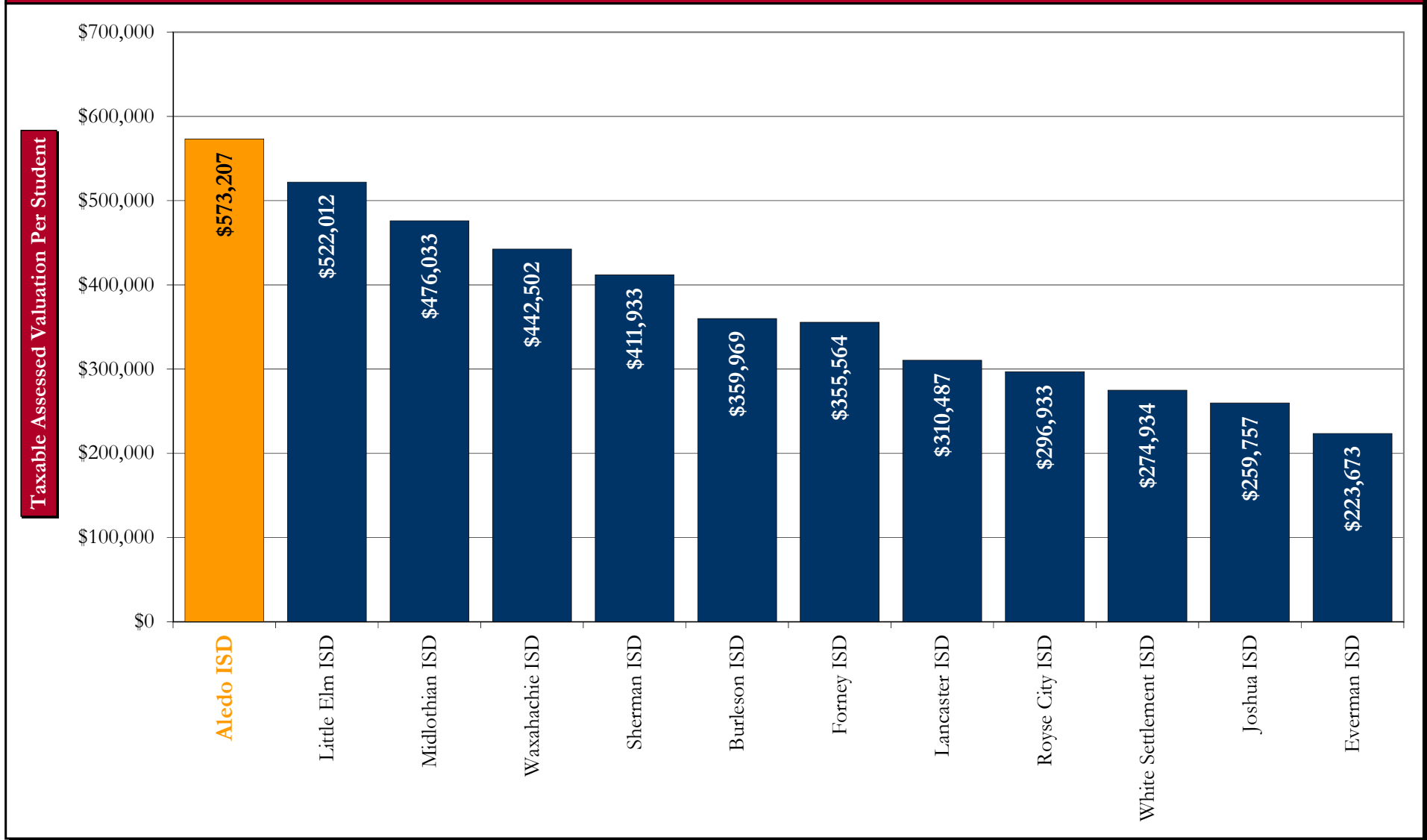
Ranked By Percentage Taxable Assessed Valuation Growth – Last 5-Years





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

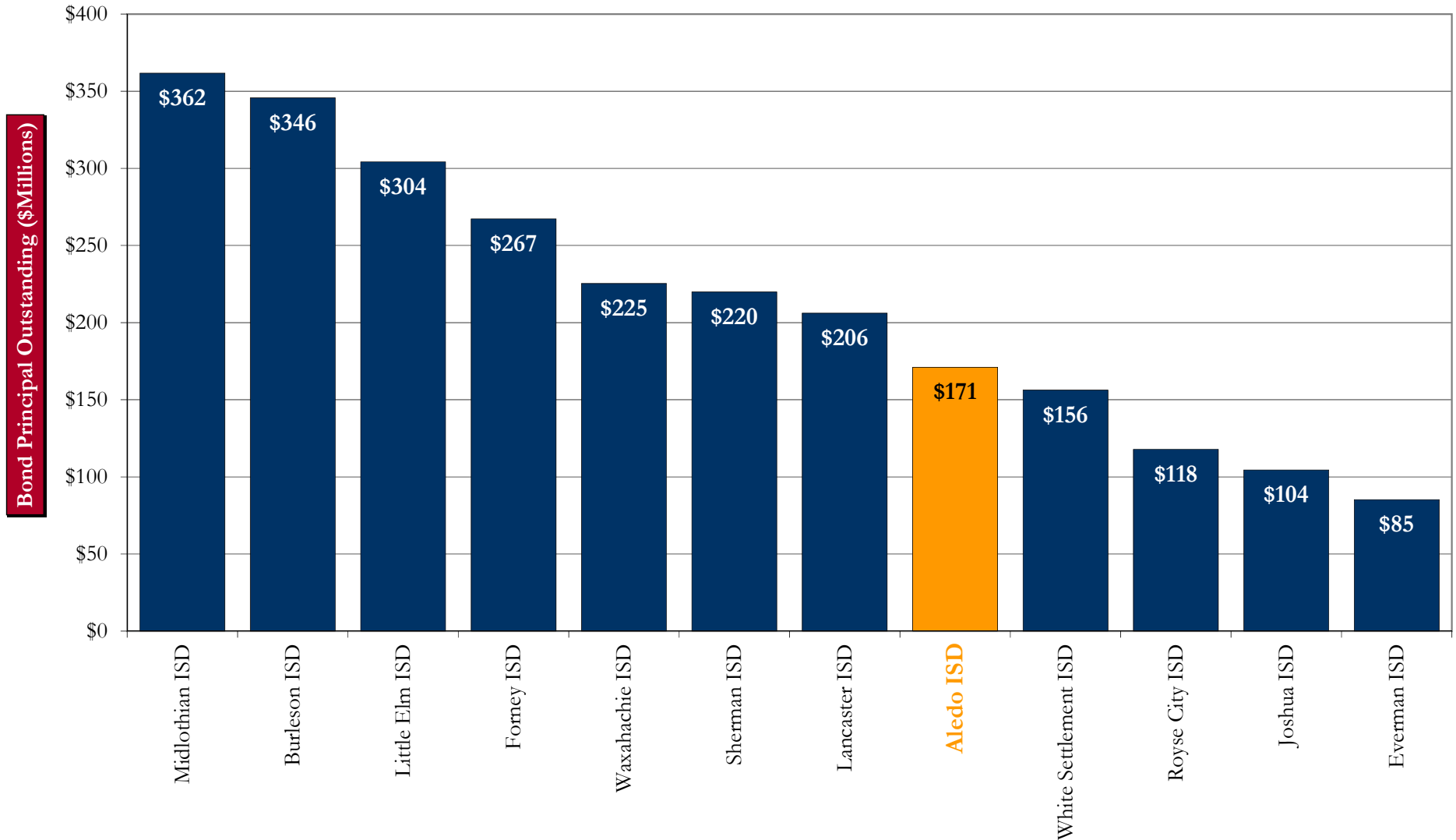
Ranked By Taxable Assessed Valuation Per Student – Year 2017/18





