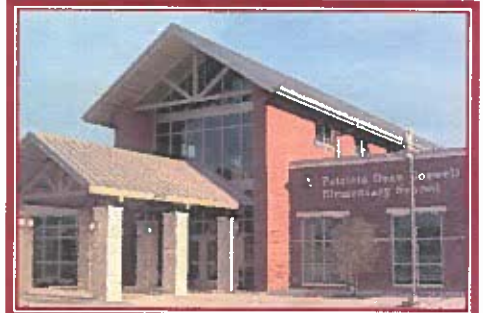




## Preliminary Bond Capacity Analysis

Friday, July 26, 2019

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**NOT FDIC INSURED | NO BANK GUARANTEE | MAY LOSE VALUE**



## Preliminary Bond Capacity Analysis

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

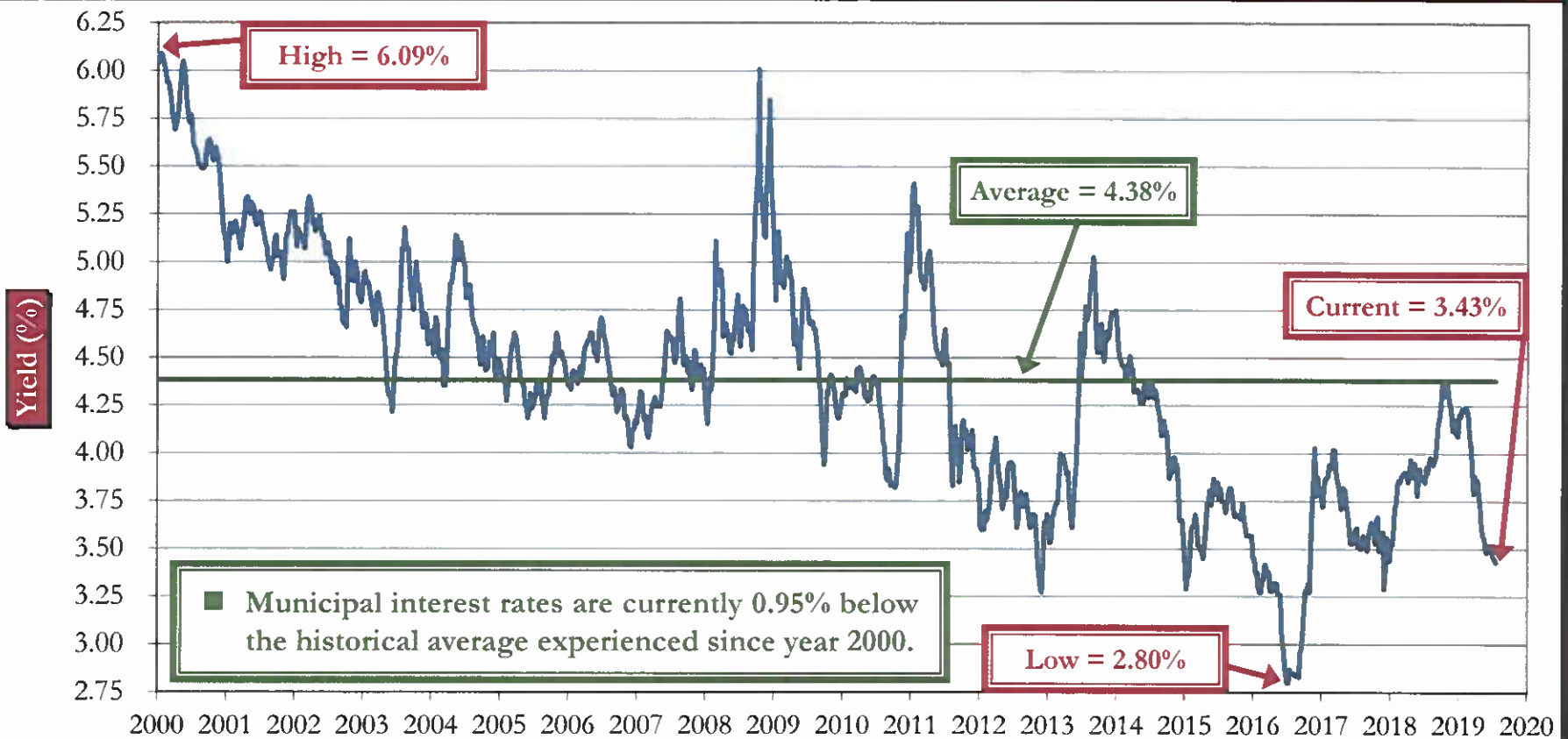
### ☐ Scenario Presented – Potential New Bond Program

- Determine the District's current bond capacity at a maximum Interest and Sinking Fund ("I&S") tax rate of 42.5 cents.



## Current Market, Fixed Rates of Interest

### The Bond Buyer 20-Bond Index – A Tax-Exempt General Obligation Bond Yield Index January 1, 2000 To The Present



Economic uncertainty, including the U.S.-China trade war and expectations the Federal Reserve will cut interest rates, coupled with low municipal bond market supply has caused a sharp decline in interest rates over the past few months.



