



# GRANBURY ISD

## Review of Existing Debt Portfolio and Preliminary Bond Capacity Analysis

Monday, October 4, 2021

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## Savings from District's Debt Management Practices

- Granbury Independent School District (“GISD” or the “District”) has actively deployed various debt management practices to lower the borrowing costs of taxpayers. Such actions have provided the District’s taxpayers with more than \$26.0 million of direct savings since year 2005.

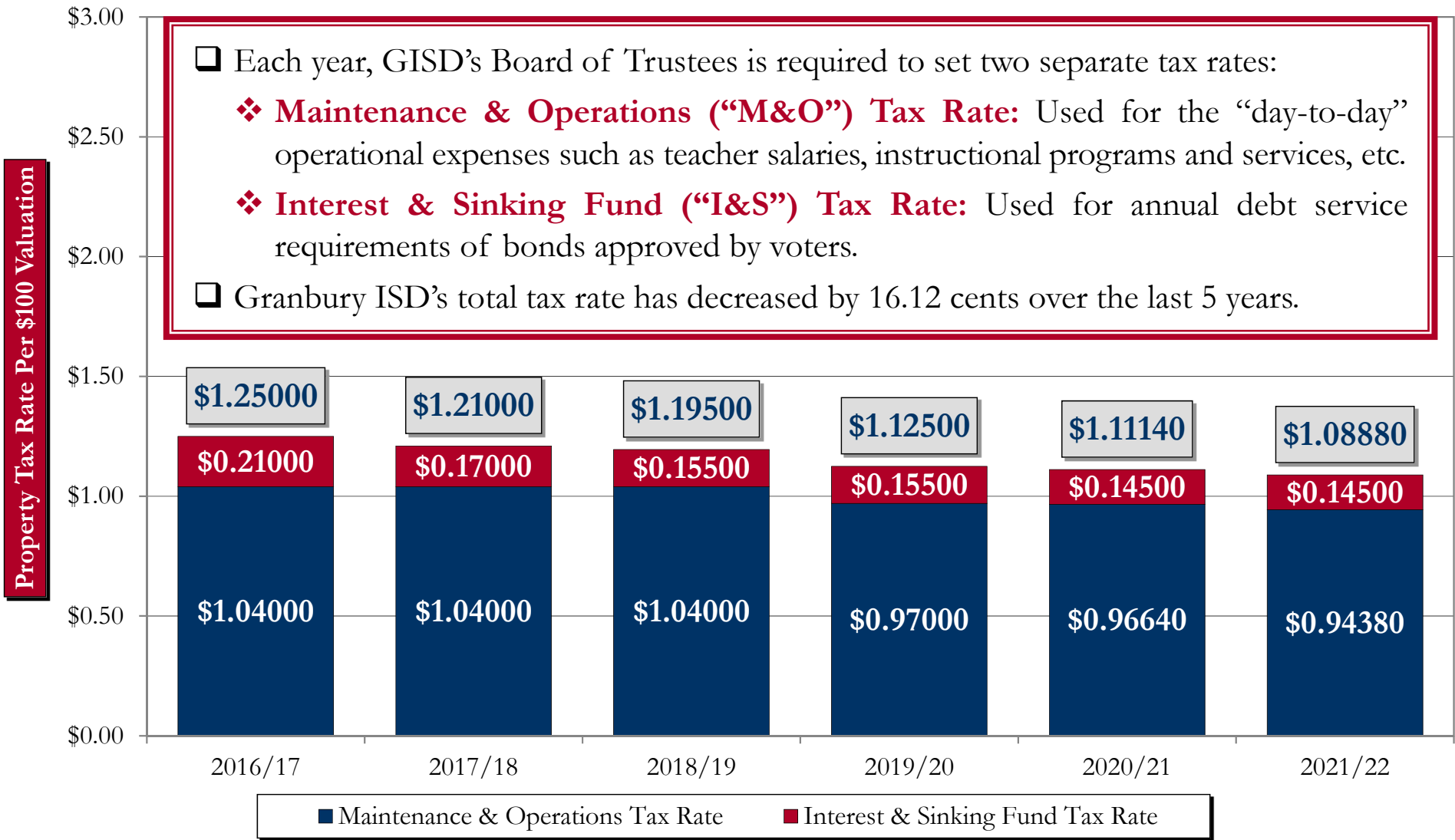
<b>Summary of Interest Cost Savings – Bond Refunding Programs / Prepayment of Bonds</b>			
<b>Issue / Description</b>	<b>Series Refunded / Redeemed</b>	<b>Par Amount Refunded / Redeemed</b>	<b>Total Savings</b>
Unlimited Tax Refunding Bonds, Series 2005	1999	\$ 32,170,000	\$ 2,548,169
Unlimited Tax Refunding Bonds, Series 2010	1999	2,760,000	523,300
Unlimited Tax Refunding Bonds, Series 2015	2005	31,240,000	6,919,778
Unlimited Tax Refunding Bonds, Taxable Series 2020-A	2014	66,460,000	12,262,496
Unlimited Tax Refunding Bonds, Series 2020-B	2010, 2015	10,040,000	1,786,551
<b>Total - Bond Refunding Programs at a Lower Interest Rate</b>	<b>---</b>	<b>\$ 142,670,000</b>	<b>\$ 24,040,294</b>
Prepayment of Series 2014 Bonds - August 2020	2014	\$ 1,790,000	\$ 1,432,000
Prepayment of Series 2013 Bonds - February 2021	2013	1,759,000	238,111
Prepayment of Series 2015 Bonds - August 2022	2015	2,375,000	356,250
<b>Total - Prepayment of Bonds Prior to Scheduled Maturity</b>	<b>---</b>	<b>\$ 5,924,000</b>	<b>\$ 2,026,361</b>
<b>Totals</b>	<b>---</b>	<b>\$ 148,594,000</b>	<b>\$ 26,066,655</b>



