

Review of Current Debt Portfolio and Bond Capacity

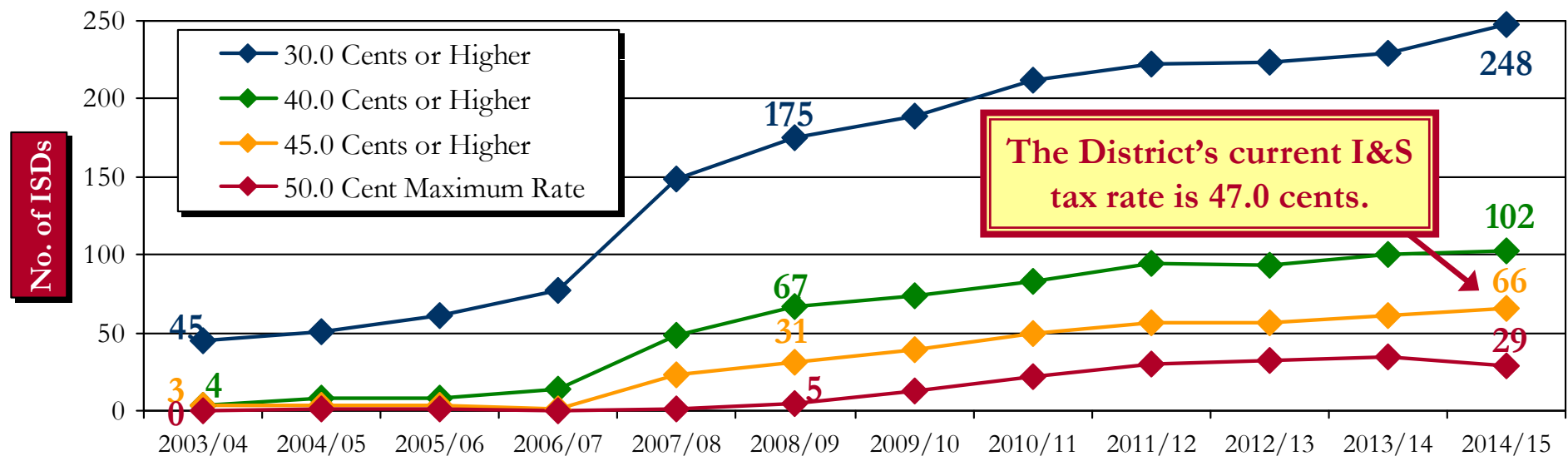
Tuesday, March 24, 2015



Debt Factors – State Law – “50.0 Cent Bond Test”

- ❑ Two separate tax rates comprise Aubrey Independent School District’s (the “District”) total tax rate:
 - **Maintenance & Operations (“M&O”) Tax Rate:** Used to pay for the “day-to-day” operational expenses of a school district including teacher salaries, educational programs, supplies, utilities, etc.
 - **Interest & Sinking Fund (“I&S”) Tax Rate:** Used solely to pay the annual principal and interest requirements of bonds approved by voters.
- ❑ 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.

