

# Aransas Pass Independent School District

Overview of Existing Debt and Current Market Review

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Capital  
Markets

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# Current Debt Portfolio

## SECTION 1



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# Debt Profile

## Overview of Existing Debt ("A+ / AAA")

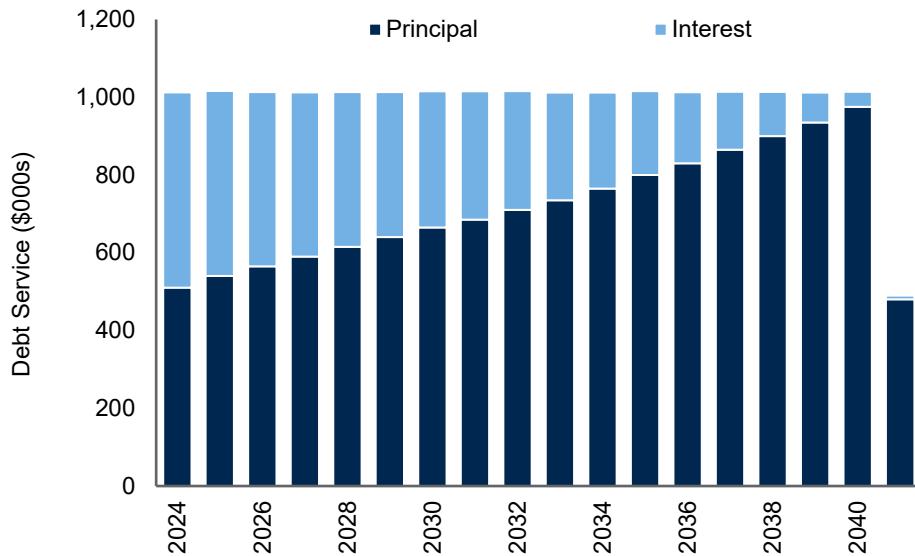
### Aransas Pass ISD Unlimited Tax Debt Profile

Issue	Issued Par Amount	Outstanding Par Amount	Coupon Range of Callable Bonds	First Call Date	Final Maturity	Structure	Use of Proceeds
U/L Tax Sch Bldg Bds Ser 2016	\$ 16,120,000	\$ 12,295,000	3.000% - 5.000%	02/15/2025	02/15/2041	Fixed Rate	School Building
<b>Total</b>	<b>\$ 16,120,000</b>	<b>\$ 12,295,000</b>					

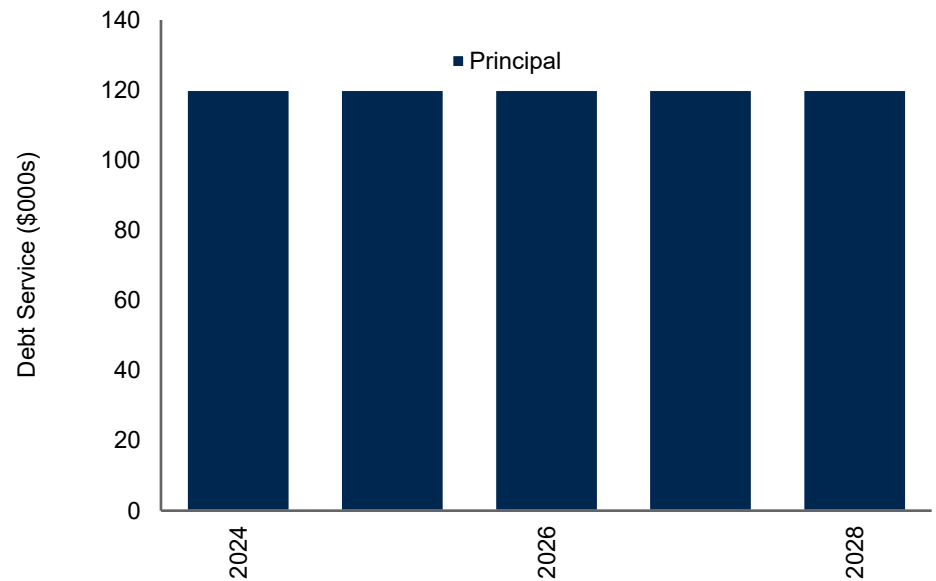
### Aransas Pass ISD Limited Tax Debt Profile