# Historical Tax Rates

## District's Historical Tax Rates

- ☐ Each year, GISD's Board of Trustees is required to set two separate tax rates:
  - ❖ **Maintenance & Operations ("M&O") Tax Rate:** Used for the "day-to-day" operational expenses such as teacher salaries, instructional programs and services, etc.
  - ❖ **Interest & Sinking Fund ("I&S") Tax Rate:** Used for annual debt service requirements of bonds approved by voters.
- ☐ Granbury ISD's total tax rate has decreased by 16.12 cents over the last 5 years.





## Statewide Comparison (As of August 31, 2021)

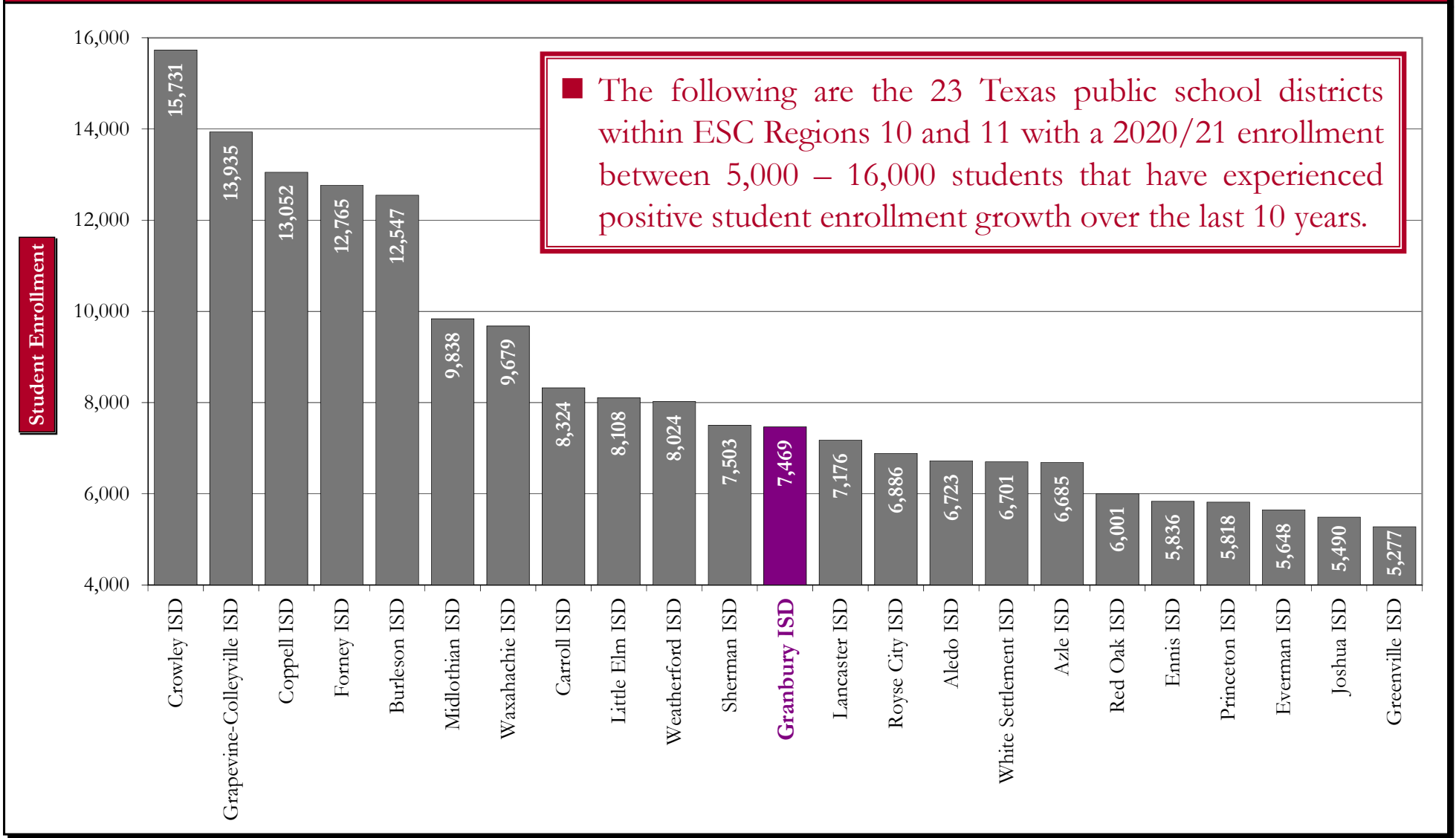
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- **2020/21 Student Enrollment:** Of the 1,020 school districts, Granbury ISD has the **142<sup>nd</sup>** largest student enrollment in the State of Texas.
- **Bond Principal Outstanding:** Among the 889 Texas school districts with outstanding debt, Granbury ISD's "Bond Principal Outstanding" ranks **176<sup>th</sup>**.
- **Bond Principal Per Student:** Among the 889 Texas school districts with outstanding debt, Granbury ISD's "Bond Principal Outstanding Per Student" of \$12,453 ranks **513<sup>th</sup>** (Statewide median = \$14,822).
- **Bond Principal as a Percentage of Taxable Value:** Among the 889 Texas school districts with outstanding debt, Granbury ISD's debt burden of 1.31% ranks **690<sup>th</sup>** as a percentage of taxable values that secure repayment of the District's bonds (Statewide median = 2.91%).
- **2020/21 I&S Tax Rate:** Granbury ISD's year 2020/21 Interest and Sinking Fund ("I&S") tax rate was 14.5 cents. The median I&S tax rate among all Texas school districts levying an I&S tax rate was 26.53 cents for year 2020/21.



# Comparison of ESC Region 10 and 11 Texas School Districts – Enrollment Between 5,000 – 16,000 Students and Positive Growth