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

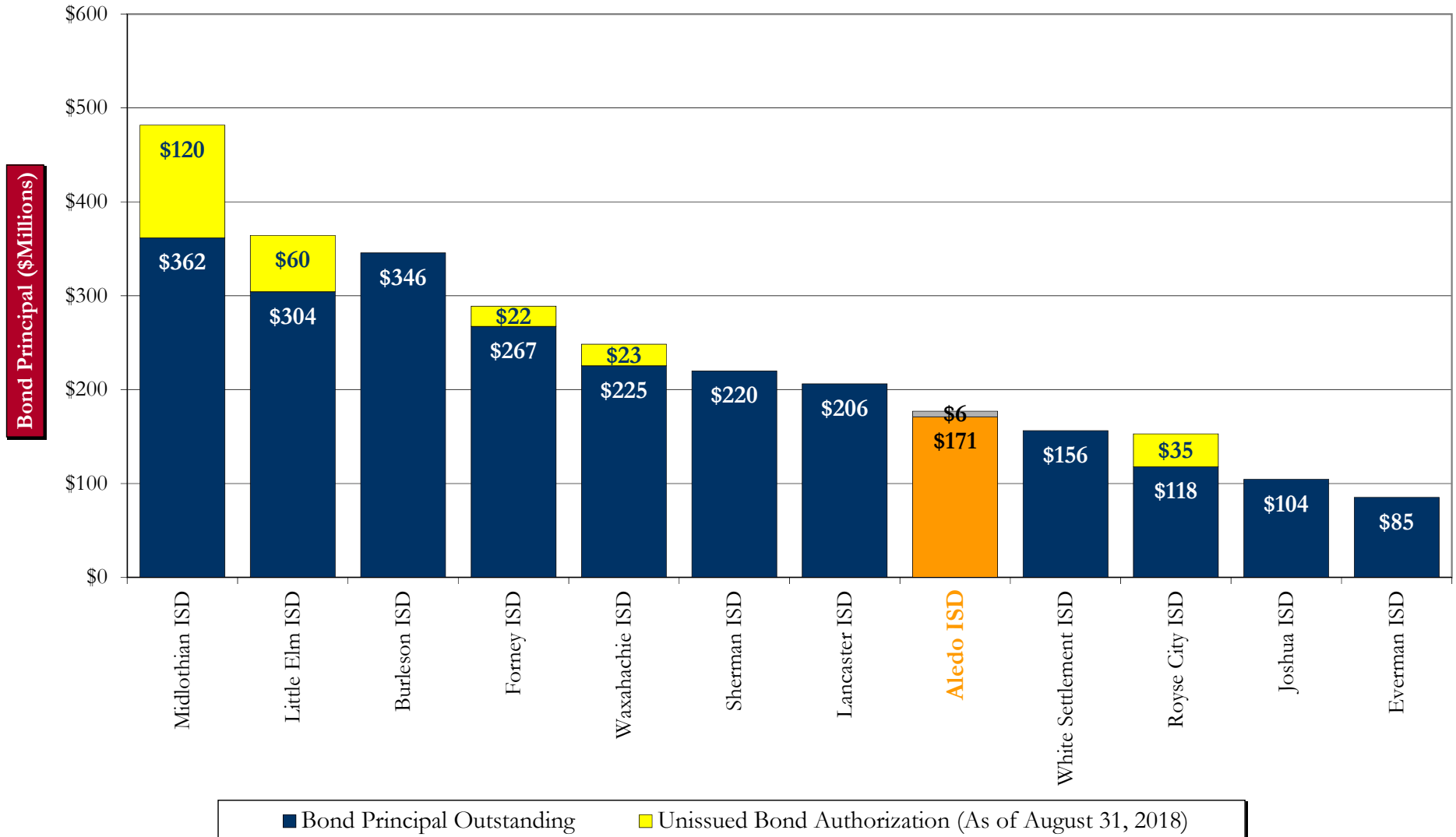
Ranked By Bond Principal Outstanding





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

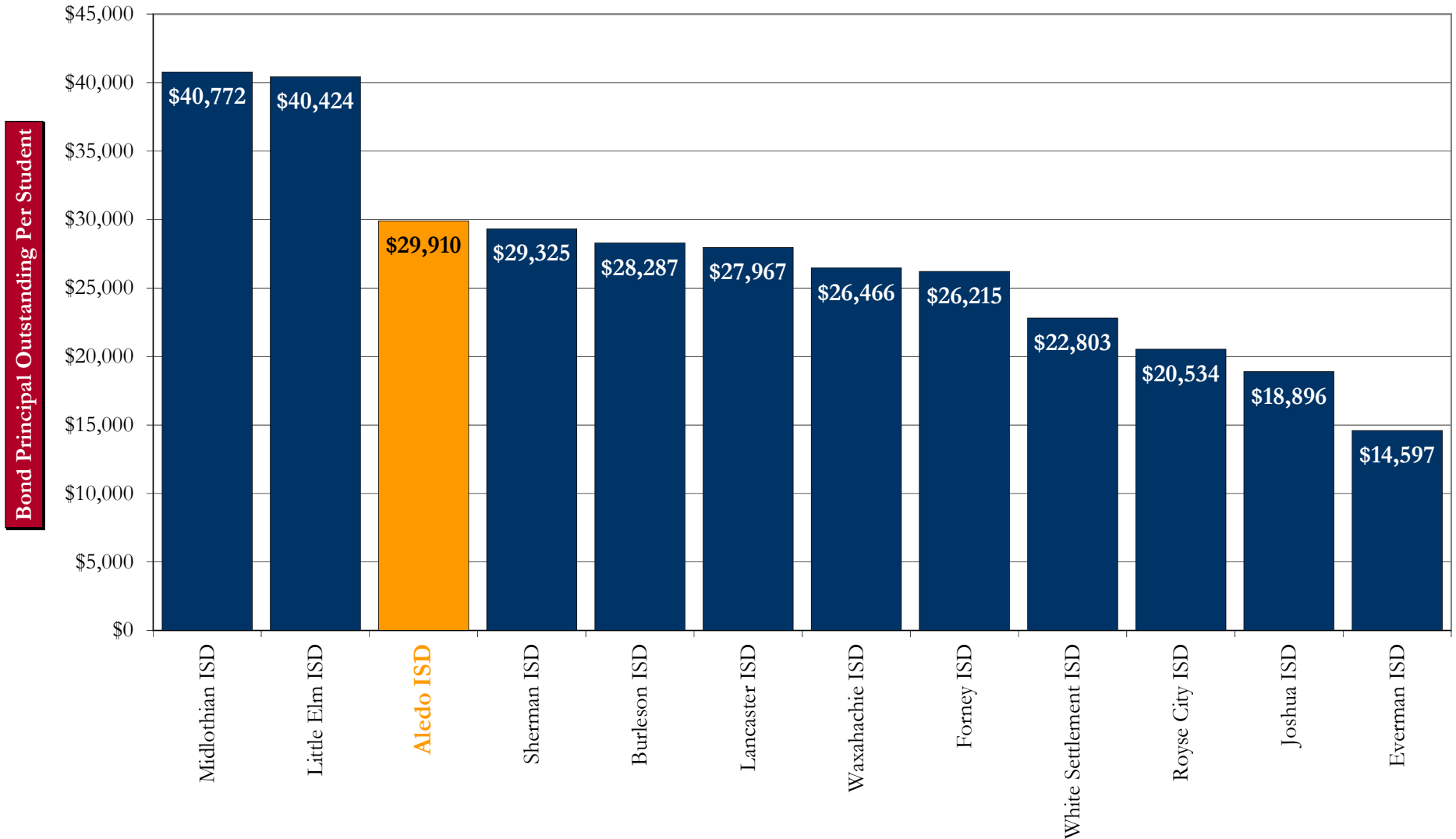
Ranked By Bond Principal Plus Unissued Bond Authorization