Issue	Issued Par Amount	Outstanding Par Amount	Coupon Range of Callable Bonds	First Call Date	Final Maturity	Structure	Use of Proceeds
Contractual Obligations, Series 2013 (QZAB)	\$ 1,800,000	\$ 600,000	N/A	N/A	06/15/2028	Fixed Rate	Maintenance Expenses
<b>Total</b>	<b>\$ 1,800,000</b>	<b>\$ 600,000</b>					

### Unlimited Tax School Building Bonds, Series 2016



### Contractual Obligations, Series 2013 (QZAB)



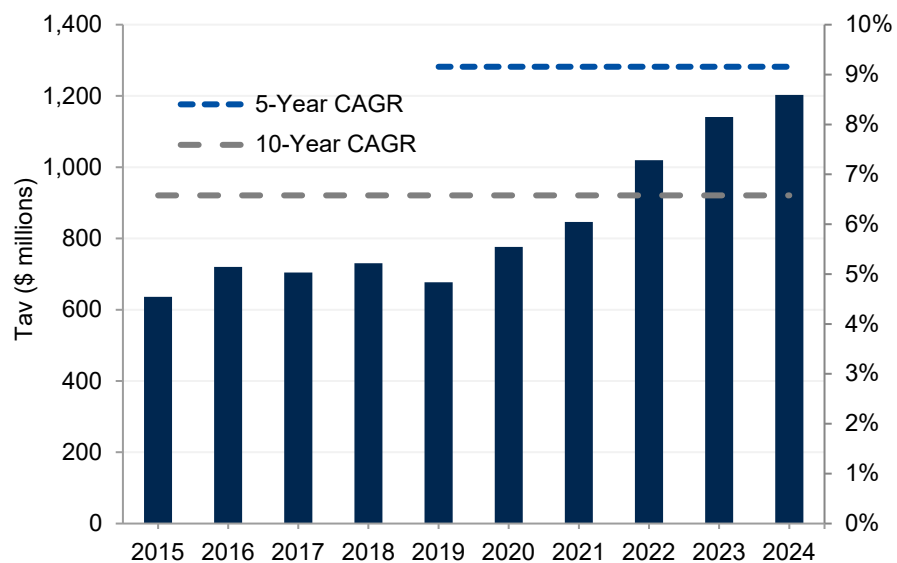
# Historical TAV and Tax Rates

## 10-Year Historical TAV and Tax Rate Data

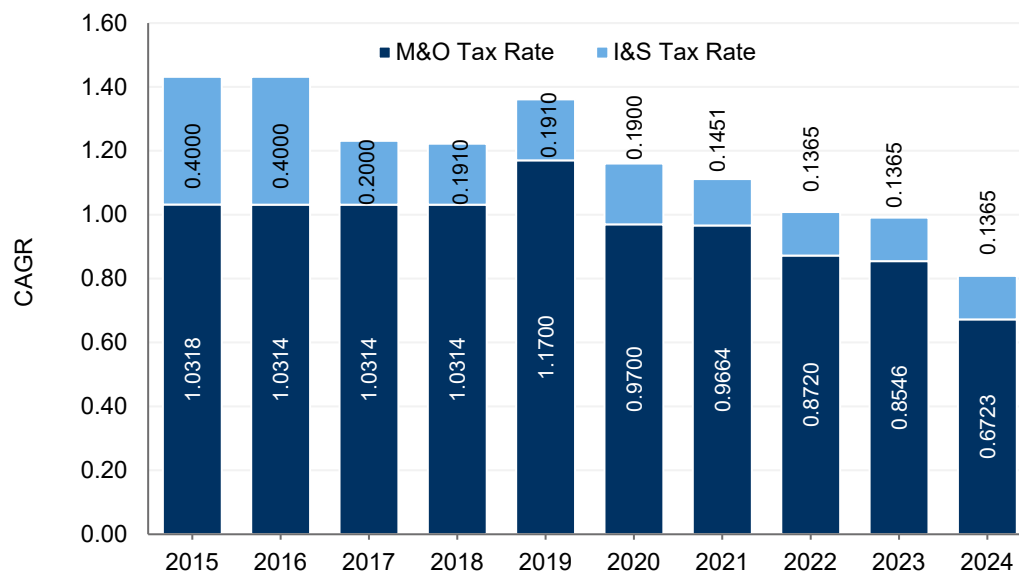
Tax Year	Fiscal Year End	Net TAV	TAV Growth	M&O Tax Rate	I&S Tax Rate	Total Tax Rate
2014	2015	\$636,133,206	1.54%	\$1.0318	\$0.4000	\$1.4318
2015	2016	720,181,509	13.21%	1.0314	0.4000	1.4314
2016	2017	704,574,154	-2.17%	1.0314	0.2000	1.2314
2017	2018	730,563,102	3.69%	1.0314	0.1910	1.2224
2018	2019	676,840,201	-7.35%	1.1700	0.1910	1.3610
2019	2020	776,189,782	14.68%	0.9700	0.1900	1.1600
2020	2021	846,187,322	9.02%	0.9664	0.1451	1.1115
2021	2022	1,019,657,416	20.50%	0.8720	0.1365	1.0085
2022	2023	1,140,845,933	11.89%	0.8546	0.1365	0.9911
2023	2024	1,202,935,972	5.44%	0.6723	0.1365	0.8088
<b>5-Yr CAGR*</b>			<b>9.16%</b>			
<b>10-Year CAGR*</b>			<b>6.58%</b>			