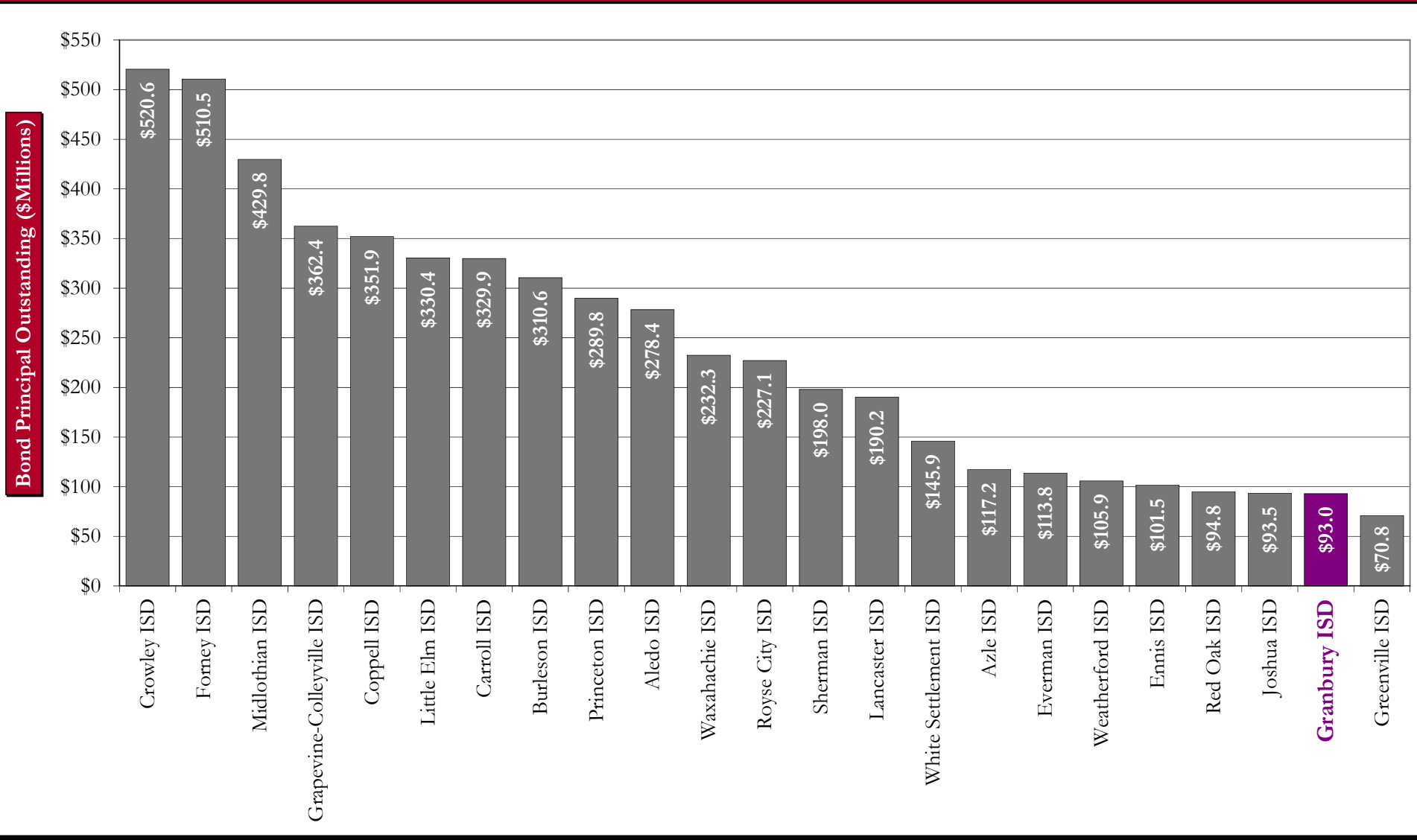
## Ranked By 2020/21 Student Enrollment





# Comparison of ESC Region 10 and 11 Texas School Districts – Enrollment Between 5,000 – 16,000 Students and Positive Growth