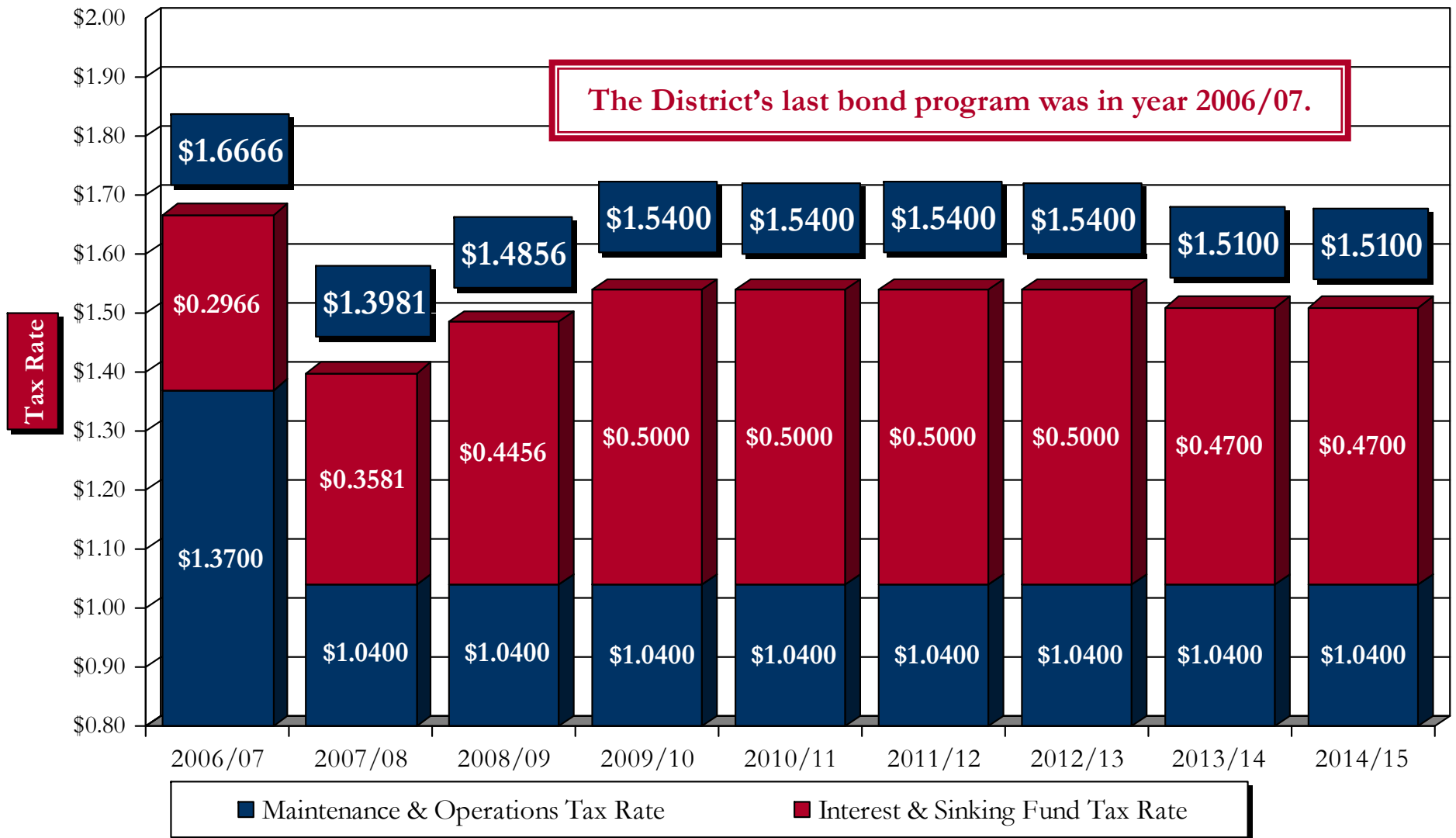
Historical Trend of Texas School District I&S Tax Rates – Years 2003/04 – 2014/15