\* Compound Annual Growth Rate ("CAGR")

## 10-Year Historical TAV



## 10-year Historical Tax Rates



# Preliminary Maintenance Tax Note Analysis

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## Review of Maintenance Tax Notes

- Overview:** Pursuant to Section 45.108 of the Texas Education Code, as amended, Texas school districts are granted the ability to issue Maintenance Tax Notes (“Notes”). The maximum maturity of the notes is 20 years.
- Voter Approval:** Voter approval is not required for the issuance of Notes.
- Security:** The Notes are payable from a continuing, direct ad valorem tax levied for maintenance and operations purposes (M&O tax).
- Purpose:** The purposes for which Notes may be issued include the costs incurred in connection with the asbestos and environmental cleanup, maintenance, repair, rehabilitation, or replacement of heating, air conditioning, water, sanitation, roofing, electric, or other building systems of existing school properties. Although the Notes may not be used for the construction of new school buildings or additions to existing buildings, the Notes may be used to renovate an existing school facility.
- Size:** The maximum dollar amount of Notes a district may issue is equal to 75% of the District’s previous year’s income.
- Timing:** A District may issue Notes at any time throughout the year. The District will receive the proceeds from the sale approximately 30 days after approval of the sale by the Board of Trustees.
- Proceed Spending:** The District would need to have a reasonable expectation that it will spend the proceeds from the Notes within a 3 year period at the time of issuance. If proceeds are not spent within 3 years, then would need to restrict interest earnings or have a possible arbitrage liability going forward.
- Rating:** Notes are sold based on the District’s credit rating (A+) , as they do not qualify for the Permanent School Fund Guarantee.
- Benefits:** Some benefits from issuing maintenance tax notes include:
- Relieves budget constraints by financing capital expenditures over their useful life, in comparison to paying as you go from current operating funds or depleting fund balance.
  - Simplifies financing process as capital needs may be financed expeditiously without the necessity of an election that is required with a traditional bond financing.
  - Receives an interest rate within .05% to .15% of comparably rated general obligation bonds.

## Estimated MTN Debt Service – Various Scenarios

10 Year MTN Pro-Forma Amortization					
A	B	C	D	E	F
Fiscal Year Ending	Principal	Interest	Total	Existing QZAB	Total
2025	\$ 80,000	\$ 58,689	\$ 138,689	\$ 120,000	\$ 258,689
2026	95,000	44,438	139,438	120,000	259,438
2027	100,000	40,050	140,050	120,000	260,050
2028	105,000	35,438	140,438	120,000	260,438
2029	110,000	30,600	140,600	-	140,600
2030	115,000	25,538	140,538	-	140,538
2031	120,000	20,250	140,250	-	140,250
2032	125,000	14,738	139,738	-	139,738
2033	130,000	9,000	139,000	-	139,000
2034	135,000	3,038	138,038	-	138,038
<b>Total</b>	<b>\$ 1,115,000</b>	<b>\$ 281,776</b>	<b>\$ 1,396,776</b>	<b>\$ 480,000</b>	<b>\$ 1,876,776</b>

\* Preliminary, subject to change.