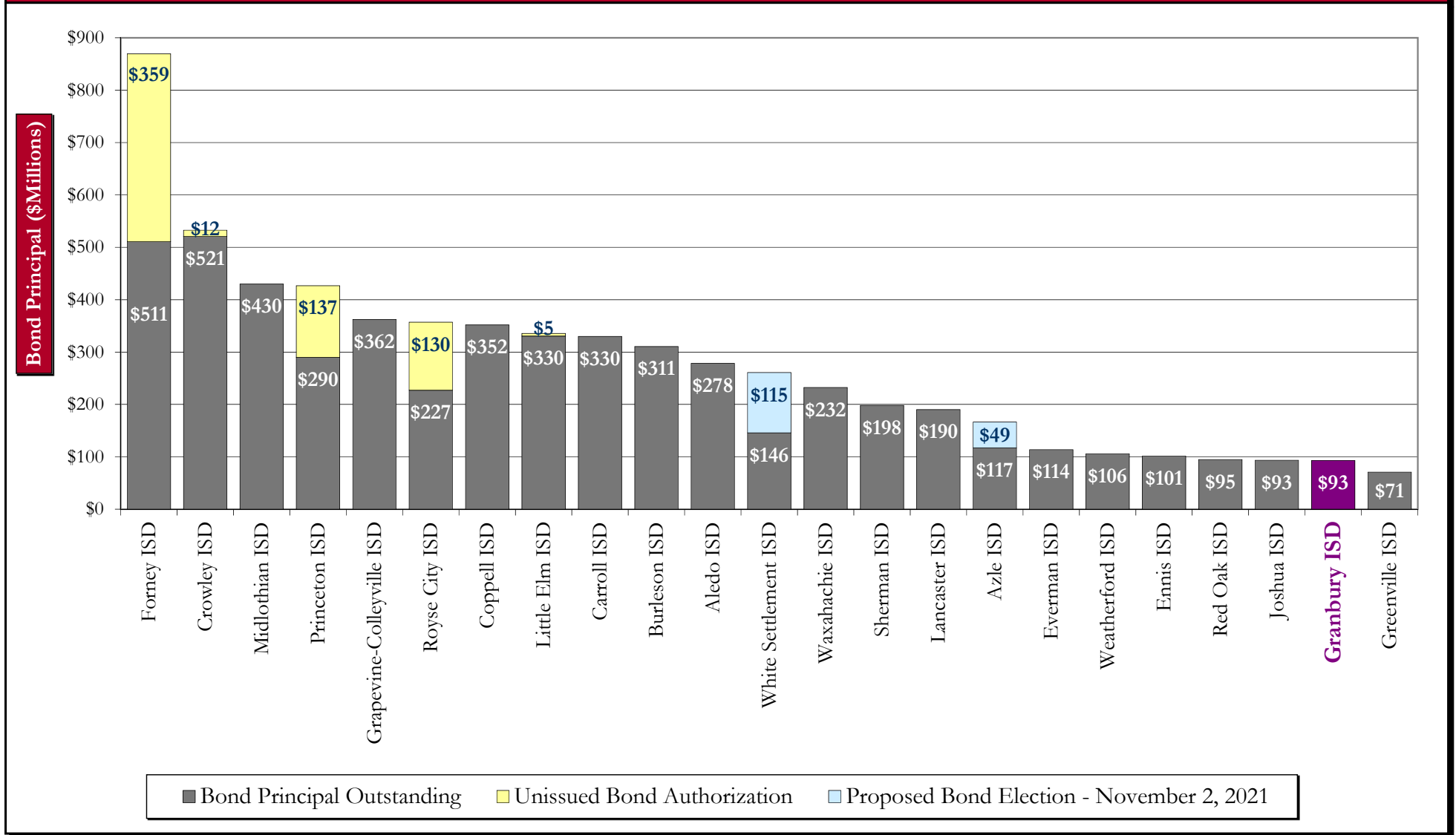
## Ranked By Bond Principal Outstanding





# Comparison of ESC Region 10 and 11 Texas School Districts – Enrollment Between 5,000 – 16,000 Students and Positive Growth