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

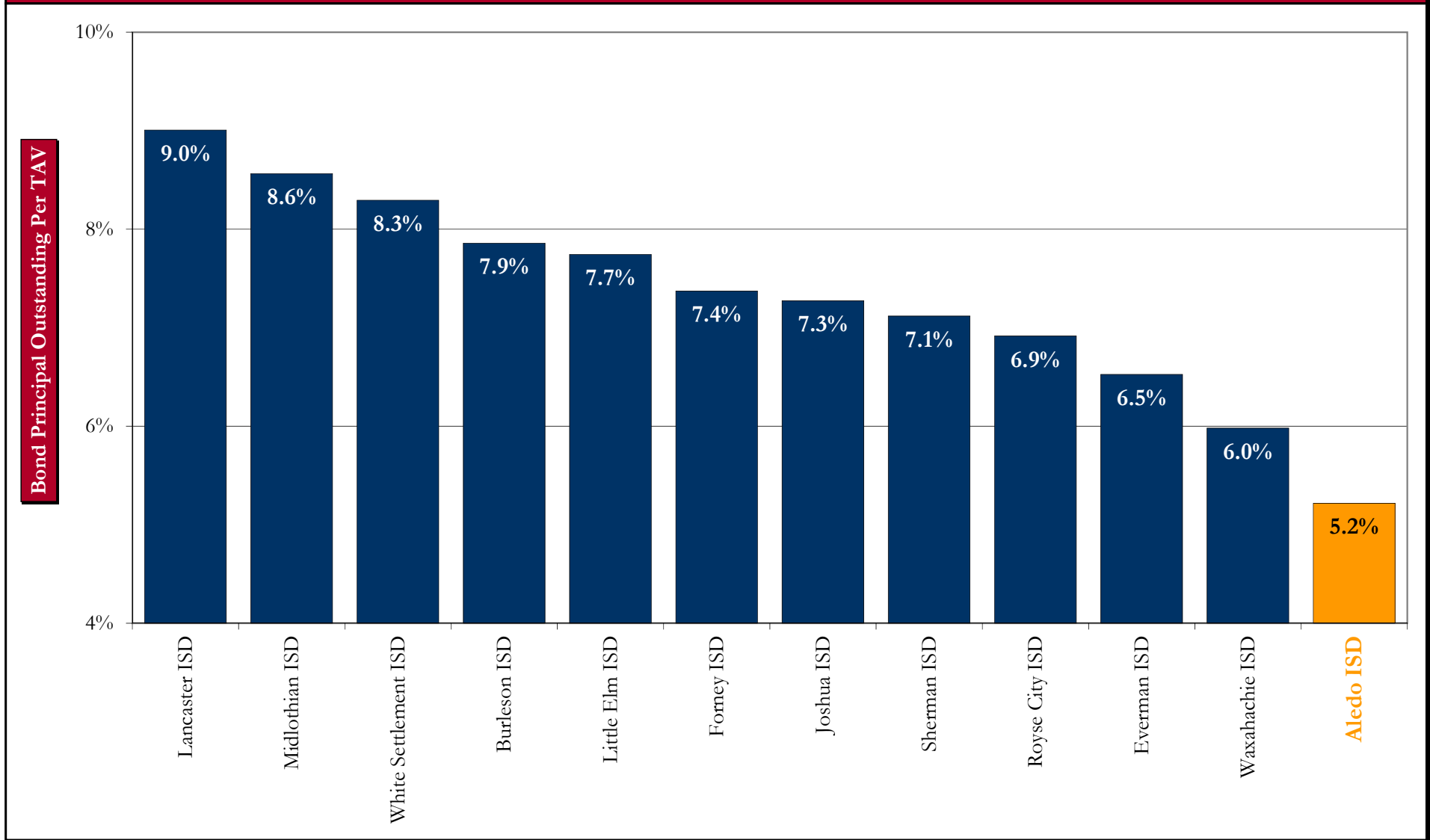
Ranked By Bond Principal Outstanding Per Student





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

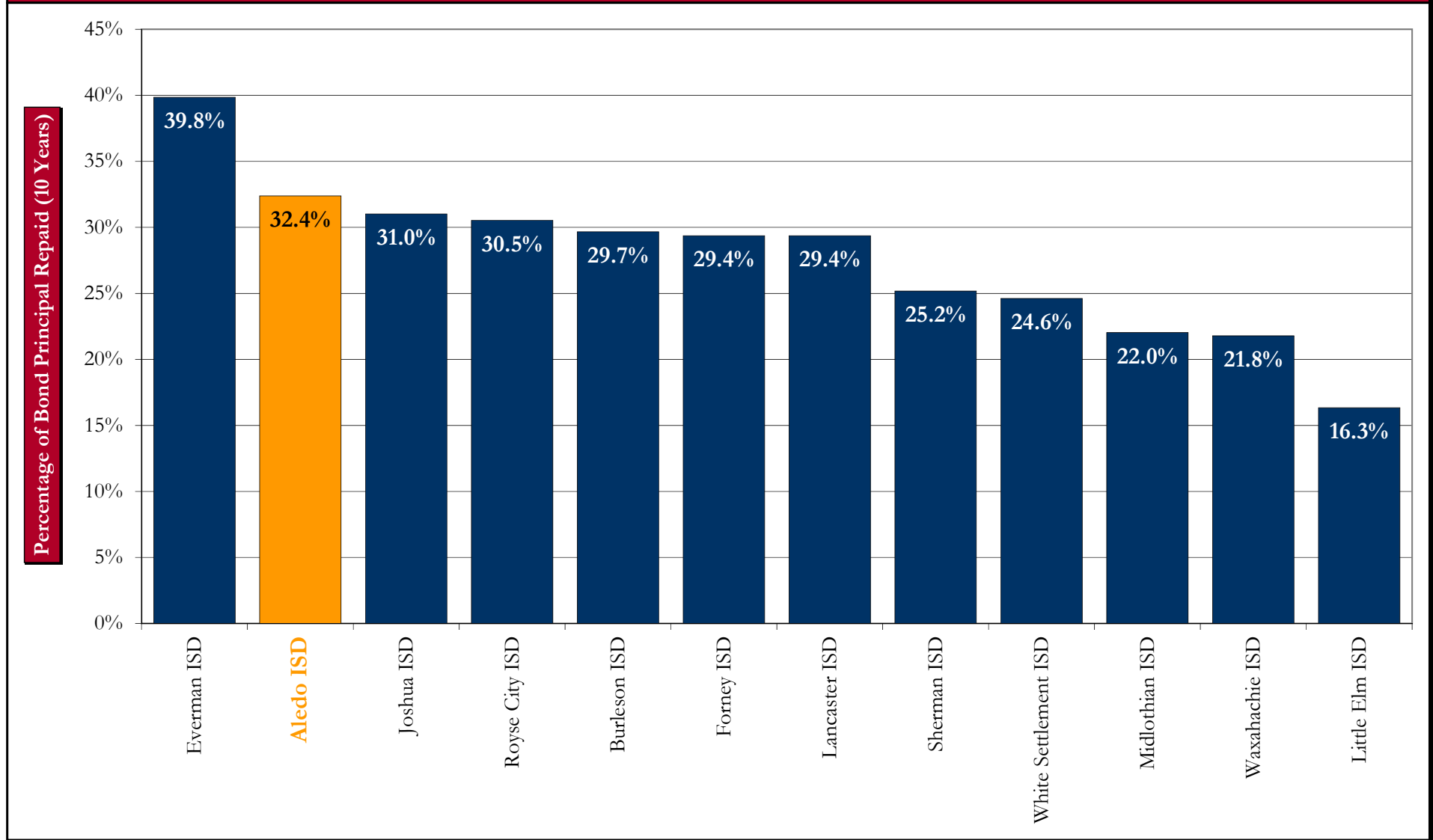
Ranked By Bond Principal Outstanding as a Percentage of Taxable Value





