

For Discussion Purposes Only

## Update of Bond Capacity – 2007 Bond Program



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# Review of the District's 2007 Bond Program

## Election Results and Status of Bond Sales

- On November 6, 2007, the voters of the District approved the issuance of \$282,000,000 of bonds. The actual results from the bond election (the “2007 Bond Program”) are summarized within the table below.

Bond Election Results – 2007 Bond Program				
Purpose	Dollar Amount	Votes For	Votes Against	Approval Rate
Construction, Renovation, Acquisition And Equipment Of School Buildings In The District, The Purchase Of Necessary Sites For School Buildings And The Purchase Of New School Buses	\$282,000,000	4,002	2,759	59.19%

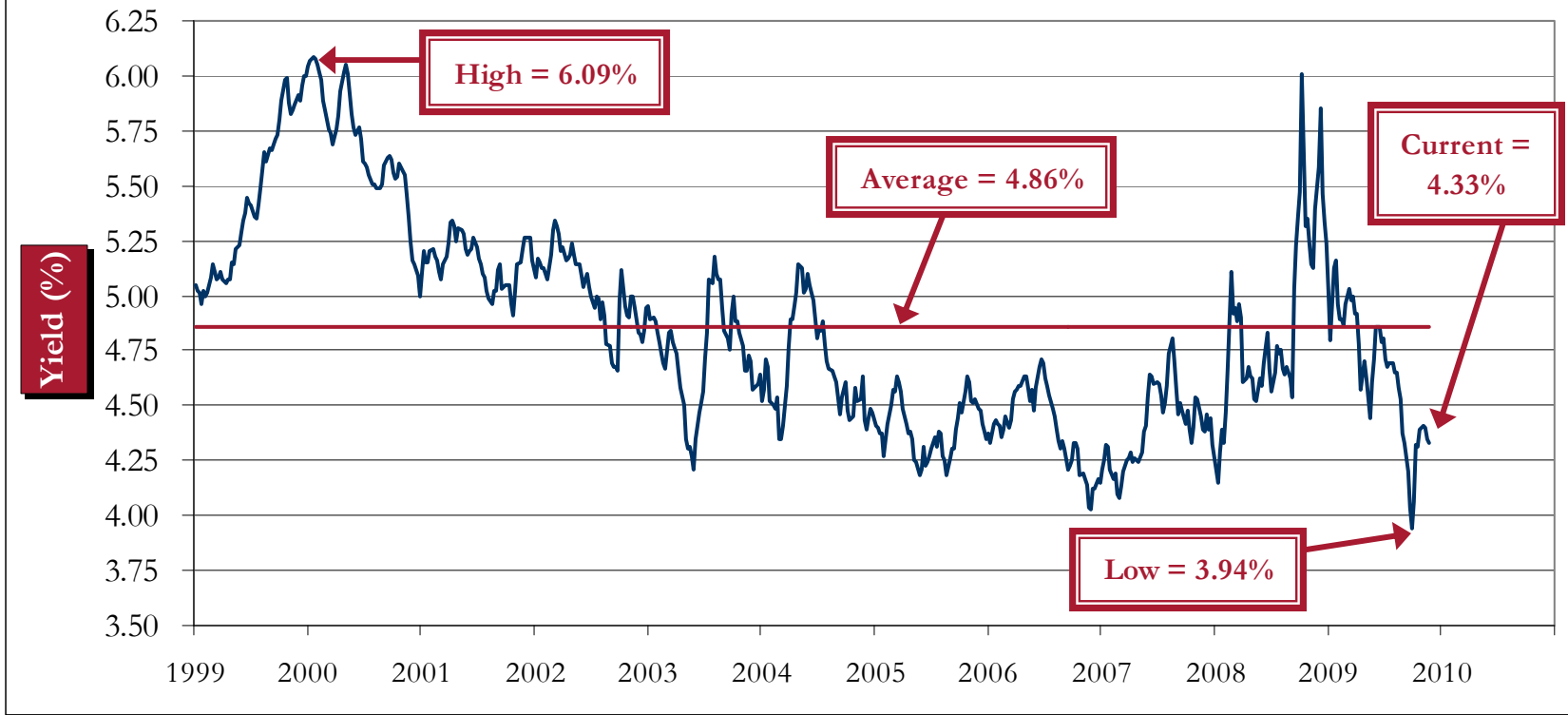
- In January 2008, the District completed the initial bond sale from the 2007 Bond Program and has \$116,745,000 of remaining bonds to be sold.

Bond Sales Completed – 2007 Bond Program					
Series	Sale Date	Dollar Amount	Interest Rate	Maximum Projected I&S Tax Rate	Dollar Amount Remaining
Unlimited Tax School Building Bonds, Series 2008	01/17/08	\$165,255,000	4.11%	45.0 Cents	\$116,745,000