10 Year MTN Pro-Forma Amortization					
A	B	C	D	E	F
Fiscal Year Ending	Principal	Interest	Total	Existing QZAB	Total
2025	\$ 25,000	\$ 59,926	\$ 84,926	\$ 120,000	\$ 204,926
2026	40,000	48,150	88,150	120,000	208,150
2027	40,000	46,350	86,350	120,000	206,350
2028	45,000	44,438	89,438	120,000	209,438
2029	145,000	40,163	185,163	-	185,163
2030	150,000	33,525	183,525	-	183,525
2031	155,000	26,663	181,663	-	181,663
2032	165,000	19,463	184,463	-	184,463
2033	170,000	11,925	181,925	-	181,925
2034	180,000	4,050	184,050	-	184,050
<b>Total</b>	<b>\$ 1,115,000</b>	<b>\$ 334,651</b>	<b>\$ 1,449,651</b>	<b>\$ 480,000</b>	<b>\$ 1,929,651</b>

\* Preliminary, subject to change.

7 Year MTN Pro-Forma Amortization					
A	B	C	D	E	F
Fiscal Year Ending	Principal	Interest	Total	Existing QZAB	Total
2025	\$ 130,000	\$ 57,564	\$ 187,564	\$ 120,000	\$ 307,564
2026	145,000	41,063	186,063	120,000	306,063
2027	155,000	34,313	189,313	120,000	309,313
2028	160,000	27,225	187,225	120,000	307,225
2029	165,000	19,913	184,913	-	184,913
2030	175,000	12,263	187,263	-	187,263
2031	185,000	4,163	189,163	-	189,163
<b>Total</b>	<b>\$ 1,115,000</b>	<b>\$ 196,501</b>	<b>\$ 1,311,501</b>	<b>\$ 480,000</b>	<b>\$ 1,791,501</b>

\* Preliminary, subject to change.

Preliminary; subject to change

# Current Market Update

## SECTION 2



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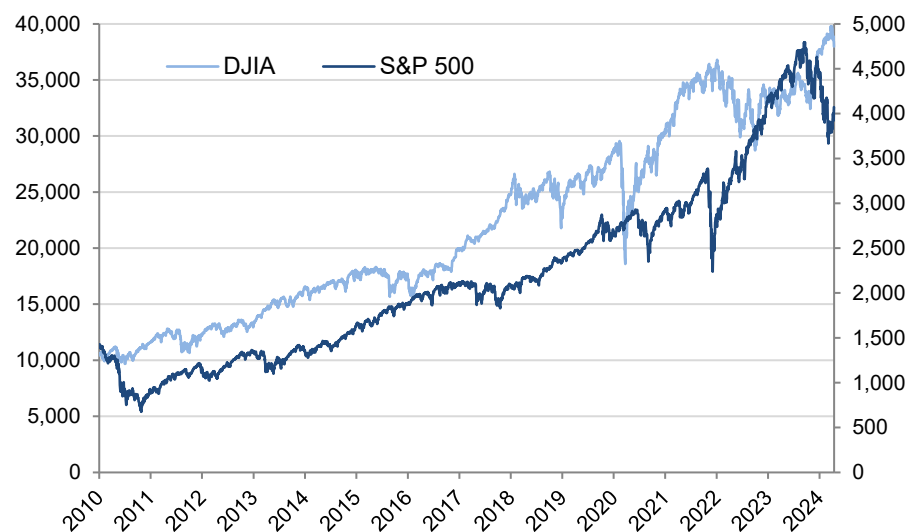
# Current Market Review

## Economic Update

### U.S. Economic Overview

- Treasury yields rose at Monday's open, and risk sentiment improved as markets expect a diplomatic resolution to the Israel/Iran conflict.
- March CPI came in hotter than expected, rising from an annualized rate of 3.2% to 3.5%; core held steady at 3.8% but also topped forecasts.
- Treasury yields spiked on the stronger CPI data, as markets recalibrated expectations to fewer rate cuts this year.
- PPI was mixed in March, with the headline number rising an annualized 2.1%, below the 2.2% consensus; core topped expectations at 2.4%.
- Fed funds futures are currently pricing in 40bp of cuts for 2024, implying 80% odds of two rate hikes.
- RBCCM rates strategists revised their forecast to one rate cut this year in December, down from three with the first in June.
- Minutes from the March FOMC meeting confirmed that most Fed officials expect rates cuts this year.