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

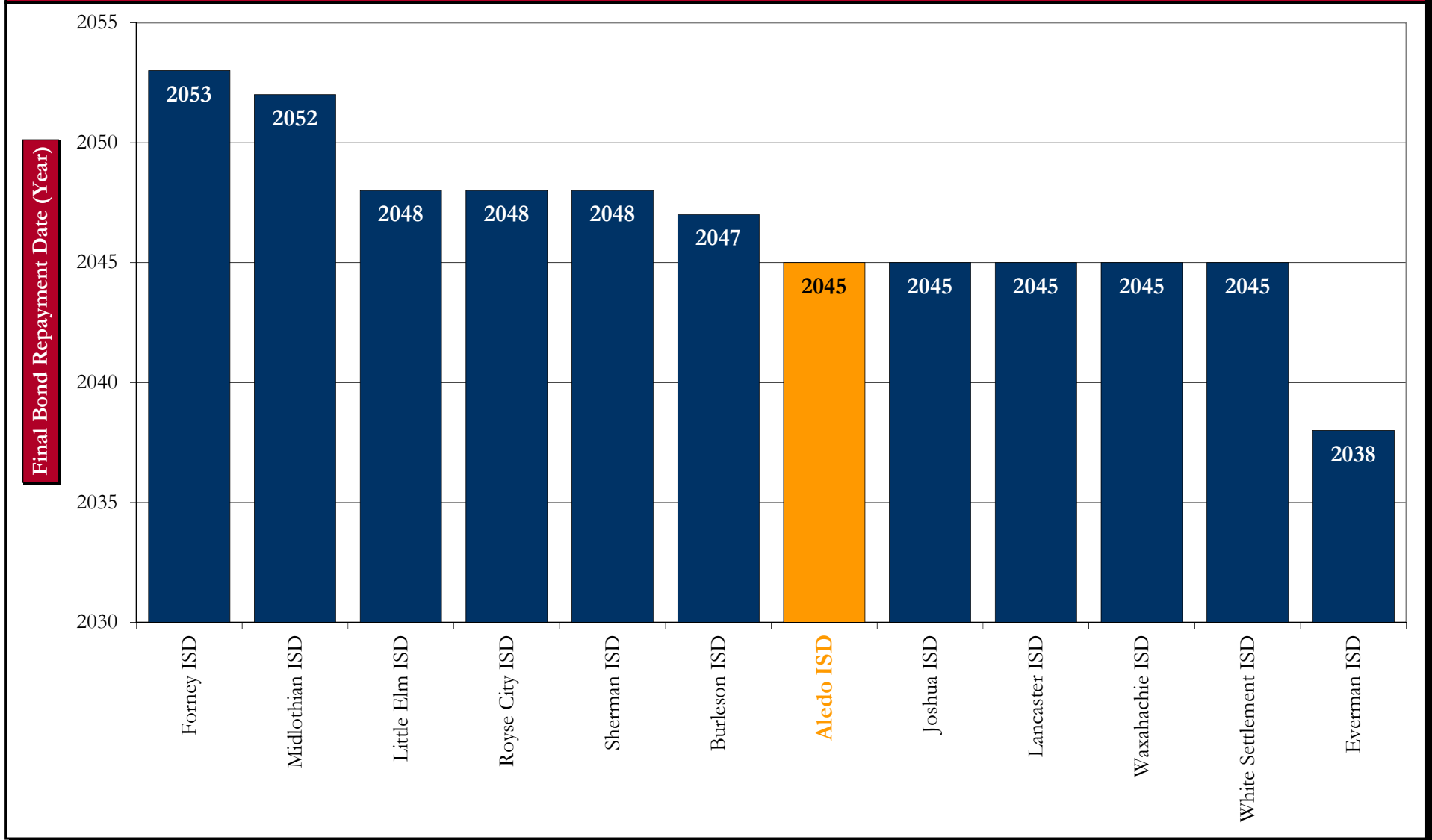
Ranked By Percentage of Bond Principal Repaid – Next 10 Years