## Current Market Review – Interest Rates

**The Bond Buyer 20-Bond Index -  
A Tax-Exempt General Obligation Bond Yield Index  
January 1, 1999 To The Present**

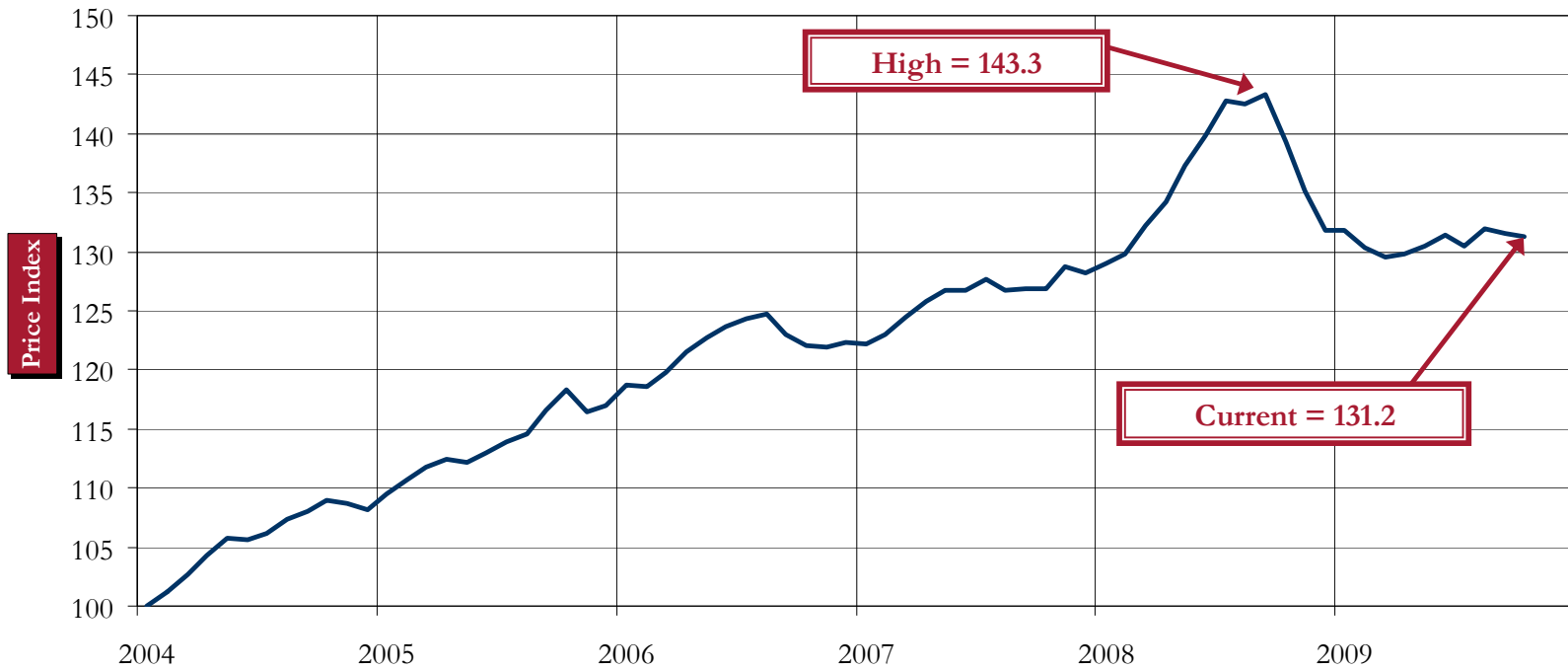


- Based upon a \$116.745 million bond sale amortized over 30-years, an interest rate difference of 0.25% changes the District's interest cost by approximately \$10,250,000.



## Current Market Review – Construction Costs

U.S. Construction Index - As of October 2009



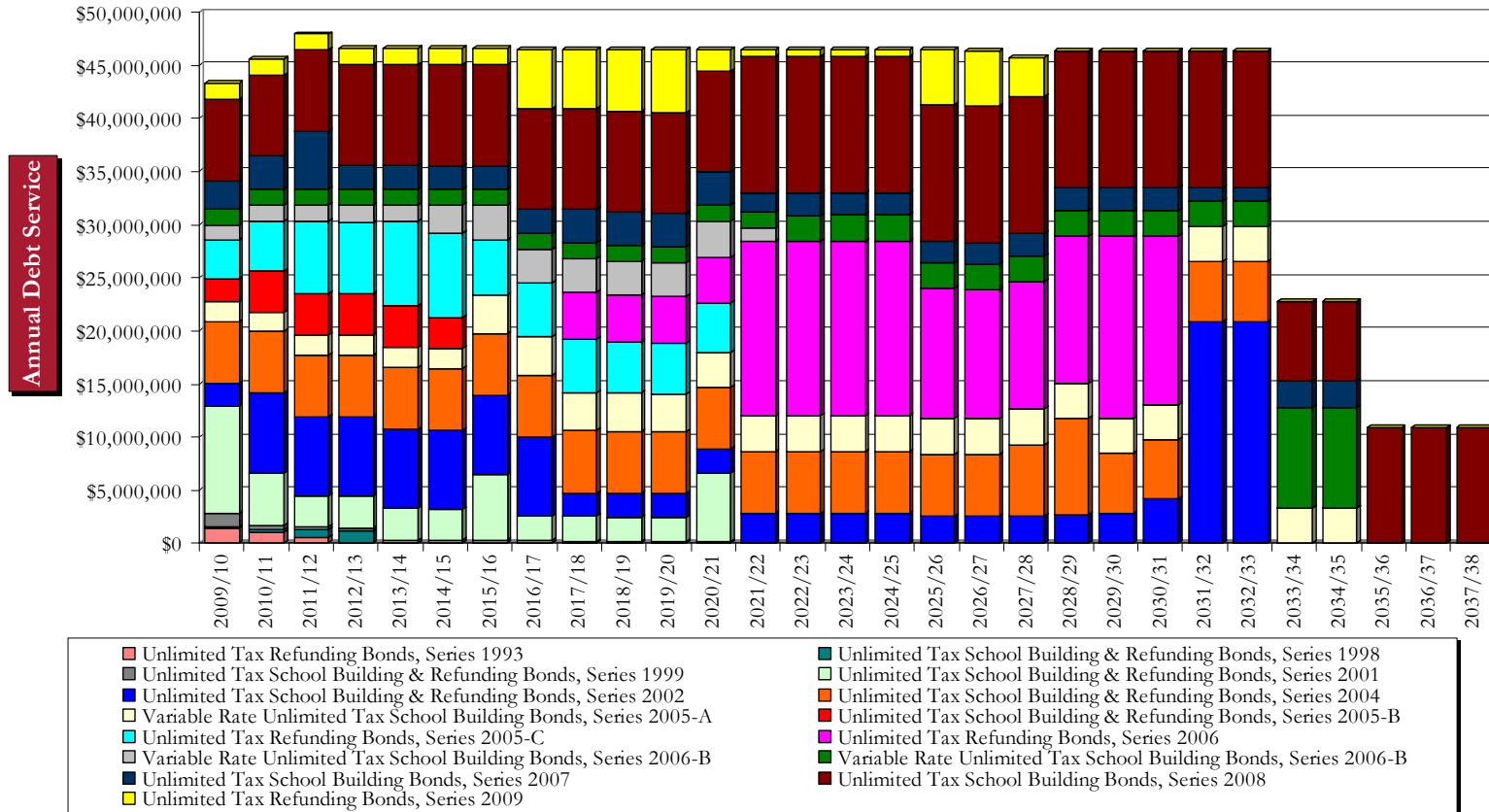
Source: U.S. Bureau of Labor Statistics.

- As evidenced by the U.S. Construction Index graph above, construction costs peaked in mid-year 2008 and have recently declined by 10-20% (depending upon the project) to cost levels experienced in year 2007. Historically, construction costs have correlated with the prevailing economic cycle and construction costs are likely to increase once the economy rebounds, but there remains a current opportunity to save significant dollars on authorized school construction projects.