Historical Tax Rates

District's Historical Tax Rates

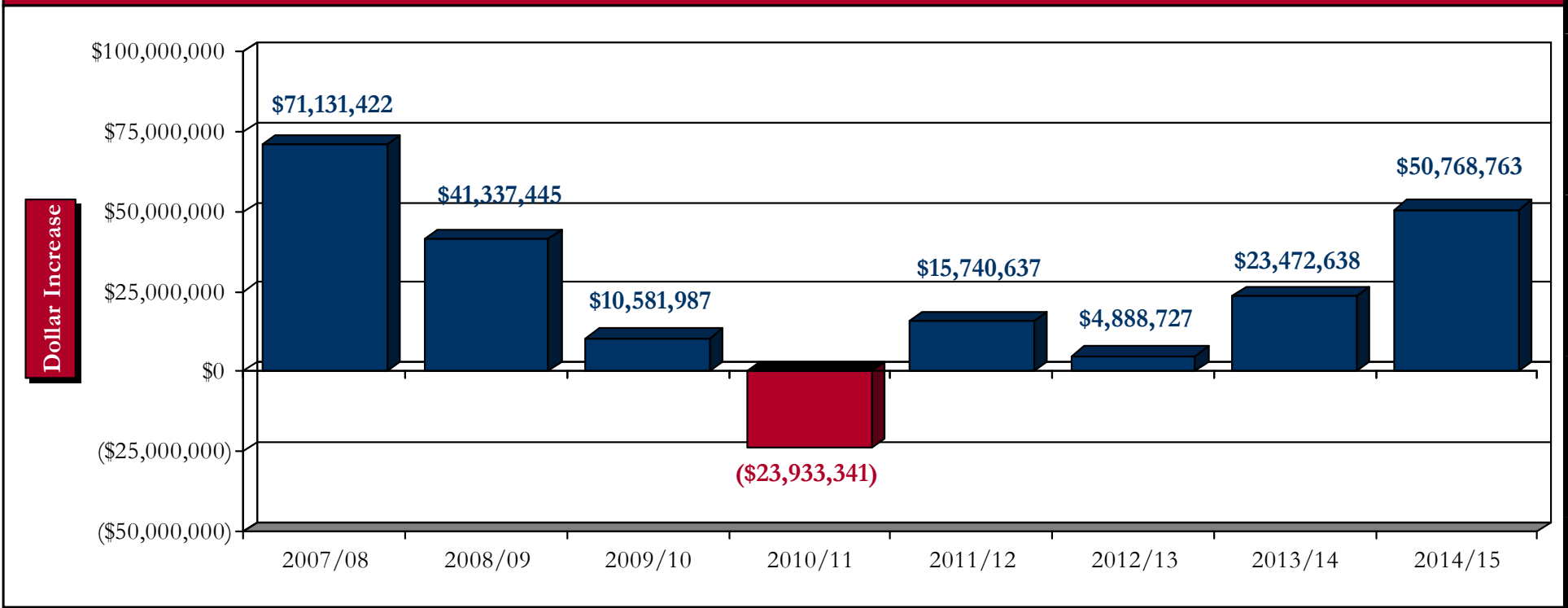




Debt Factors – Taxable Assessed Valuation

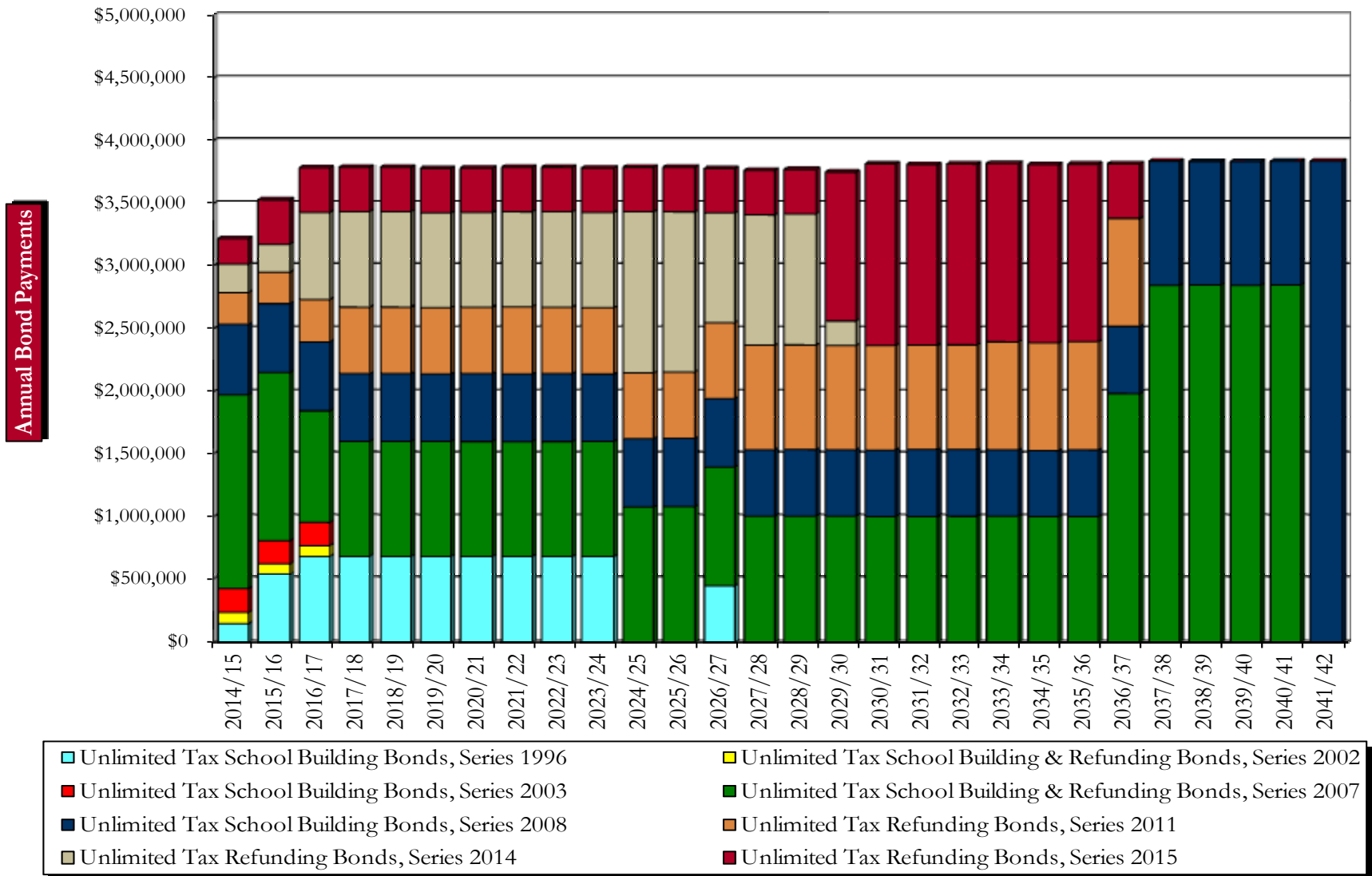
- ❑ The value of the District's tax base is a primary factor impacting the District's bond capacity – As this determines the annual revenues generated from the District's I&S tax rate.
- The District's taxable assessed valuation is \$597,631,494 for fiscal year 2014/15.
- After 5-years of limited growth, the District's taxable values increased by more than \$50 million in year 2014/15 – which is commensurate to the growth experienced at the time of the District's last bond election in November 2006.