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

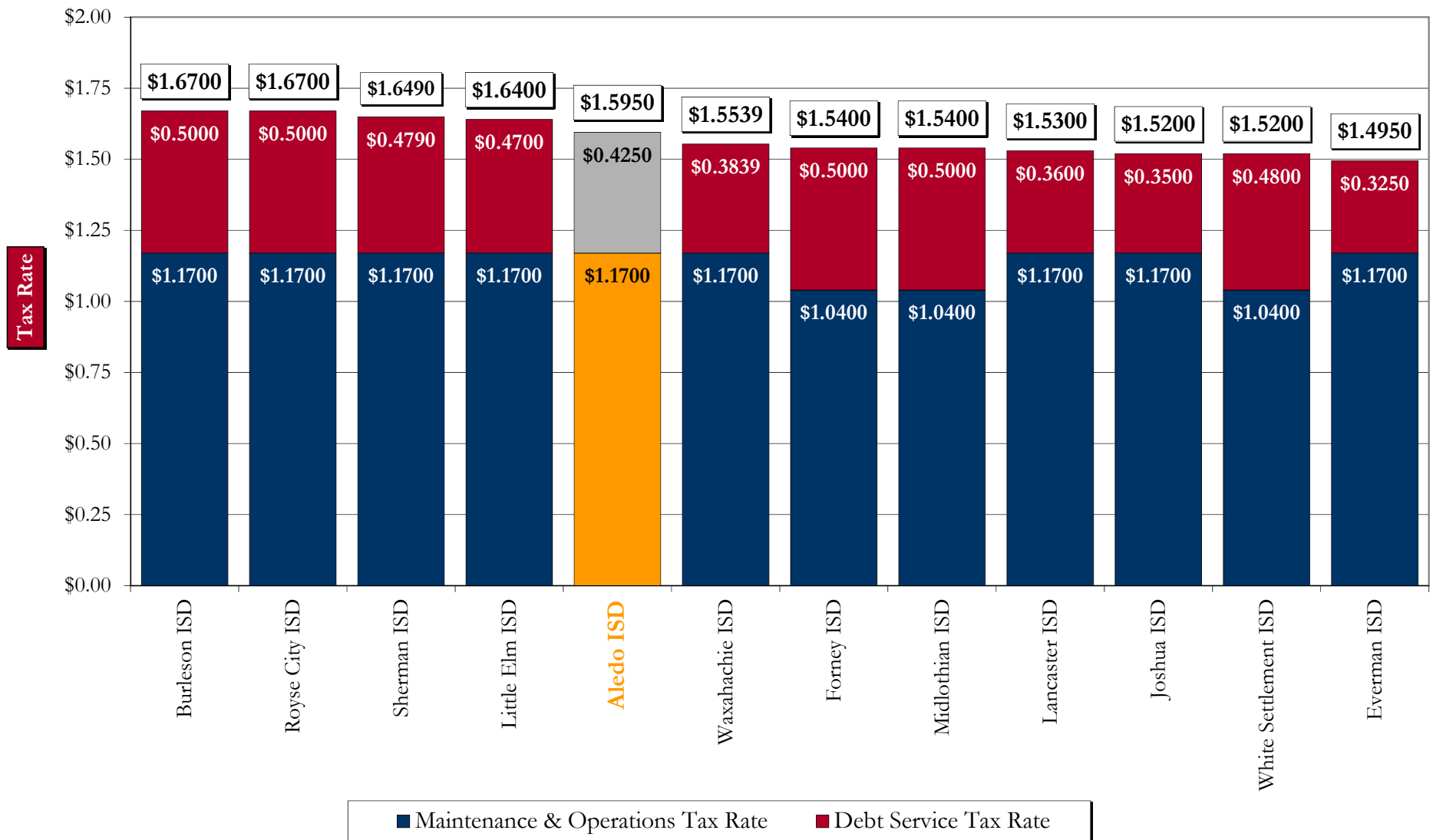
Ranked By Final Bond Repayment Date





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

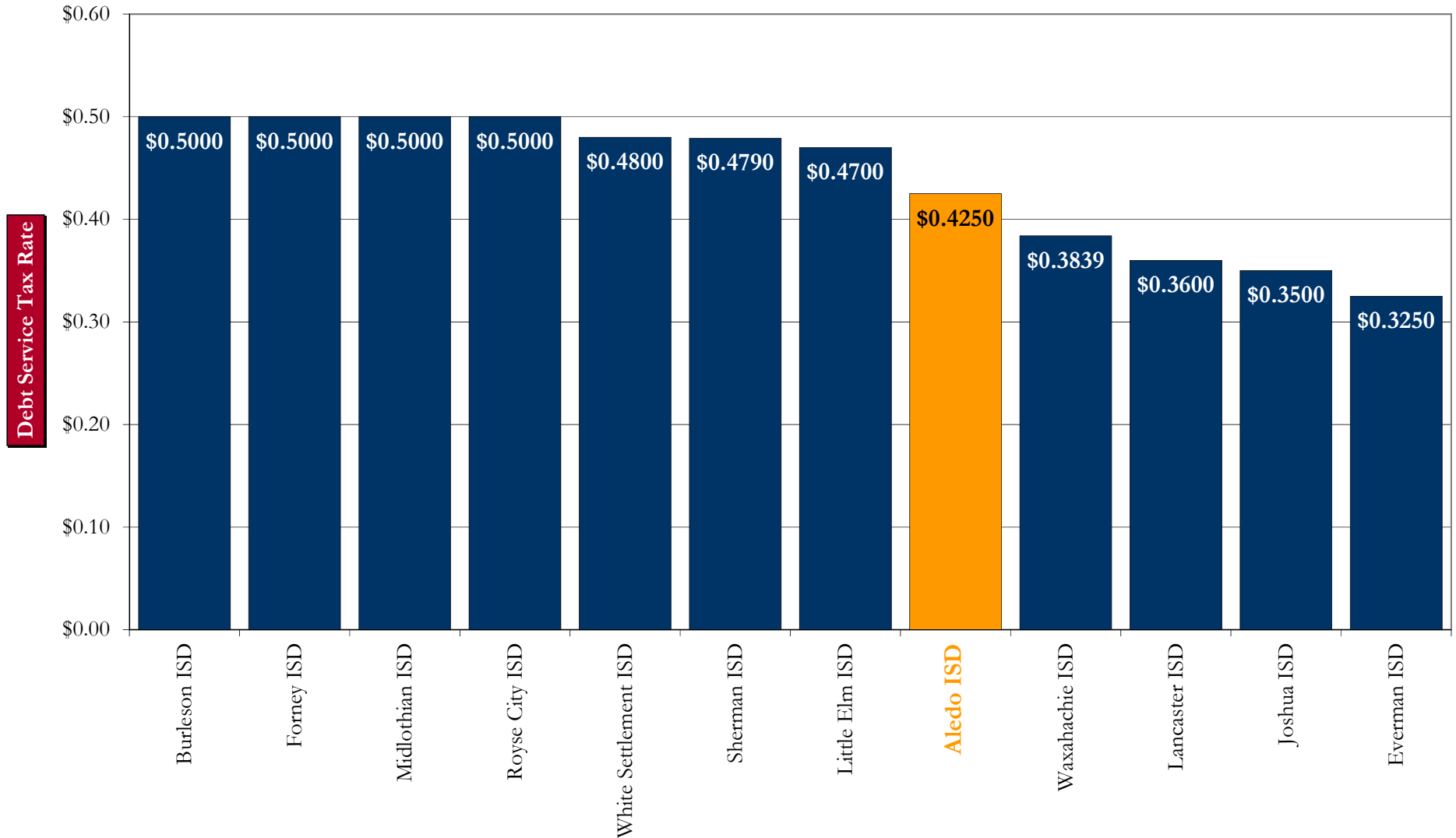
Ranked By Total Tax Rate – Year 2018/19





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

Ranked By Debt Service Tax Rate – Year 2018/19





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

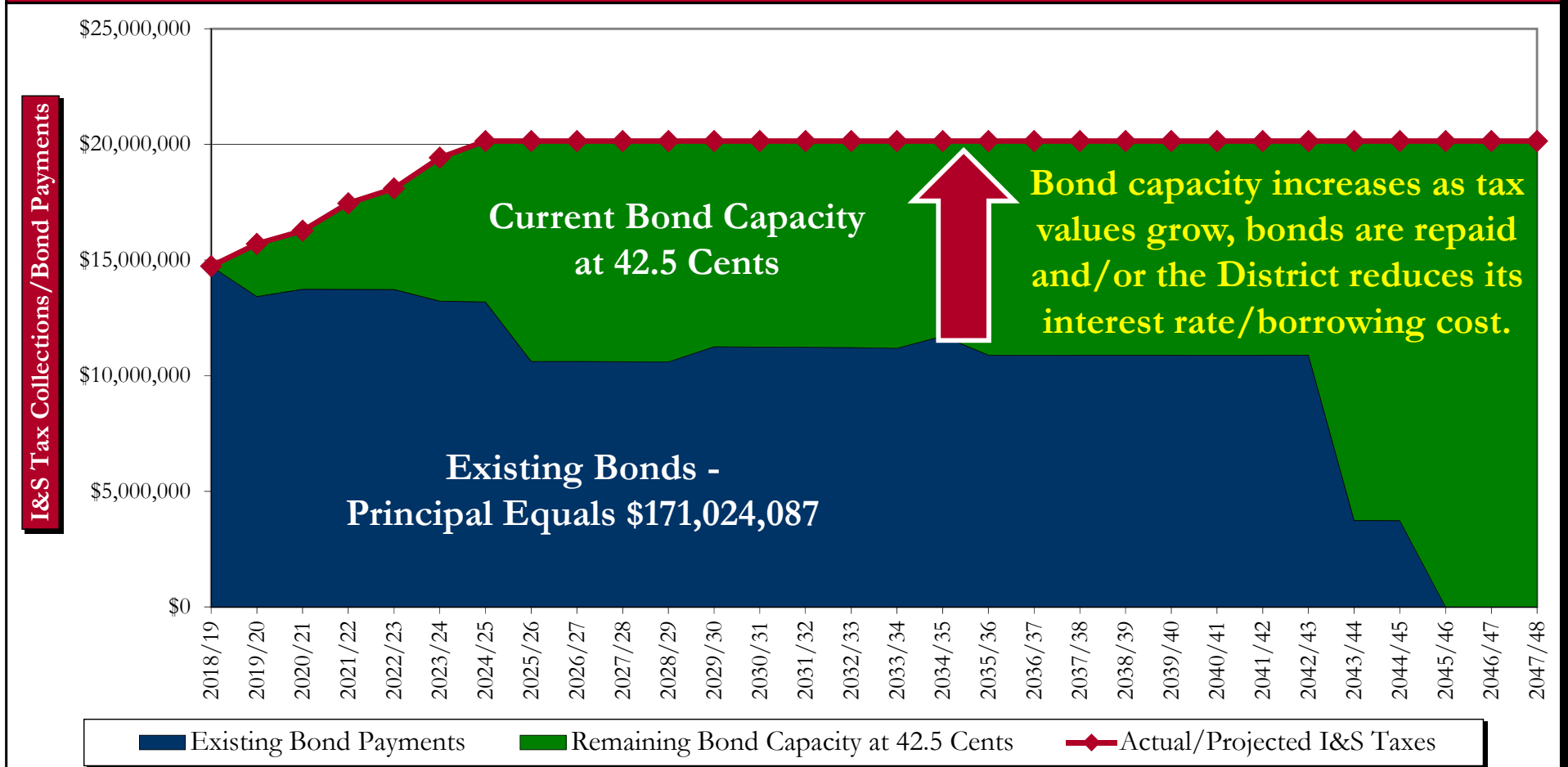