# Existing Unlimited Tax Bonds – Debt Service

**Existing Unlimited Tax Bonds - Debt Service by Series**



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

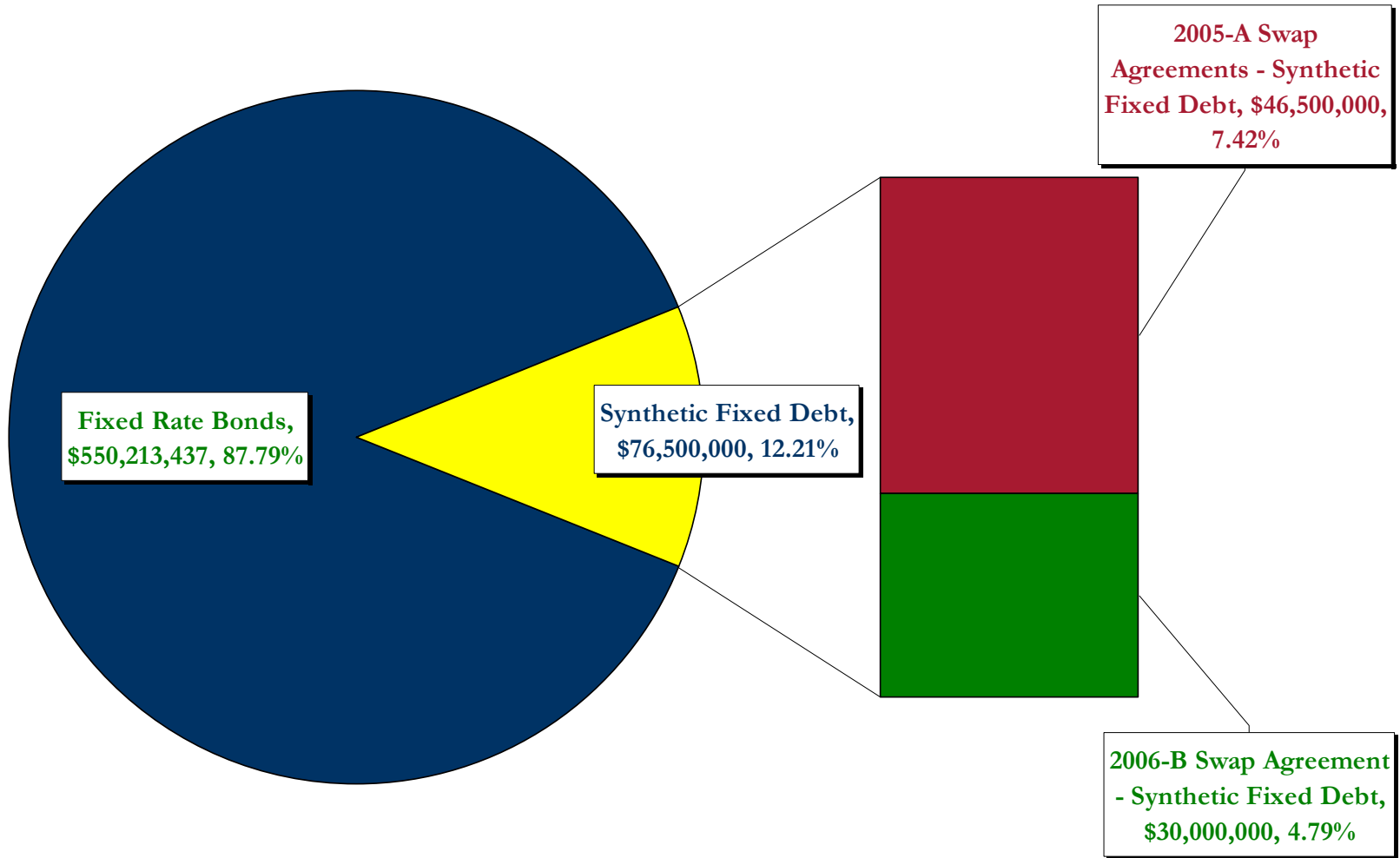
**The District currently has an existing principal amount of bonds equal to \$626,713,437**

**Average Annual Debt Service = \$40,986,777**      **Maximum Annual Debt Service = \$47,891,475**



# Composition of District's Current Debt Portfolio

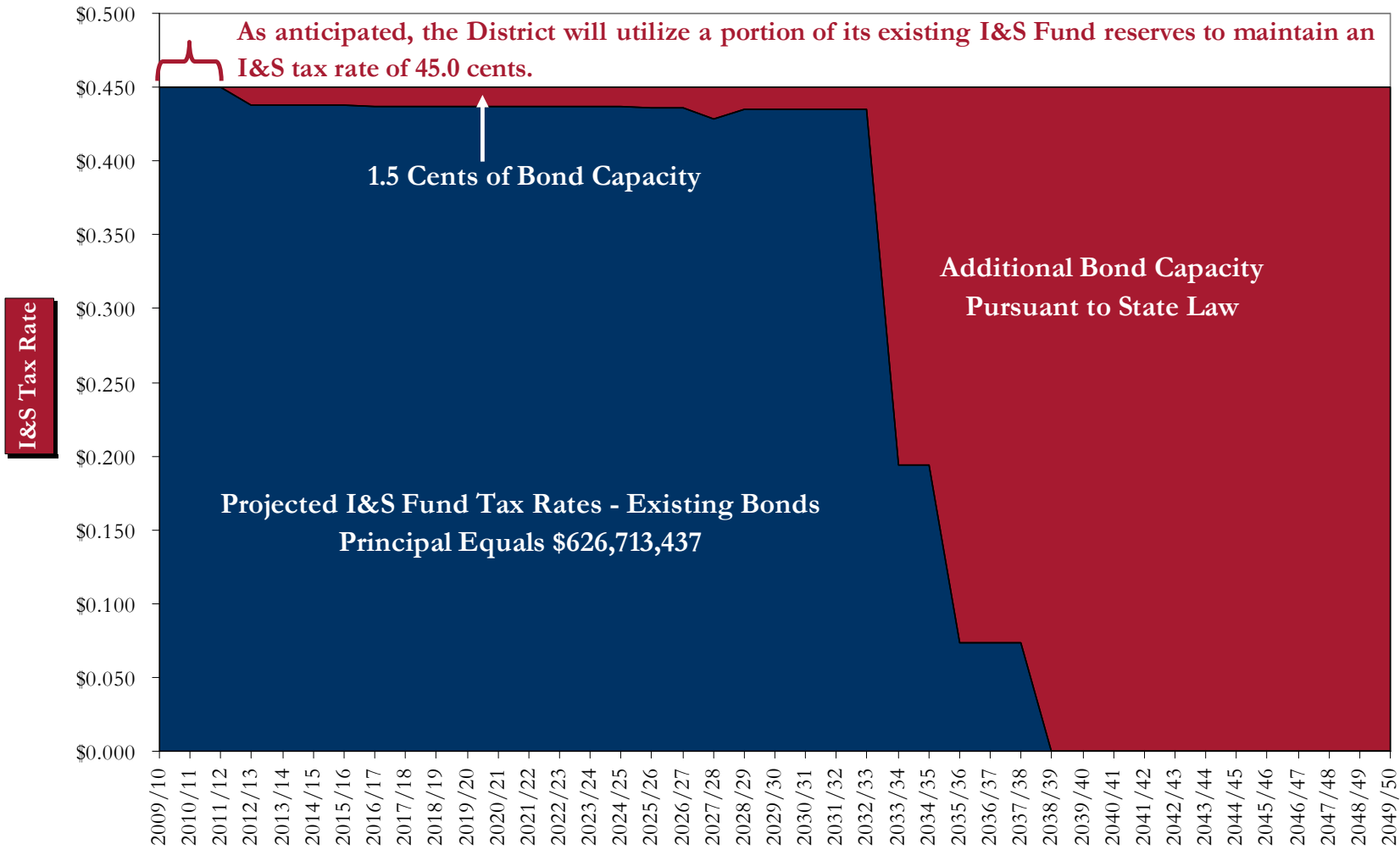
Composition of District's Debt Portfolio - As of November 10, 2009