## Ranked By Bond Principal Plus Unissued Bond Authorization and Proposed Bond Election

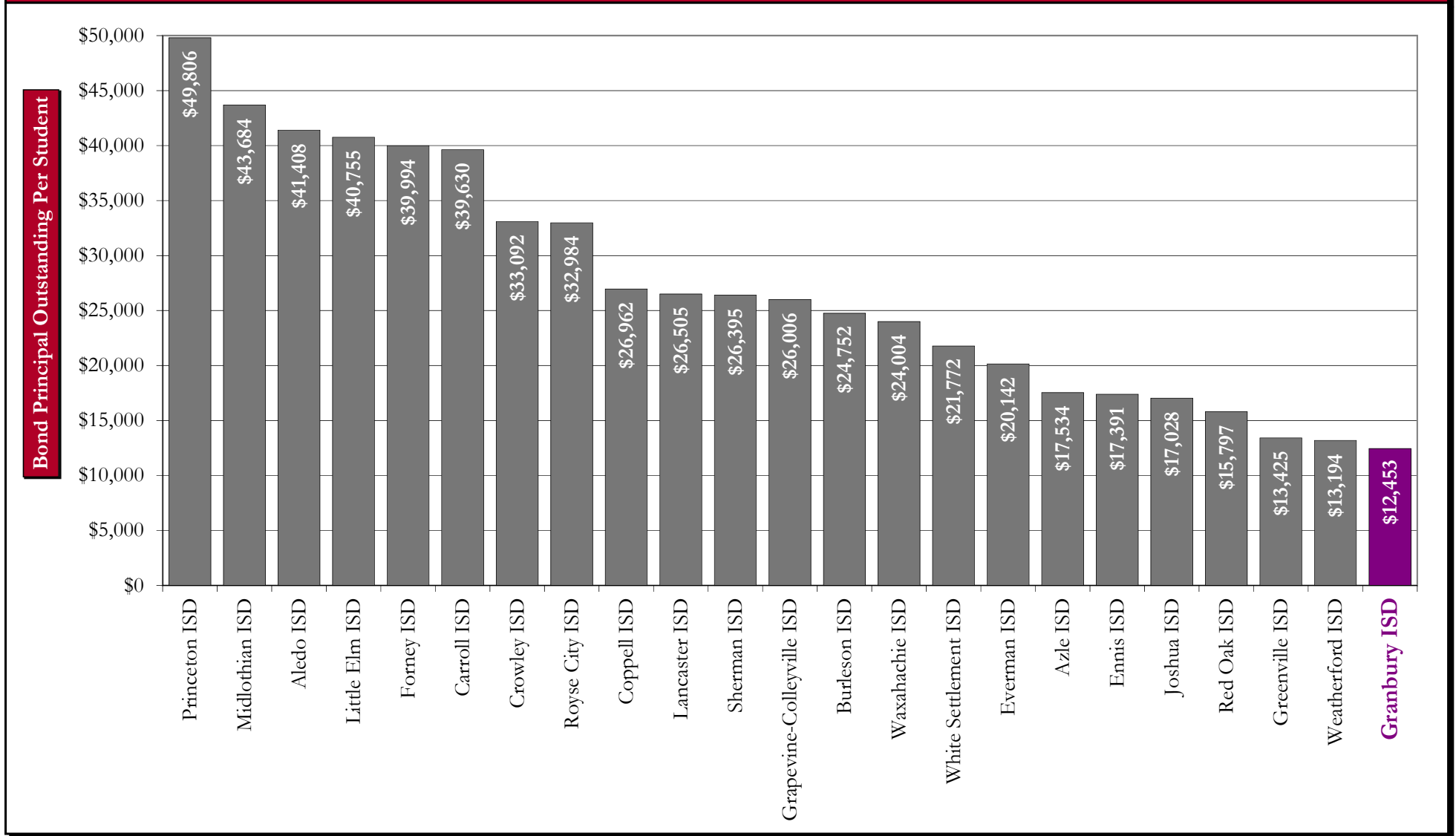


Source: The Municipal Advisory Council of Texas – As of August 31, 2021. Includes Voted and M&O debt.



