Italy ISD

Series 2026 Refunding Bond Parameter Order

July 20, 2026

Presentation Topics

- ASAHE
- IISD ASAHE Calculations
- Potential Refunding Results
- Parameter Order Info
- Proposed Parameters

ASAHE – Additional State Aid for Homestead Exemption increases

- Texas ISD's receive ASAHE Hold-Harmless funding for increases in the State Mandatory Homestead Exemption:
  - **ASAHE 1**: $15K to $25K in 2015
  - **ASAHE 2**: $25K to $40K in 2021
  - **ASAHE 3**: $40K to $100K in 2023
  - **ASAHE 4a**: $100K to $140K in 2025 (**SB4**)
  - **ASAHE 4b**: $10K to $60K in 2025 for OV65 / Disabled Homeowners - $200K total (**SB23**)

- The Comptroller's values for Italy ISD used to calculate ASAHE funding are not available until February each year – 5 to 6 months AFTER you set your I&S Tax Rate

- Additional provisions in SB4 & SB23 reduce ASAHE 4a & 4b hold-harmless funding by the difference between total I&S Revenue (collections + ASAHE) less IISD's **scheduled** debt service payment

- A bond defeasance **is not** a scheduled debt service payment

- A bond refunding/refinancing **is** a scheduled debt service payment

- Also, SB 1453 goes into effect for 2026-27, which requires specific language for motion to approve a surplus I&S tax rate and 60% Board approval

Italy ISD 2025-26 ASAHE Calculations

1	2	3	4	5	6
	ASAHE 1	**ASAHE 2**	**ASAHE 3**	**ASAHE 4a**	**ASAHE 4b**
ASAHE %'s	**2.0458%**	**3.0673%**	**11.8022%**	**7.8874%**	**3.0641%**
ASAHE Funding	**$10,497**	**$20,952**	**$80,620**	**$53,878**	**$20,930**

- Italy ISD is eligible to receive a total of **$186,877** in ASAHE funding for 2025-26

- Two Options: Do Nothing or Do a Refunding

	I&S Tax Collections	**+**	**ASAHE Funding**	**-**	**Scheduled Payment**	**=**	**I&S Surplus / (Deficit)**
Do Nothing	$810,000	+	**$112,069**	-	$683,088	=	**$238,981**
Do Refunding	$810,000	+	**$186,877**	-	**$996,877**	=	**$0**

- We would normally just defease/pay off existing bonds with the surplus, but the new law only pays hold harmless/ASAHE on scheduled bond payments, so we would schedule a refunding payment in August 2026 to maximize ASAHE funding

Potential Refunding Results

Debt Service increased in current year and next year to balance I&S budget and maximize hold-harmless funding from the State

ASSUMPTIONS		POTENTIAL REFUNDING RESULTS	
Dated / Delivery Date:	7/14/2026	*True Interest Cost:*	5.50%
Average Coupon on Refunded Bonds:	3.84%	*Debt Service Savings:*	$ 174,706

POTENTIAL DEBT SERVICE SAVINGS

1	2	3	4	5	6	7	8
Year Ending	Series 2015 Refunded Debt Service			Series 2026 Refunding Debt Service			Potential
31-Dec	Principal	Interest	Total	Principal	Interest	Total	Savings
2026	$ -	$ -	$ -	$ 255,000	$ 60,090	$ 315,090	$ (315,090)
2027	-	21,325	21,325	320,000	7,467	327,467	(306,142)
2028	-	21,325	21,325				21,325
2029	25,000	20,950	45,950				45,950
2030	25,000	20,200	45,200				45,200
2031	30,000	19,300	49,300				49,300
2032	30,000	18,250	48,250				48,250
2033	35,000	17,113	52,113				52,113
2034	35,000	15,888	50,888				50,888
2035	35,000	14,663	49,663				49,663
2036	35,000	13,438	48,438				48,438
2037	35,000	12,213	47,213				47,213
2038	35,000	10,900	45,900				45,900
2039	35,000	9,500	44,500				44,500
2040	35,000	8,100	43,100				43,100
2041	35,000	6,700	41,700				41,700
2042	35,000	5,300	40,300				40,300
2043	35,000	3,900	38,900				38,900
2044	40,000	2,400	42,400				42,400
2045	40,000	800	40,800				40,800
Totals	**$ 575,000**	**$ 242,263**	**$ 817,263**	**$ 575,000**	**$ 67,557**	**$ 642,557**	**$ 174,706**

Bonds to be Refunded

	Principal Refunded	Maturities Refunded	Refunded Bonds Interest Rate	Refunded Bonds Call Date
Unlimited Tax School Building Bonds, Series 2015	$ 575,000	2029 - 2045	3.00% - 4.00%	currently callable

Parameter Bond Order

- Allowed Under Section 1371 (New Money) and 1207 (Refunding) Texas Government Code

- Board delegates final pricing authority to Board selected Pricing Officers – *Senior Administration Officials*

- Board establishes and approves bond sale parameters within Parameter Order:
  - Maximum Interest Rate – *True Interest Cost (TIC)*
  - Maximum Principal Amount of Issue – *'Not-to-exceed amount'*
  - Minimum Savings Threshold - *Refundings*
  - Final Maturity Date
  - Expiration of Delegated Authority

- **Delegated Pricing Officers can only approve bond issue if parameters in Board-approved Order are met**

Series 2026 Refunding Parameters Included in Order

- Delegated Pricing Officers: *Superintendent or Business Manager*
- Maximum Principal Amount (Not-to-Exceed): *$6,670,000*
- Minimum Savings: *Positive Debt Service Savings*
- Final Maturity Date: *2/15/45*
- Delegation Expiration: *180 Days*

Delegated Pricing Officers can only approve transaction if these parameters are met