# Summary of Existing Debt Service and Bond Capacity at 45.0 Cents

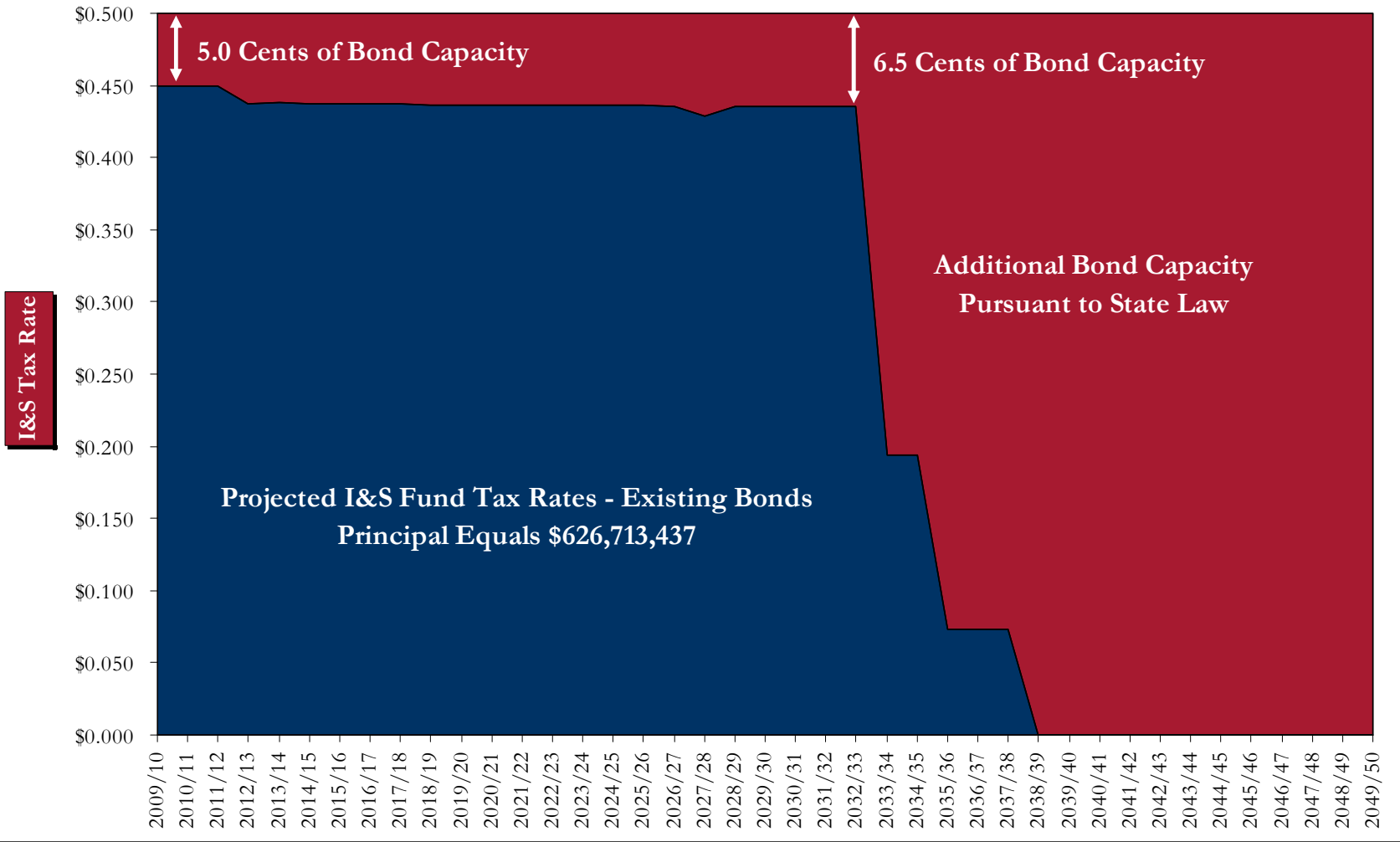
## Summary of Existing Debt Service and Bond Capacity at 45.0 Cents





# Summary of Existing Debt Service and Bond Capacity at 50.0 Cents

Summary of Existing Debt Service and Bond Capacity at 50.0 Cents







# Factors Affecting Bond Capacity

## I. Debt Limitations – Overview of “50.0 Cent Bond Test”

- “50.0 Cent Bond Test” – The District may only issue additional bonds to the degree it can prove, prior to sale, its Interest & Sinking Fund (“I&S”) tax rate will not exceed 50.0 cents, based upon its current taxable assessed valuation or a projection thereof.
- The District is able to pledge its Maintenance & Operations “Tier I” State funding to comply with the test.
- To the extent the District pledges its “Tier I” State funding to comply with the “50.0 Cent Bond Test,” the District must utilize such revenues for the payment of debt service prior to increasing its I&S tax rate above 50.0 cents. As a result, since “Tier I” funds are used for operating expenditures the District’s financing plan must be designed with a maximum I&S tax rate of 50.0 cents.
- The following is a representative listing of the school districts within the D/FW Metroplex that have an I&S tax rate currently above 45.0 cents:

- |                              |                        |
|------------------------------|------------------------|
| ❖ Allen ISD                  | ❖ Lake Dallas ISD      |
| ❖ Anna ISD                   | ❖ Lake Worth ISD       |
| ❖ Aubrey ISD                 | ❖ Little Elm ISD       |
| ❖ Burleson ISD               | ❖ Lovejoy ISD          |
| ❖ Celina ISD                 | ❖ McKinney ISD         |
| ❖ Crowley ISD                | ❖ Melissa ISD          |
| ❖ Eagle Mountain-Saginaw ISD | ❖ Prosper ISD          |
| ❖ Forney ISD                 | ❖ White Settlement ISD |

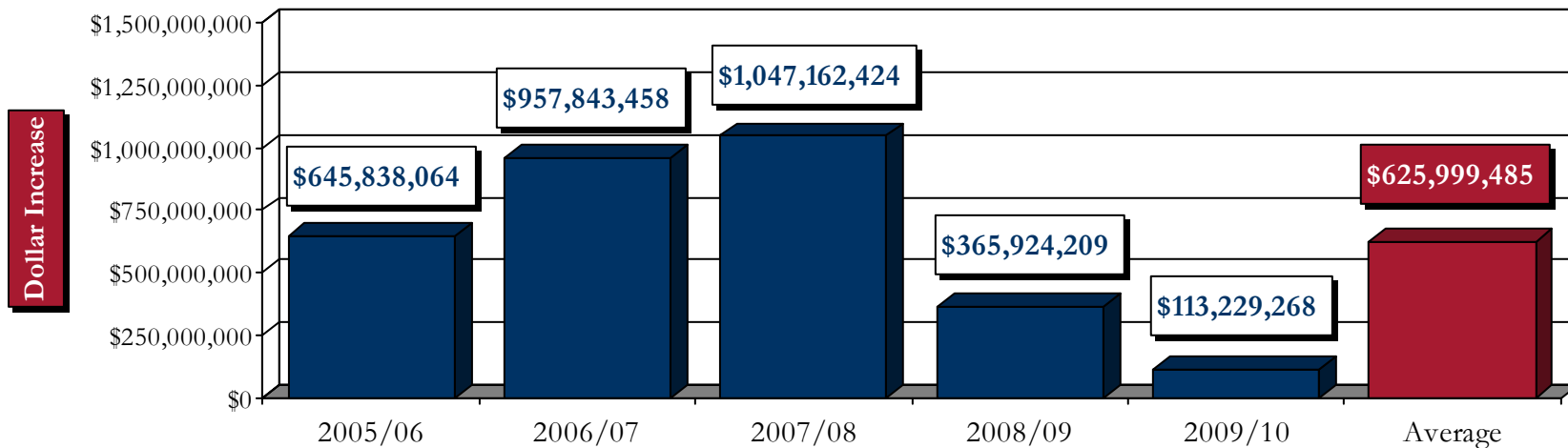


# Factors Affecting Bond Capacity (Continued)

## II. Taxable Assessed Valuation

- The value of the District’s tax base directly impacts the dollar amount of bonds that may be issued for capital improvements, as this determines the annual revenues generated from the District’s I&S tax rate for the repayment of bonds.
- The District’s taxable assessed valuation is currently \$8,760,564,622.
  - ❖ Over the last 5-years, the District’s tax base has increased by an average of \$625,999,485 per year.
  - ❖ The District’s tax base increased \$113,229,268 in year 2009/10 or 18.09% of the District’s 5-year average.