# Preliminary Bond Capacity Analysis

## □ Assumptions

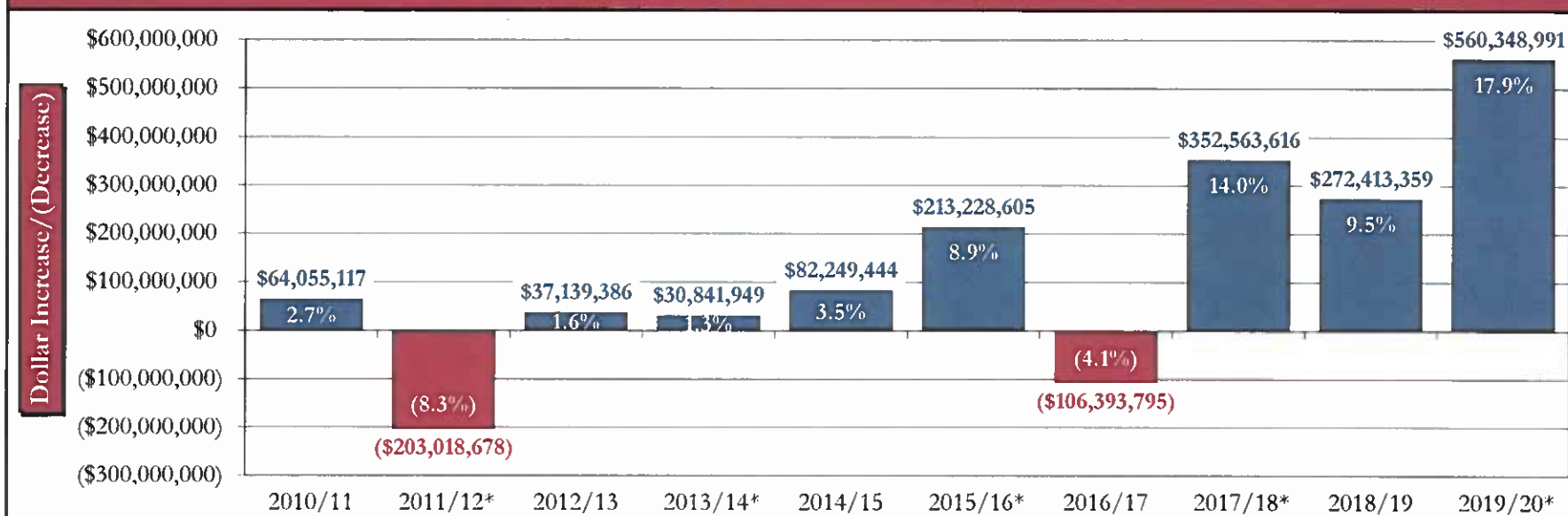
- The District will prepay a portion of its existing bonds prior to scheduled maturity in fiscal year 2019/20 to maintain its current I&S tax rate of 42.5 cents.
- The new bond program is sold in February 2020 at an interest rate of 4.50% (current market rates of interest are approximately 3.50%).
- 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).
- District will annually have \$1,700,000 of “Other Available Revenues” available for bond payments. “Other Available Revenues” consist of frozen I&S Fund tax collections (\$1,510,000), interest earnings on I&S tax collections (\$55,000), delinquent I&S tax collections (\$85,000), and penalties and interest (\$50,000).
- The District will not receive any State assistance for the repayment of bonds.
- Tax collection rate of 99.0%.
- Note: While the District's taxable values may increase in future years, the projected current bond capacity only utilizes 4 years of growth to permit “future growth to fund future bond programs for capital improvements.”



## Summary of District's Historical Taxable Assessed Valuation

- ❑ The District's taxable assessed valuation (net of frozen values) is \$3,695,416,065 for fiscal year 2019/20.
- ❑ The following summarizes certain taxable value growth statistics over the last decade:
  - Maximum tax base increase occurred in Year 2019/20: \$560,348,991 or 17.9%;
  - Average tax base increase – “Non-Reappraisal Years”: \$69,892,702 or 2.7%; and
  - Average tax base increase – “Reappraisal Years”: \$190,792,897 or 6.8%.

Historical Dollar Increases/(Decreases) in Taxable Valuations – Years 2010/11 – 2019/20