### U.S. Equity Market



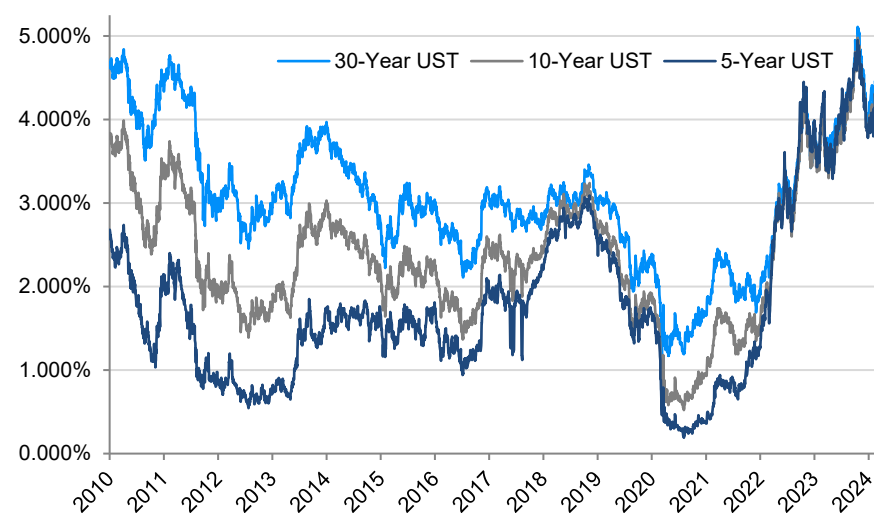
### RBC Economic Outlook and Interest Rate Forecasts<sup>(1)</sup>

	Q1'24	Q2'24	Q3'24	Q4'24	Q1'25
Real GDP (QoQ)	2.50	2.00	1.00	1.20	1.80
Core Inflation (YoY)	3.20	3.30	3.00	2.80	2.30
Fed Funds*	5.38	5.38	5.13	4.88	4.63
2-Year Notes	5.05	5.05	4.90	4.80	4.70
5-Year Notes	4.60	4.60	4.45	4.35	4.40
10-Year Notes	4.45	4.40	4.30	4.25	4.30
30-Year Bonds	4.50	4.45	4.50	4.55	4.60

<sup>(1)</sup> RBC Rate and Economic Forecast as of April 10, 2024.

\*Top of 25 basis point range.