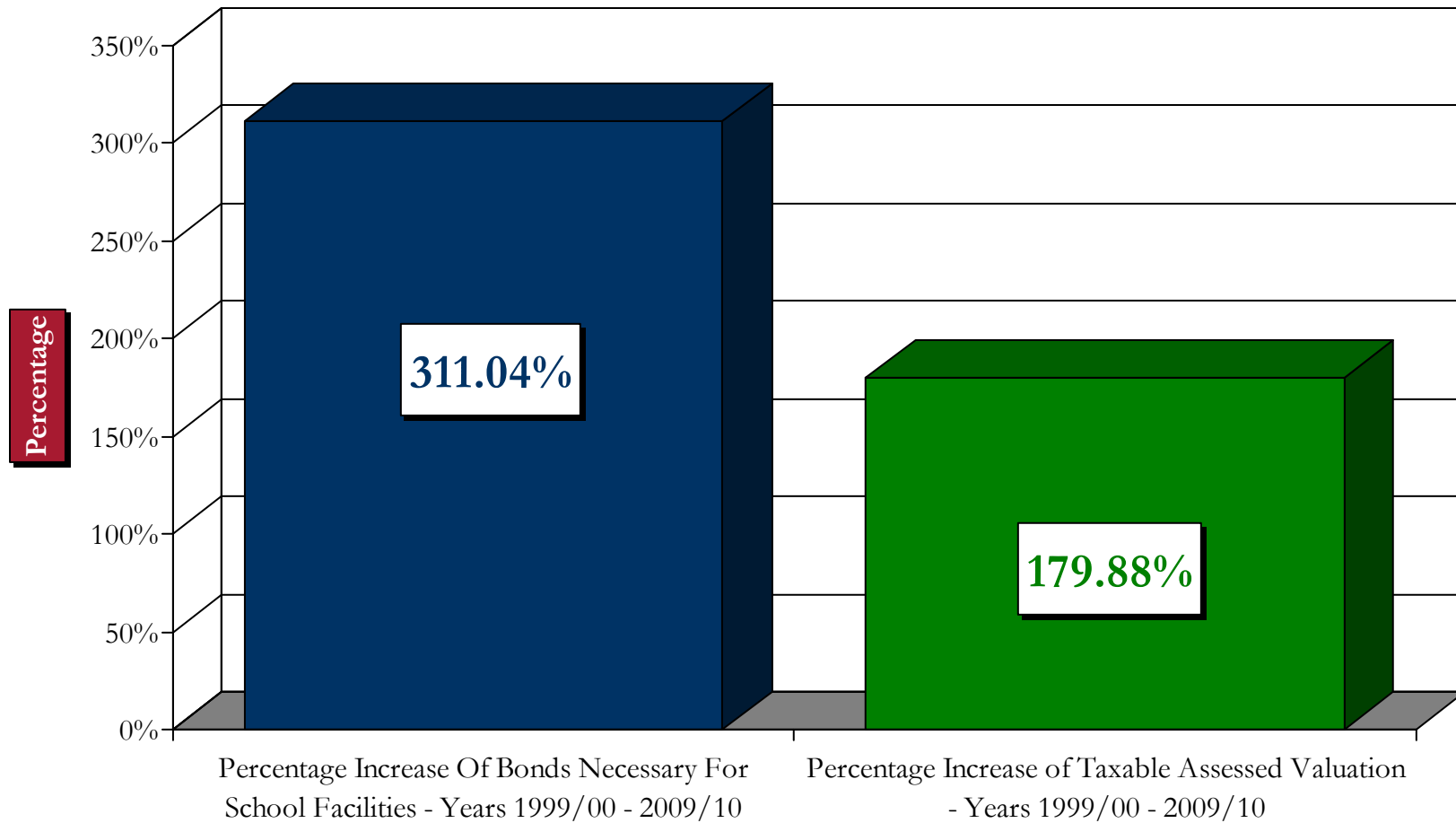
**Historical Increases in Taxable Assessed Valuation - Years 2005/06 - 2009/10**





## Factors Affecting Bond Capacity (Continued)

### Percentage Increase in the District's Taxable Assessed Valuation and Principal Amount of Bonds Outstanding - Years 1999/00 to 2009/10





## Factors Affecting Bond Capacity (Continued)

### III. State Funding Received for Payment of Bonds

- Due to the District's current "Wealth Per Student," pursuant to current State funding regulations the District is not projected to receive any State funding assistance for the repayment of existing or new bonds.

### IV. 40-Year Amortization Limitation

- Pursuant to State law, the maximum amortization period of any District bond sale is 40 years.
- The District's outstanding debt is currently amortized over 29-years.
- The following is a representative listing of school districts within the D/FW Metroplex that have a current bond amortization of 30-years or longer:

- |                |                              |
|----------------|------------------------------|
| ❖ Aledo ISD    | ❖ DeSoto ISD                 |
| ❖ Allen ISD    | ❖ Eagle Mountain-Saginaw ISD |
| ❖ Anna ISD     | ❖ Frisco ISD                 |
| ❖ Argyle ISD   | ❖ Grand Prairie ISD          |
| ❖ Aubrey ISD   | ❖ Lake Dallas ISD            |
| ❖ Bland ISD    | ❖ Little Elm ISD             |
| ❖ Burleson ISD | ❖ Prosper ISD                |
| ❖ Crowley ISD  | ❖ White Settlement ISD       |