**Historical Increases in Taxable Valuations
Years 2007/08 – 2014/15**





Debt Factors – Dollar Amount and Structure of District's Existing Bonds



Note: Debt service payments reflect payments from September 1 through August 31.

The District has a total principal amount of existing bonds equal to \$51,110,714.



Debt Factors – State Funding Received for Payment of Bonds

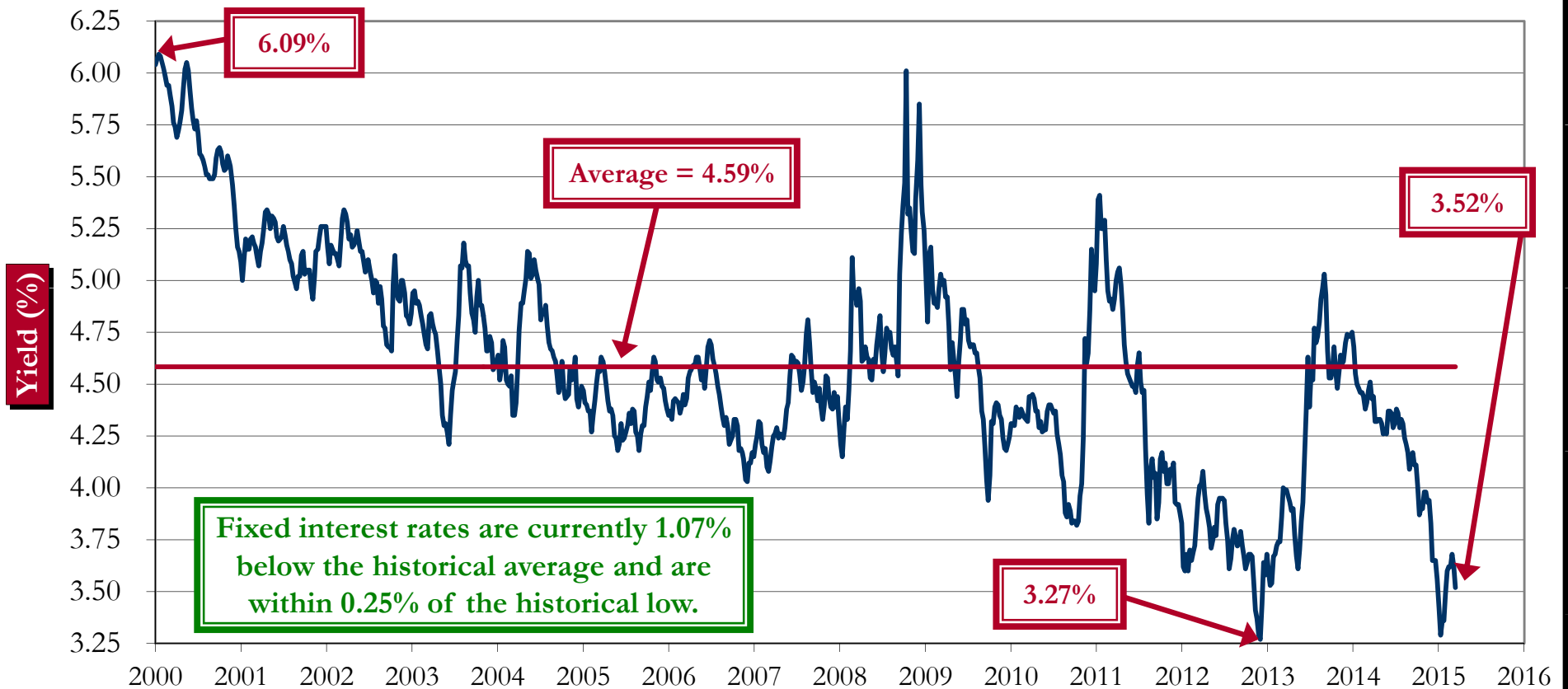
❑ State Funding Received for Payment of Bonds