- Pursuant to State law, the District may only issue new bonds to the degree it can demonstrate its I&S tax rate will not exceed 50.0 cents (the so-called State mandated "50-Cent Debt Test").
- However, there is not a limit on the amount of bonds that may be authorized in a bond election.



What is Bond Capacity?

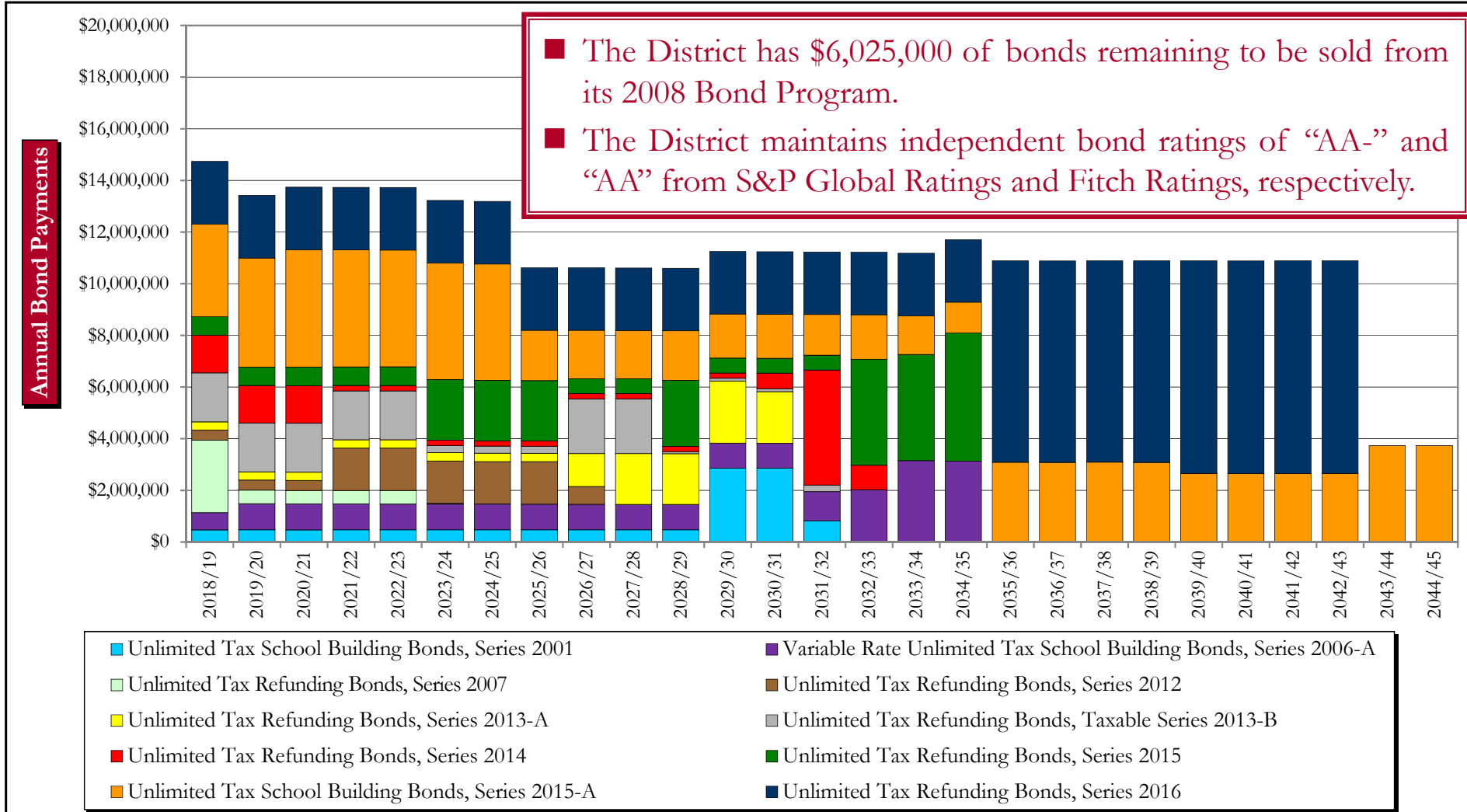
- ❑ Bond capacity refers to the District's capacity to issue new bonds in light of the limitations imposed by the State mandated "50-Cent Debt Test" and the District's current I&S tax rate.

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.