### V. Interest Rate on Existing and Future Bond Sales



# Preliminary Bond Capacity Analysis

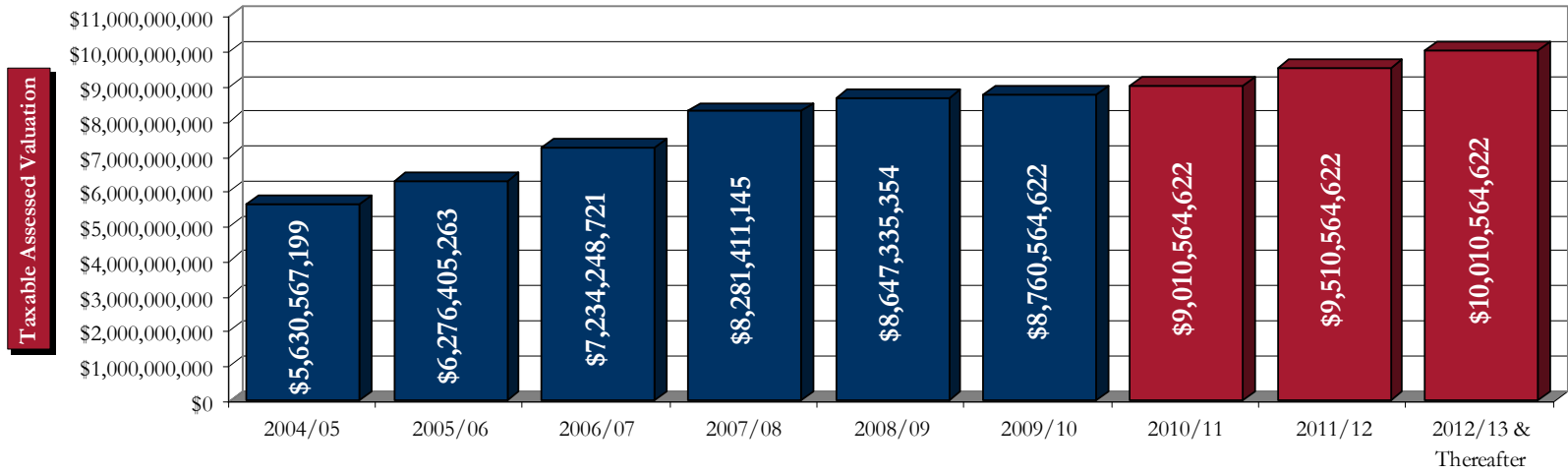
## ▣ Scenarios Presented

- Scenario 1: Maximum Dollar Amount Of Bonds That May Be Issued In January 2010 And Maintain An I&S Tax Rate Of 45.0 Cents;
- Scenario 2: Issue \$116.745 Million Of Bonds In January 2010; and
- Scenario 3: Determine The Taxable Assessed Valuation Necessary To Issue \$116.745 Million Of Bonds In January 2010 And Maintain An I&S Tax Rate Of 45.0 Cents.



# Preliminary Bond Capacity Analysis (Continued)

**Historical and Assumed Taxable Assessed Valuations  
(Net of Frozen Levy)**



Fiscal Year	2004/05	2005/06	2006/07	2007/08	2008/09	2009/10	Historical Average Annual Increase – Years 2004/05 – 2009/10 (5-Years)
Taxable Assessed Valuation	\$5,630,567,199	\$6,276,405,263	\$7,234,248,721	\$8,281,411,145	\$8,647,335,354	\$8,760,564,622	---
Dollar Change		\$645,838,064	\$957,843,458	\$1,047,162,424	\$365,924,209	\$113,229,268	\$625,999,485

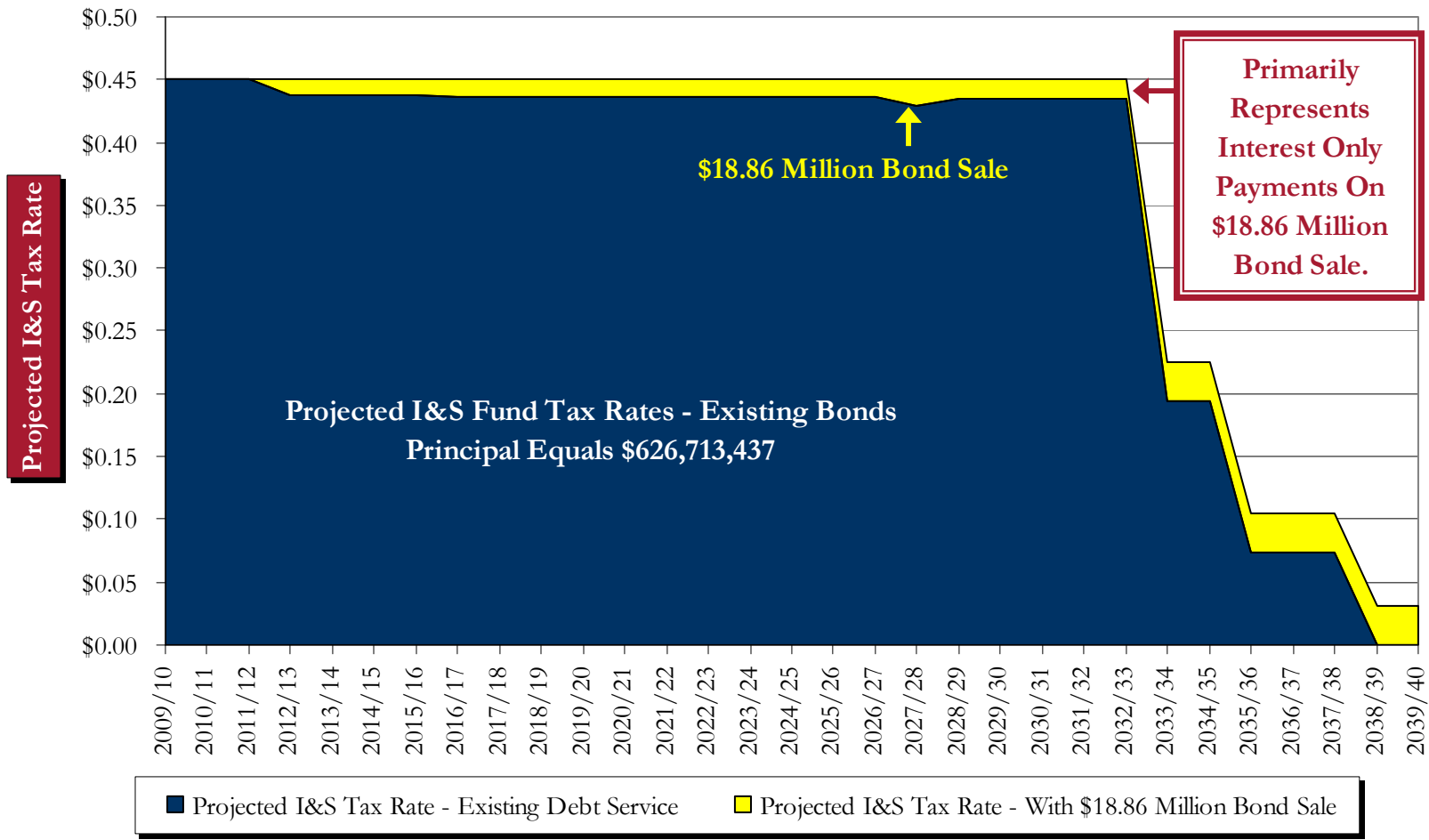
Fiscal Year	2010/11	2011/12	2012/13 & Thereafter	Projected Average Annual Increase – Years 2010/11 – 2012/13 (3-Years)
Taxable Assessed Valuation	\$9,010,564,622	\$9,510,564,622	\$10,010,564,622	---
Dollar Change	\$250,000,000	\$500,000,000	\$500,000,000	\$416,666,667

Source: Denton Central Appraisal District.