- Pursuant to current State funding regulations, the District's outstanding bond payments are eligible for State funding assistance. It is anticipated the District will receive State funding assistance of approximately 14.06% of its annual bond payments or \$452,955 in year 2014/15.
- The District is currently maximizing its State funding assistance and will not be eligible to receive State funding assistance for new bonds until year 2042/43 or until its Refined Average Daily Attendance exceeds 3,450.



Debt Factors – Interest Rates

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



- Based upon the \$12.5 million bond sale repaid over a 35-year period, an interest rate difference of 0.50% changes the District's interest cost by approximately \$1,750,000.



Recent Savings from District's Debt Management Practices

- ❑ Over the last 2-years, the District has implemented 2 refinancing programs to lower the interest rate on the District's existing bonds, generating more than \$2.9 million of savings for District taxpayers!

Summary of Interest Cost Savings Achieved By The District – Since Year 2014

Issue	Series Refunded	Principal Amount Refunded	Total Savings
Unlimited Tax Refunding Bonds, Series 2014	2007	\$ 7,427,571	\$ 1,041,226
Unlimited Tax Refunding Bonds, Series 2015	2002 & 2007	9,403,313	1,906,676
Totals	---	\$ 16,650,884	\$ 2,947,902



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.

☐ Scenario Presented

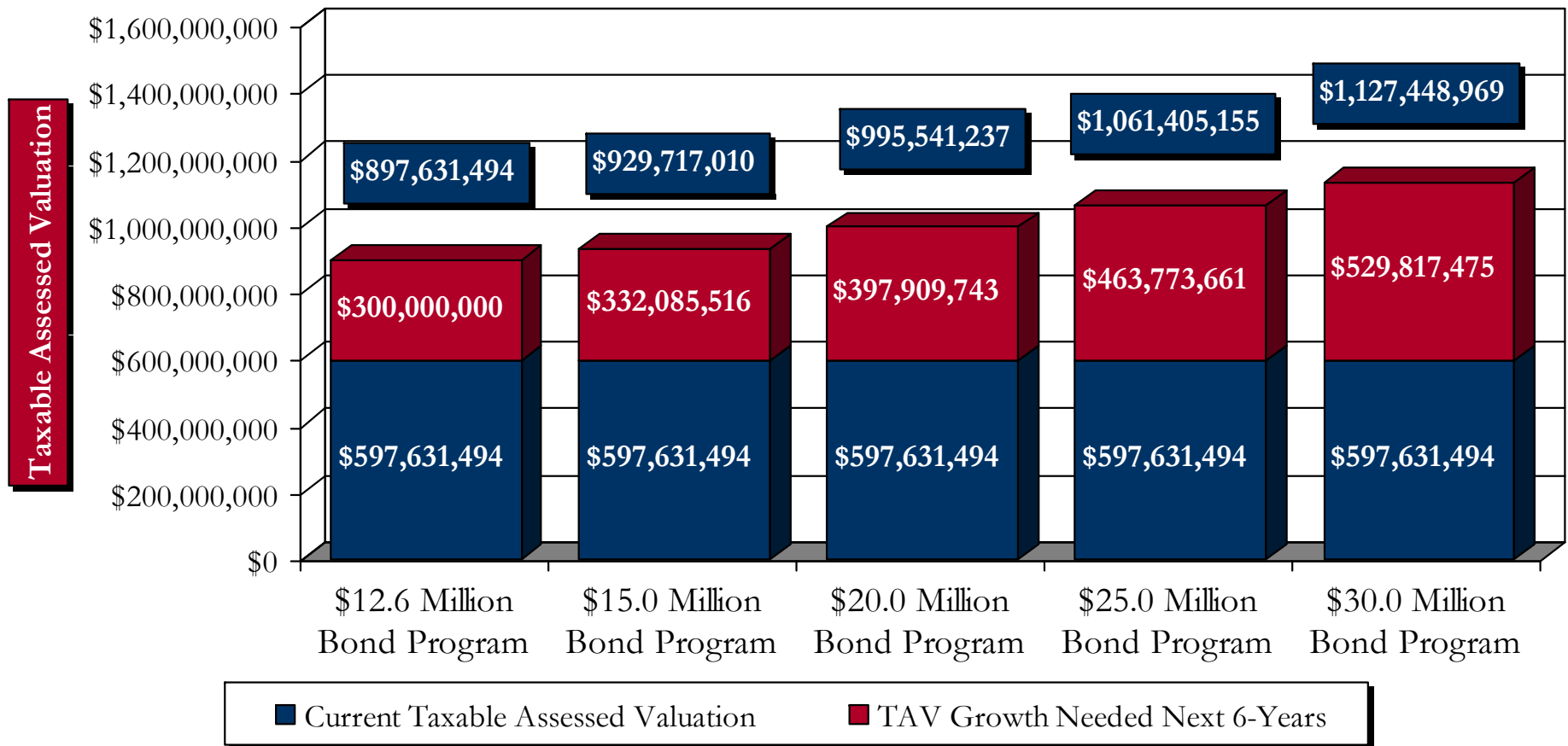
- Determine the District's maximum bond capacity assuming the District levies a maximum I&S tax rate of 50.0 cents.



Preliminary Bond Capacity Analysis (Continued)

- As previously stated, growth in the District's tax base is the primary factor dictating the District's bond capacity. The following demonstrates the District's estimated bond capacity over the next 6-years based upon various annual growth rates in the District's tax base.

Projected Bond Capacity Based Upon Various Taxable Assessed Valuation Increases





Historical Texas School District Bond Election Results

- ❑ Since year 2008, there have been 756 bond elections held by Texas school districts and \$35.1 billion of bonds have been approved by voters to provide the capital improvements desired in local communities.

Historical Texas School District Bond Election Results – Years 2008 Through 2014

Year	No. Of Elections	Dollar Amount Of Bond Elections	Dollar Amount Approved		Dollar Amount Failed	
			Dollar Amount	Percentage	Dollar Amount	Percentage
2008	132	\$ 10,027,332,101	\$ 8,753,708,101	87.3%	\$ 1,273,624,000	12.7%
2009	79	2,447,569,995	1,597,039,995	65.3%	850,530,000	34.7%
2010	110	4,584,668,000	3,231,587,000	70.5%	1,353,081,000	29.5%
2011	94	3,943,308,215	3,302,979,215	83.8%	640,329,000	16.2%
2012	70	3,729,657,339	3,410,612,339	91.5%	319,045,000	8.5%
2013	144	7,387,300,049	5,428,117,049	73.5%	1,959,183,000	26.5%
2014	127	10,318,550,976	9,440,196,675	91.5%	878,354,301	8.5%
Totals	756	\$42,438,386,675	\$35,164,240,374	82.9%	\$7,274,146,301	17.1%

- ❑ Aubrey ISD's last successful bond election on November 7, 2006 totaled \$34,000,000.



Historical Bond Election Results – By Bond Propositions

❑ Based upon the number of bond propositions included within Texas school district bond elections held since 2008:

■ 63.97% of bond propositions have been held in May and 36.03% have been held in November; and

■ 71.75% of May bond propositions and 60.44% of November bond propositions were approved by voters.