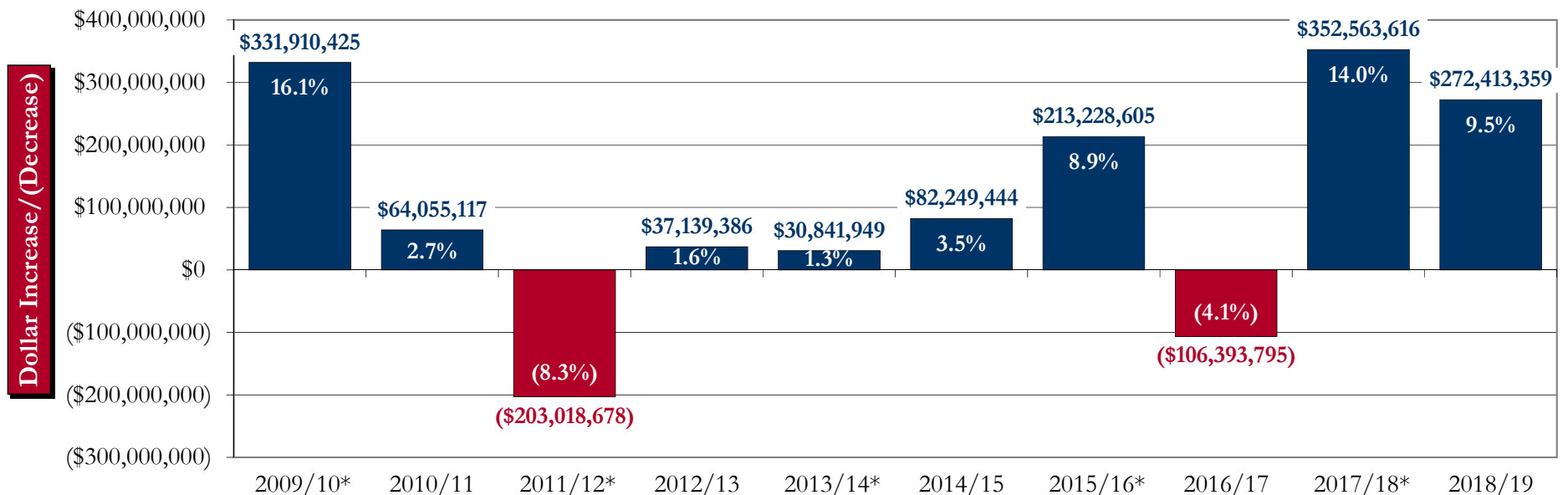
The District has a total principal amount of existing bonds equal to \$171,024,087.



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 or 14.0%;
 - Average tax base increase – “Non-Reappraisal Years”: \$69,892,702 or 2.7%; and
 - Average tax base increase – “Reappraisal Years”: \$145,105,183 or 6.4%.

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





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 4.00%).
- 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.
- **Short-Term Projects:** Fully repay bonds issued for certain short-term projects over their useful lives (e.g. devices – 5 years and infrastructure, busses, etc. – 10 years).
- 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.

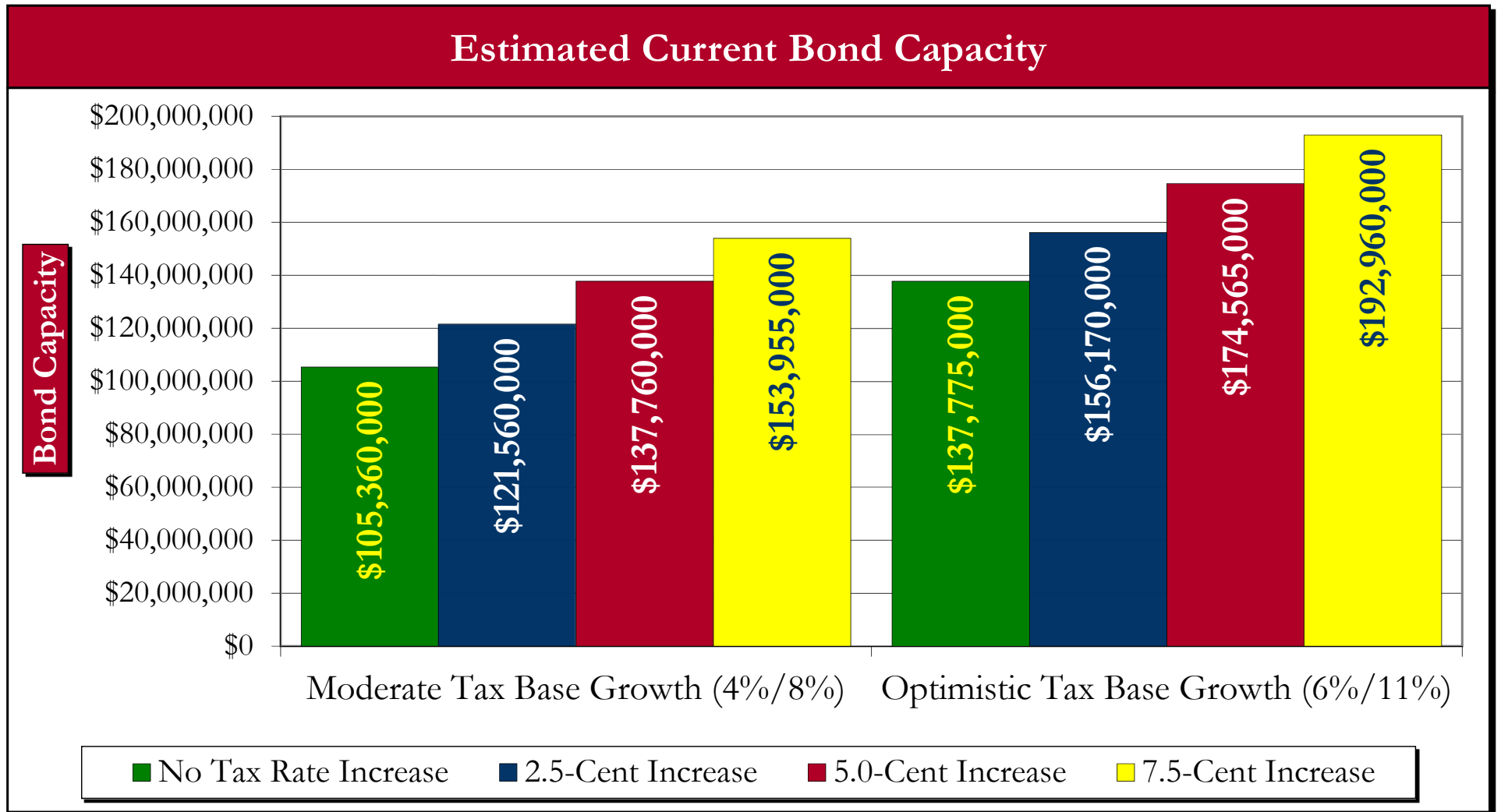
Projected Taxable Values - Moderate and Optimistic Tax Base Growth Scenarios						
A	B			C		
	Moderate TAV Growth Assumption			Optimistic TAV Growth Assumption		
Fiscal Year	Taxable Value	Dollar Growth	Percentage Growth	Taxable Value	Dollar Growth	Percentage Growth
2018/19	\$ 3,135,067,074	---	---	\$ 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