# Preliminary Bond Capacity Analysis (Continued)

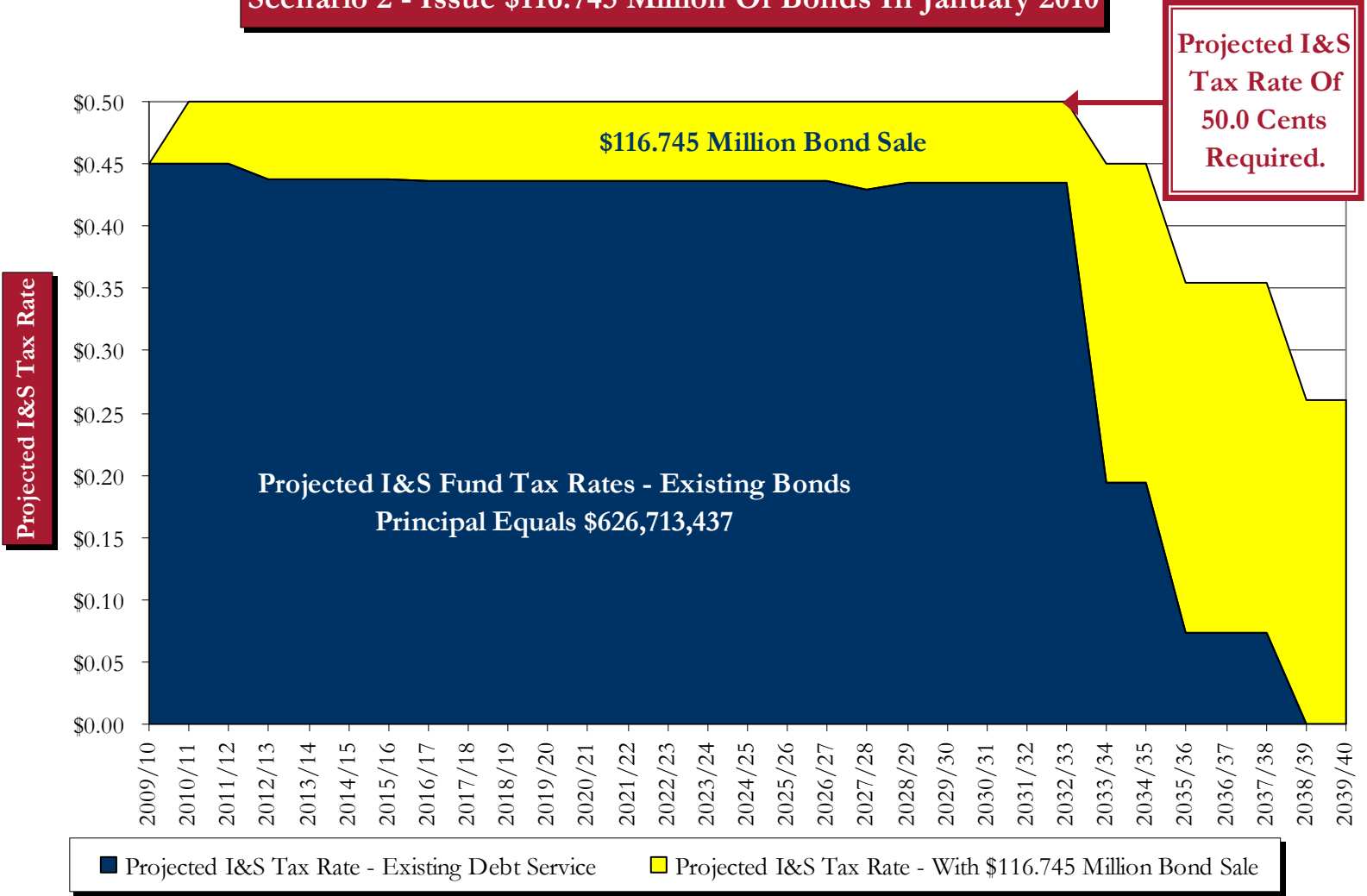
**Scenario 1 - \$18.86 Million Bond Sale - Maximum Amount Of Bonds To Be Issued At This Time And Maintain An I&S Tax Rate Of 45.0 Cents**





# Preliminary Bond Capacity Analysis (Continued)

**Scenario 2 - Issue \$116.745 Million Of Bonds In January 2010**

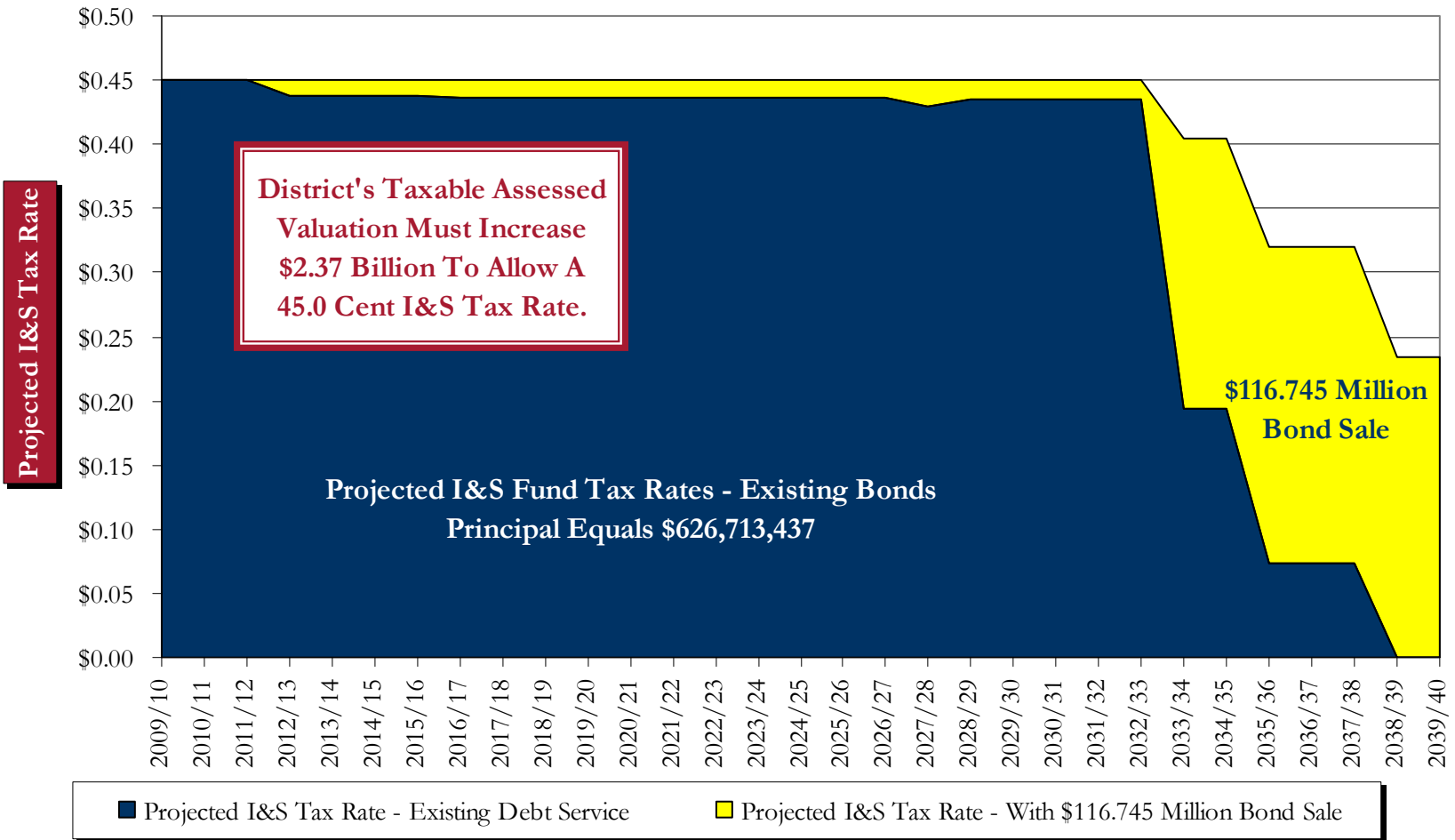






# Preliminary Bond Capacity Analysis (Continued)

**Scenario 3 - Issue \$116.745 Million Of Bonds - Determine Taxable Assessed Valuation Growth Necessary To Maintain An I&S Tax Rate Of 45.0 Cents**