■ However, 86.54% of bond elections held on the November 2014 general election date were successful.

Texas School District Bond Elections Held in May						
Year (May)	No. of Elections	No. of Bond Propositions	Bond Propositions Approved		Bond Propositions Failed	
			Number	Percentage	Number	Percentage
2008	95	114	80	70.18%	34	29.82%
2009	48	57	42	73.68%	15	26.32%
2010	69	82	46	56.10%	36	43.90%
2011	63	71	52	73.24%	19	26.76%
2012	45	57	44	77.19%	13	22.81%
2013	88	103	80	77.67%	23	22.33%
2014	78	86	65	75.58%	21	24.42%
Total	486	570	409	71.75%	161	28.25%

Texas School District Bond Elections Held in November						
Year (November)	No. of Elections	No. of Bond Propositions	Bond Propositions Approved		Bond Propositions Failed	
			Number	Percentage	Number	Percentage
2008	37	51	31	60.78%	20	39.22%
2009	31	36	22	61.11%	14	38.89%
2010	41	53	20	37.74%	33	62.26%
2011	31	37	18	48.65%	19	51.35%
2012	25	26	18	69.23%	8	30.77%
2013	56	66	40	60.61%	26	39.39%
2014	49	52	45	86.54%	7	13.46%
Total	270	321	194	60.44%	127	39.56%



Preliminary Bond Election Timetable – November 3, 2015

Financing Team Members

AISD	--	Aubrey Independent School District – Issuer
BOSC	--	BOSC, Inc. – Financial Advisor
MPH	--	McCall, Parkhurst & Horton L.L.P. – Bond Counsel

Preliminary Bond Election Timetable – November 3, 2015

Date	Action	Responsibility
On or Prior to August 24, 2015^(A)	Board Meeting – Board of Trustees Calls the Bond Election	AISD, BOSC, MPH
October 4 – 26, 2015	Publish Notice of Election	AISD, MPH
Prior to October 13, 2015	Post Notice of Election	AISD, MPH
October 19 – 30, 2015	Early Voting Period	AISD
November 3, 2015	Bond Election	AISD, BOSC
November 11 – 16, 2015	Board Meeting – Canvass Election Results	AISD, BOSC
December 11 – 16, 2015	30-Day Contest Period Ends	N/A
January/February 2016	Bond Sale	AISD, BOSC, MPH
February / March 2016	Bond Closing (District Receives Bond Proceeds)	AISD, BOSC, 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 71 days prior to the date of the election and the Department of Justice requires 60 days for approval of election procedures. Should the District desire to receive Department of Justice approval prior to the beginning of “Early Voting” (i.e. the 17th day before the election), the District must call the election at least 78 days prior to the election date (i.e. August 17, 2015).



Preliminary Bond Election Timetable – May 14, 2016

Financing Team Members

AISD	---	Aubrey Independent School District – Issuer
BOSC	---	BOSC, Inc. – Financial Advisor
MPH	---	McCall, Parkhurst & Horton L.L.P. – Bond Counsel

Preliminary Bond Election Timetable – May 14, 2016

Date	Action	Responsibility
On or Prior to March 3, 2016^(A)	Board Meeting – Board of Trustees Calls the Bond Election	AISD, BOSC, MPH
April 14 – May 4, 2016	Publish Notice of Election	AISD, MPH
Prior to April 25, 2016	Post Notice of Election	AISD, MPH
May 2 – 10, 2016	Early Voting Period	AISD
May 14, 2016	Bond Election	AISD, BOSC
May 17 – 25, 2016	Board Meeting – Canvass Election Results	AISD, BOSC
June 16 – 24, 2016	30-Day Contest Period Ends	N/A
July 2016 or Thereafter	Bond Sale	AISD, BOSC, MPH
August 2016 or Thereafter	Bond Closing (District Receives Bond Proceeds)	AISD, BOSC, MPH

^(A) For bond elections held on the May uniform election date, State law requires a bond election to be called by the Board of Trustees at least 71 days prior to the date of the election and the Department of Justice requires 60 days for approval of election procedures. Should the District desire to receive Department of Justice approval prior to the beginning of “Early Voting” (i.e. the 12th day before the election), the District must call the election at least 75 days prior to the election date (i.e. February 29, 2016).



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