### U.S. Treasury Rates



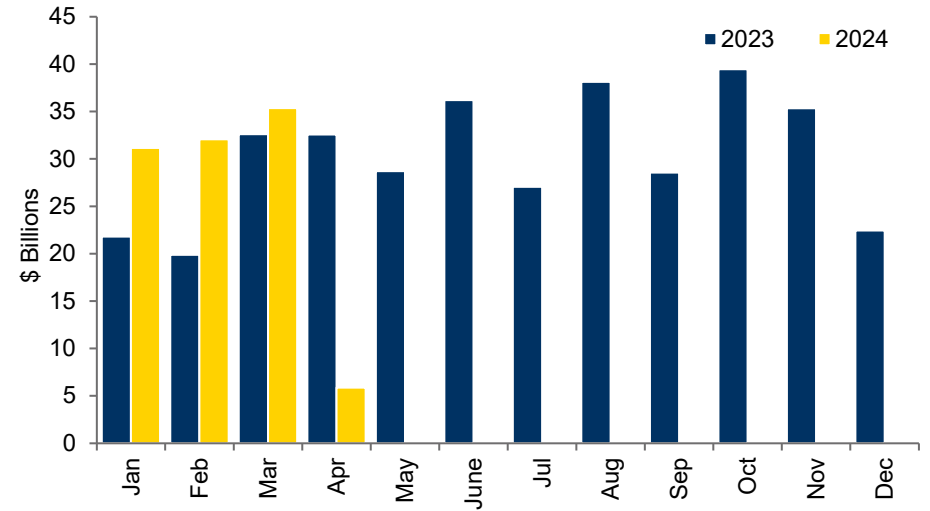
# Current Market Review

## Municipal Market Update

### Municipal Market Overview

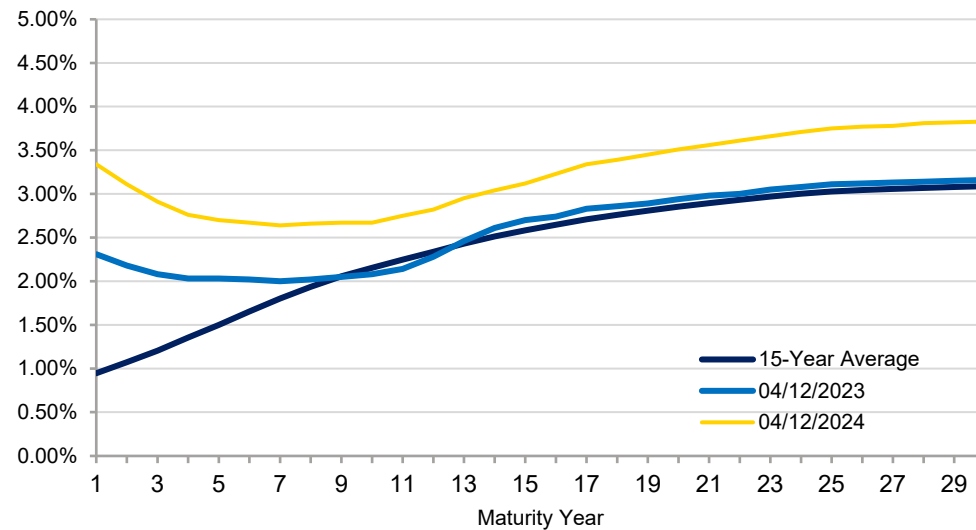
- **2023 Municipal Supply:** \$362 billion
- **2024 Municipal Supply (Forecast):** \$375 billion
- Municipal issuance totaled \$9.2bn last week, and the tax-exempt market outperformed an extremely volatile UST market.
- This week's issuance is expected to total \$7.5bn, and average weekly supply stands at \$7.6bn.
- Municipal bond funds reported inflows of \$414mm last week, with long-term funds accounting for most of the positive flows.
- The SIFMA index ticked up 3bp to 3.67% last week, and TEMM funds reported inflows of \$317mm.

### 2023 – 2024 Monthly Supply\* (\$ Billions)

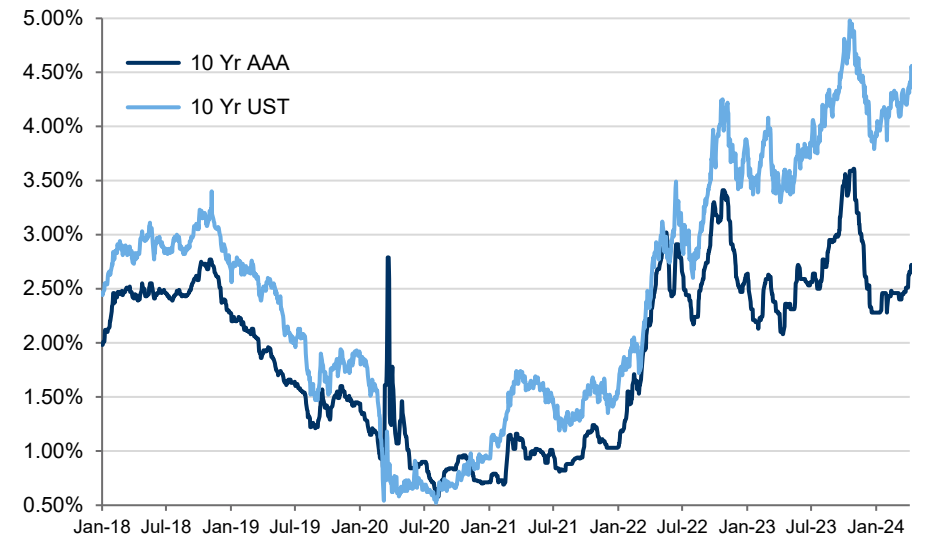


\* Publicly offered municipal debt; excludes private placements.