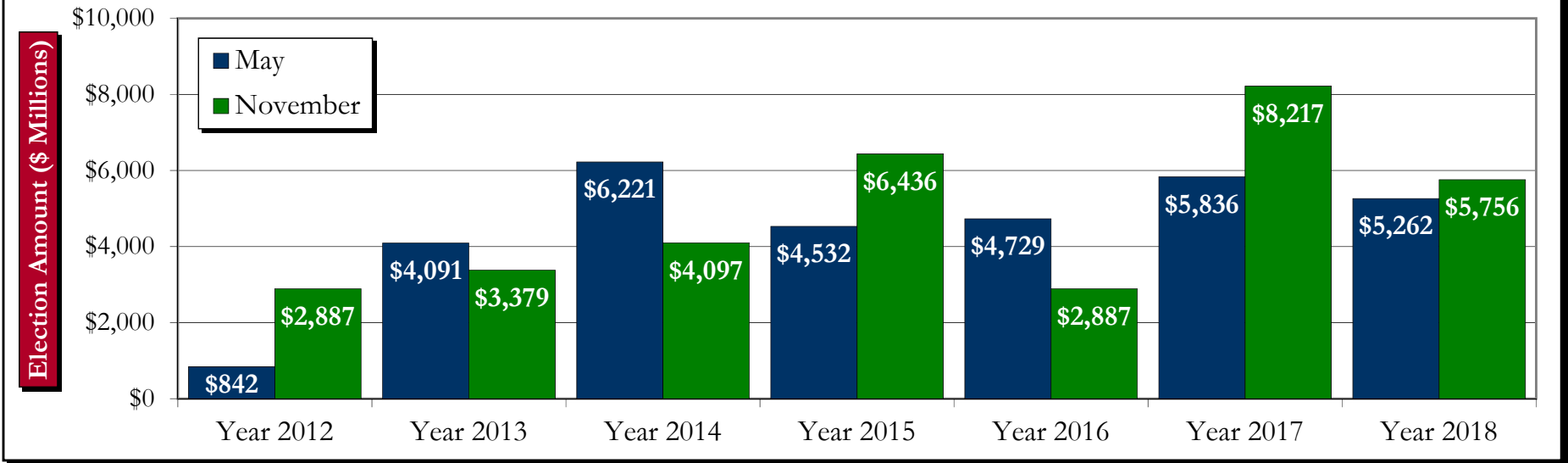
- The following demonstrates the District's estimated bond capacity based upon the scenarios presented herein.





Historical Texas School District Bond Elections

Historical Texas School District Election Volume – Since Year 2012



Historical Texas School District Bond Election Results

Year	No. Of Elections	Dollar Amount Of Elections	No. Of Propositions	Dollar Amount Approved		Propositions Approved	
				Dollar Amount	Percentage	Number	Percentage
2012	70	\$ 3,729,707,339	83	\$ 3,410,662,339	91.4%	62	74.7%
2013	146	7,470,170,049	171	5,510,117,049	73.8%	122	71.3%
2014	127	10,318,550,976	138	9,412,896,675	91.2%	110	79.7%
2015	126	10,968,064,264	139	9,644,168,689	87.9%	114	82.0%
2016	109	7,616,504,038	126	6,984,324,038	91.7%	95	75.4%
2017	126	14,052,477,791	143	11,797,747,500	84.0%	97	67.8%
2018	102	11,018,931,959	120	9,971,577,659	90.5%	88	73.3%
Totals	806	\$ 65,174,406,416	920	\$ 56,731,493,949	87.0%	688	74.8%



ESC Region 10 & 11 Texas School Districts – Successful Bond Elections Over \$50 Million Since Year 2015

- Since year 2015, school districts within Education Service Centers Regions 10 and 11 have held 45 successful bond elections, totaling \$12,590,910,951.

Texas School Districts Within Regions 10 & 11 Education Service Centers 45 Successful Bond Elections Over \$50 Million Since Year 2015 Totaling \$12,590,910,951

No.	School District	Election Date	Bonds Approved	No.	School District	Election Date	Bonds Approved
1	Dallas ISD	November 3, 2015	\$ 1,600,000,000	24	Hurst-Euless-Bedford ISD	May 5, 2018	\$ 199,000,000
2	Denton ISD	May 5, 2018	750,500,000	25	Sherman ISD	November 7, 2017	176,000,000
3	Fort Worth ISD	November 7, 2017	749,735,000	26	Argyle ISD	May 6, 2017	166,000,000
4	Lewisville ISD	May 6, 2017	737,550,000	27	Grand Prairie ISD	November 3, 2015	156,000,000
5	Frisco ISD	November 6, 2018	691,000,000	28	Anna ISD	May 7, 2016	155,000,000
6	Eagle Mtn.-Saginaw ISD	November 7, 2017	524,755,000	29	Dallas ISD	November 6, 2018	150,000,000
7	Plano ISD	May 7, 2016	481,000,000	30	Melissa ISD	May 7, 2016	150,000,000
8	Richardson ISD	May 7, 2016	437,085,000	31	Cleburne ISD	May 7, 2016	130,558,461
9	Northwest ISD	May 6, 2017	399,000,000	32	Lancaster ISD	May 9, 2015	125,900,000
10	Highland Park ISD	November 3, 2015	361,400,000	33	Crandall ISD	May 6, 2017	125,000,000
11	Carrollton-F.B. ISD	November 6, 2018	350,935,000	34	Waxahachie ISD	May 9, 2015	125,000,000
12	Mesquite ISD	May 5, 2018	325,000,000	35	Community ISD	November 7, 2017	115,775,000
13	Mesquite ISD	May 9, 2015	280,000,000	36	Princeton ISD	May 6, 2017	93,600,000
14	Mansfield ISD	May 6, 2017	275,000,000	37	Burleson ISD	May 6, 2017	85,000,000
15	Allen ISD	November 3, 2015	272,580,000	38	Weatherford ISD	May 9, 2015	74,900,000
16	Midlothian ISD	November 8, 2016	268,000,000	39	Stephenville ISD	May 5, 2018	60,800,000
17	Rockwall ISD	November 3, 2015	256,820,000	40	Royse City ISD	May 5, 2018	60,000,000
18	Birdville ISD	November 6, 2018	252,802,490	41	Azle ISD	November 8, 2016	59,500,000
19	Coppell ISD	May 7, 2016	249,040,000	42	Aledo ISD	May 9, 2015	53,200,000
20	Grapevine-Colleyville ISD	May 7, 2016	248,975,000	43	Aubrey ISD	November 7, 2017	51,000,000
21	Little Elm ISD	November 7, 2017	239,500,000	44	Godley ISD	November 3, 2015	50,000,000
22	McKinney ISD	May 7, 2016	220,000,000	45	Joshua ISD	May 9, 2015	50,000,000
23	Carroll ISD	May 6, 2017	208,000,000				



Preliminary Bond Election Timetable – November 5, 2019

Financing Team Members

AISD	---	Aledo Independent School District – Issuer
BOKFS	---	BOK Financial Securities, Inc. – Financial Advisor
MPH	---	McCall, Parkhurst & Horton L.L.P. – Bond Counsel

Preliminary Bond Election Timetable – November 5, 2019

Date	Action	Responsibility
On or Prior to August 19, 2019^(A)	Board Meeting – Board of Trustees Calls the Bond Election	AISD, BOKFS, MPH
October 6 – 28, 2019	Publish Notice of Election	AISD, MPH
Prior to October 15, 2019	Post Notice of Election	AISD, MPH
October 21 – November 1, 2019	Early Voting Period	AISD
November 5, 2019	Bond Election	AISD, BOKFS
November 8 – 18, 2019	Board Meeting – Canvass Election Results	AISD, BOKFS
December 9 – 18, 2019	30-Day Contest Period Ends	N/A
January 2020 or Thereafter	Bond Sale	AISD, BOKFS, MPH
February 2020 or Thereafter	Bond Closing (District Receives Bond Proceeds)	AISD, BOKFS, MPH

^(A) For bond elections held on the November uniform election date, State law requires a bond election to be called by the Board of Trustees at least 78 days prior to the date of the election.



Questions