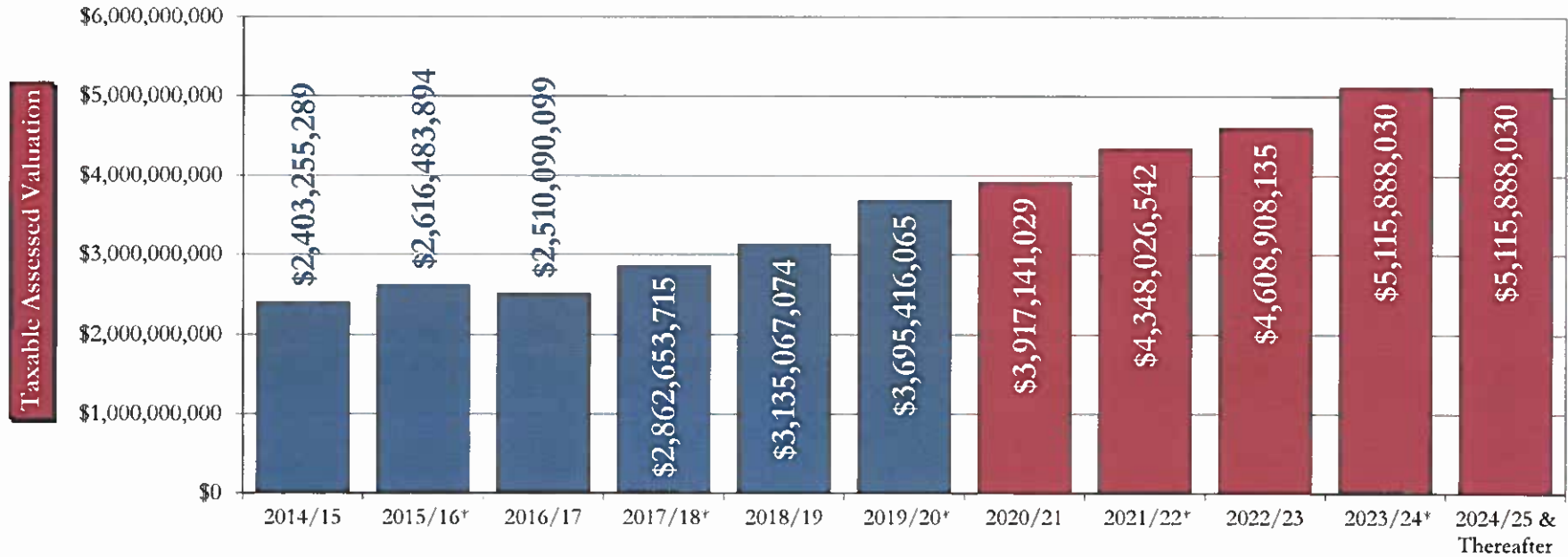


- ❑ The analysis herein assumes the District's taxable values will increase by 6% for “Non-Reappraisal” years and 11% for “Reappraisal” years in each of the next 4 years and remain constant thereafter.



# Preliminary Bond Capacity Analysis

## Historical and Assumed Taxable Valuations (Net of Frozen Values)



| Fiscal Year                | 2014/15         | 2015/16*        | 2016/17         | 2017/18*        | 2018/19         | 2019/20*        | Average Annual Increase – Years 2015/16 – 2019/20 |
|----------------------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|---------------------------------------------------|
| Taxable Assessed Valuation | \$2,403,255,289 | \$2,616,483,894 | \$2,510,090,099 | \$2,862,653,715 | \$3,135,067,074 | \$3,695,416,065 | ---                                               |
| Dollar Change              | \$---           | \$213,228,605   | (\$106,393,795) | \$352,563,616   | \$272,413,359   | \$560,348,991   | \$258,432,155                                     |
| Percentage Change          | ---             | 8.87%           | (4.07%)         | 14.05%          | 9.52%           | 17.87%          | 8.99%                                             |

| Fiscal Year                | 2020/21         | 2021/22*        | 2022/23         | 2023/24*        | 2024/25         | 2025/26 & Thereafter | Average Annual Increase – Years 2020/21 – 2023/24 |
|----------------------------|-----------------|-----------------|-----------------|-----------------|-----------------|----------------------|---------------------------------------------------|
| Taxable Assessed Valuation | \$3,917,141,029 | \$4,348,026,542 | \$4,608,908,135 | \$5,115,888,030 | \$5,115,888,030 | \$5,115,888,030      | ---                                               |
| Dollar Change              | \$221,724,964   | \$430,885,513   | \$260,881,593   | \$506,979,895   | \$---           | \$---                | \$355,117,991                                     |
| Percentage Change          | 6.00%           | 11.00%          | 6.00%           | 11.00%          | ---             | ---                  | 9.31%                                             |

Historical values are provided by Parker County Appraisal District and Tarrant Appraisal District. \*Denotes a "Reappraisal Year".



## Preliminary Bond Capacity Analysis

- ❑ The following table summarizes the projected results of the potential new bond program.

| Summary of Preliminary Bond Capacity Analysis Estimated Results |                   |
|-----------------------------------------------------------------|-------------------|
| Description                                                     | Estimated Results |
| Maximum Dollar Amount of Bond Capacity                          | \$ 157,500,000    |
| Estimated True Interest Cost ("All-In TIC")                     | 4.50%             |
| Projected Year 2019/20 I&S Tax Rate                             | 42.5 Cents        |
| Plus: Projected I&S Tax Rate Increase                           | 0.0 Cents         |
| Anticipated Maximum I&S Tax Rate                                | 42.5 Cents        |
| Projected Net Bond Payments – New Bond Program                  | \$ 309,081,343    |
| Final Maturity – New Bond Program                               | February 15, 2050 |



## 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 <sup>(A)</sup> | 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 |

<sup>(A)</sup> 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.