### Current MMD Curve in Context



### Tax-Exempt and Taxable Yield Trends: January 1, 2018 - Present

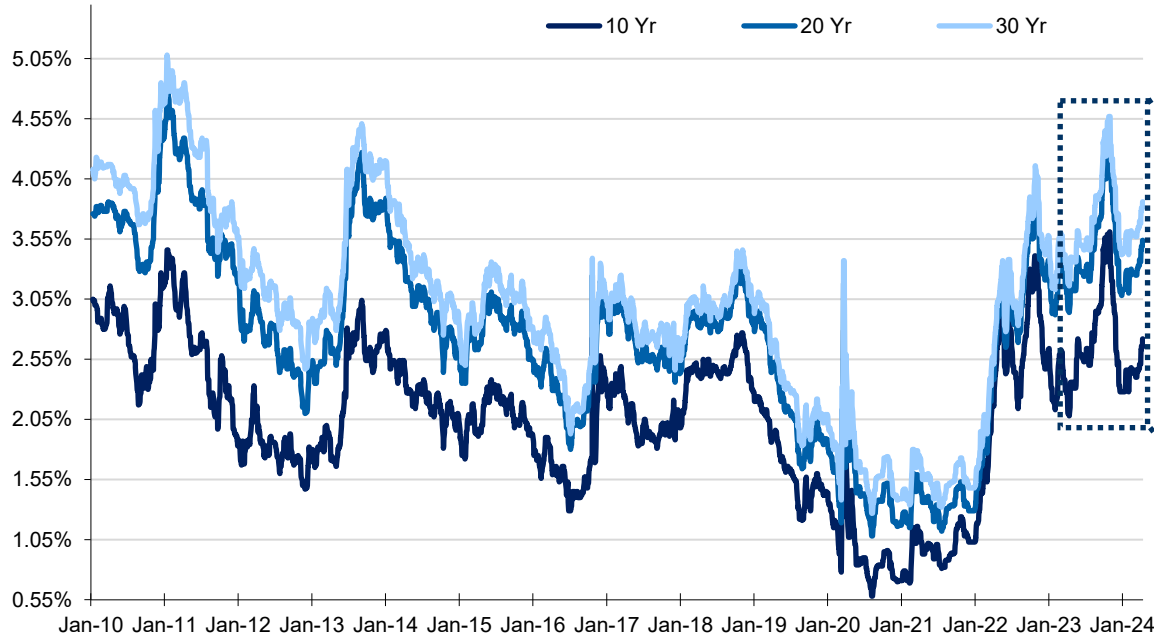


# Current Market Review

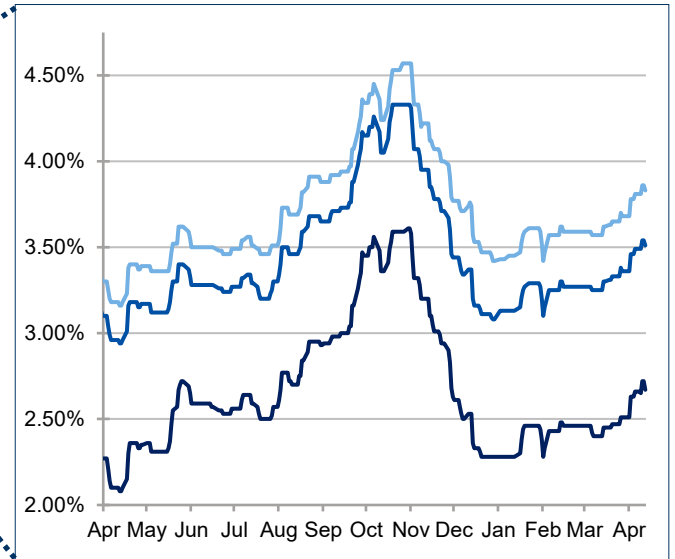
## Municipal Market Data – 30 Year "AAA" Rates

After closing at 3.81% the previous week, the 30-year "AAA" MMD increased 2bp from April 5 – April 12, closing at the current rate of 3.83%.

**"AAA" MMD January 1, 2010 to Present**



**Shift in "AAA" MMD Since April 2023**



**January 1, 2010 to Present**

	10-Year	20-Year	30-Year
Maximum	3.610%	4.890%	5.080%
Minimum	0.580%	1.080%	1.270%
Current	2.670%	3.510%	3.830%

**Shift in 30-year "AAA" MMD**

	2017	2018	2019	2020	2021	2022	2023
	-0.51%	0.47%	-0.93%	-0.70%	0.10%	2.09%	-0.16%

**April 1, 2023 to Present**

	10 Yr	20 Yr	30 Yr
Maximum	3.610%	4.330%	4.570%
Minimum	2.080%	2.940%	3.160%
Average	2.671%	3.446%	3.709%

Source: TM3, Thomson Reuters  
10, 20, and 30 year "AAA" MMD shown to represent different average lives of municipal transactions  
Rates as of April 5, 2024

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