# Comparison of Selected D/FW School Districts

**Selected Dallas/Fort Worth School Districts –  
Comparison Of Outstanding Debt Per Taxable Assessed Valuation – Year 2008/09**

School District	Principal Amount Of Bonds Outstanding & Authorized Bonds – As Of August 31, 2009	Year 2008/09 Taxable Assessed Valuation	Year 2008/09 Debt Per Taxable Assessed Valuation
1.) Prosper Independent School District	\$861,514,031	\$1,549,832,333	55.59%
2.) Crowley Independent School District	651,734,531	4,562,745,283	14.28%
3.) Eagle Mountain-Saginaw Independent School District	789,227,505	5,633,208,893	14.01%
4.) Forney Independent School District	298,461,439	2,254,462,360	13.24%
5.) White Settlement Independent School District	180,294,122	1,418,545,388	12.71%
6.) Royse City Independent School District	119,881,788	953,806,917	12.57%
7.) Lovejoy Independent School District	142,861,900	1,208,193,262	11.82%
8.) Little Elm Independent School District	175,313,148	1,568,335,086	11.18%
9.) Frisco Independent School District	1,667,817,031	15,896,849,820	10.49%
10.) Burleson Independent School District	317,504,007	3,159,920,268	10.05%
11.) Grand Prairie Independent School District	464,110,913	5,023,550,670	9.24%
12.) Allen Independent School District	598,997,217	6,561,806,907	9.13%
13.) Mansfield Independent School District	740,112,835	8,345,981,827	8.87%
14.) Wylie Independent School District	232,669,808	2,927,993,068	7.95%
<b>15.) Denton Independent School District</b>	<b>743,458,437</b>	<b>9,389,732,627</b>	<b>7.92%</b>
16.) Rockwall Independent School District	415,663,119	5,272,136,305	7.88%
17.) DeSoto Independent School District	185,863,090	2,390,697,066	7.77%
18.) Northwest Independent School District	707,158,638	9,437,595,840	7.49%
19.) Keller Independent School District	735,369,467	9,958,022,227	7.38%
20.) Lewisville Independent School District	1,458,746,982	21,994,517,006	6.63%
21.) Aledo Independent School District	157,498,640	2,402,918,187	6.55%
22.) McKinney Independent School District	482,635,000	8,516,706,682	5.67%
23.) Midlothian Independent School District	166,902,896	3,242,565,459	5.15%
24.) Duncanville Independent School District	166,834,880	3,541,115,849	4.71%
25.) Waxahachie Independent School District	97,616,117	2,751,158,200	3.55%

Source: Municipal Advisory Council of Texas.

- The average “Debt Per Taxable Assessed Valuation,” a measure of “debt burden,” among the selected D/FW school districts is 10.87%.
- The District’s “Debt Per Taxable Assessed Valuation” is 7.92%.



Note: Wylie ISD successfully approved \$24.94 million of bonds on November 3, 2009.



# Comparison of Selected D/FW School Districts

## Selected Dallas/Fort Worth School Districts – Comparison Of Final Bond Amortizations – Existing Bonds

School District	Final Bond Payment Due As Of August 31, 2009
1.) Eagle Mountain-Saginaw Independent School District	2048
2.) White Settlement Independent School District	2045
3.) Aledo Independent School District	2043
4.) Prosper Independent School District	2043
5.) Little Elm Independent School District	2042
6.) Frisco Independent School District	2041
7.) Burleson Independent School District	2040
8.) DeSoto Independent School District	2040
9.) Grand Prairie Independent School District	2040
10.) Crowley Independent School District	2039
<b>11.) Denton Independent School District</b>	<b>2038</b>
12.) Forney Independent School District	2038
13.) Lovejoy Independent School District	2038
14.) Rockwall Independent School District	2037
15.) Royse City Independent School District	2037
16.) Waxahachie Independent School District	2037
17.) Midlothian Independent School District	2036
18.) Wylie Independent School District	2036
19.) Keller Independent School District	2035
20.) Allen Independent School District	2034
21.) McKinney Independent School District	2034
22.) Northwest Independent School District	2034
23.) Duncanville Independent School District	2033
24.) Mansfield Independent School District	2033
25.) Lewisville Independent School District	2028

Source: Municipal Advisory Council of Texas.

- The median final bond amortization among the selected D/FW school districts is year 2038 or 29 years.
- The District's current debt portfolio has a final maturity date of 2038 or 29 years.





# Comparison of Selected D/FW School Districts

## Selected Dallas/Fort Worth School Districts – Comparison Of Interest & Sinking Fund Tax Rates

School District	Year 2009/10 Interest & Sinking Fund Tax Rates
1.) Allen Independent School District	\$0.5000
2.) Burleson Independent School District	0.5000
3.) Little Elm Independent School District	0.5000
4.) McKinney Independent School District	0.5000
5.) White Settlement Independent School District	0.5000
6.) Crowley Independent School District	0.4950
7.) Prosper Independent School District	0.4900
8.) Lovejoy Independent School District	0.4750
9.) Eagle Mountain-Saginaw Independent School District	0.4700
10.) Forney Independent School District	0.4600
<b>11.) Denton Independent School District</b>	<b>0.4500</b>
12.) DeSoto Independent School District	0.4500
13.) Keller Independent School District	0.4463
14.) Rockwall Independent School District	0.4300
15.) Grand Prairie Independent School District	0.4250
16.) Wylie Independent School District	0.4200
17.) Mansfield Independent School District	0.4100
18.) Frisco Independent School District	0.3900
19.) Royse City Independent School District	0.3900
20.) Aledo Independent School District	0.3852
21.) Duncanville Independent School District	0.3780
22.) Lewisville Independent School District	0.3687
23.) Midlothian Independent School District	0.3575
24.) Northwest Independent School District	0.3350
25.) Waxahachie Independent School District	0.3200

Source: Municipal Advisory Council of Texas.

■ The median year 2009/10 Interest & Sinking Fund tax rate among the selected D/FW school districts is 44.63 cents.

■ The District's year 2009/10 Interest & Sinking Fund tax rate is 45.00 cents.



Note: Wylie ISD successfully approved \$24.94 million of bonds on November 3, 2009.