# Comparison of ESC Region 10 and 11 Texas School Districts – Enrollment Between 5,000 – 16,000 Students and Positive Growth

Ranked By Bond Principal Outstanding Per Student



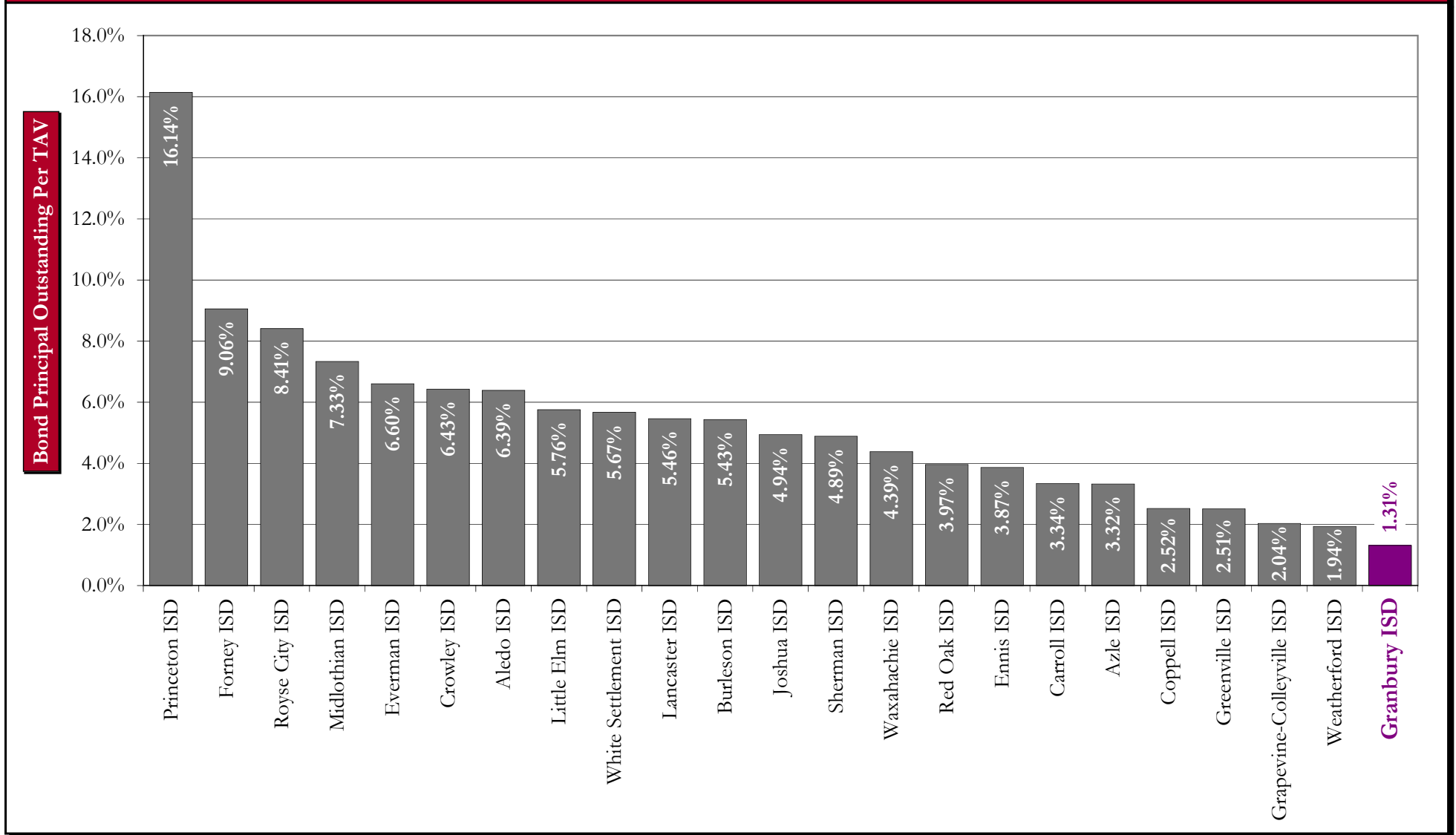
Source: Texas Education Agency – PEIMS and The Municipal Advisory Council of Texas – As of August 31, 2021. Includes Voted and M&O debt.





# Comparison of ESC Region 10 and 11 Texas School Districts – Enrollment Between 5,000 – 16,000 Students and Positive Growth

Ranked By Bond Principal Outstanding as a Percentage of Taxable Value

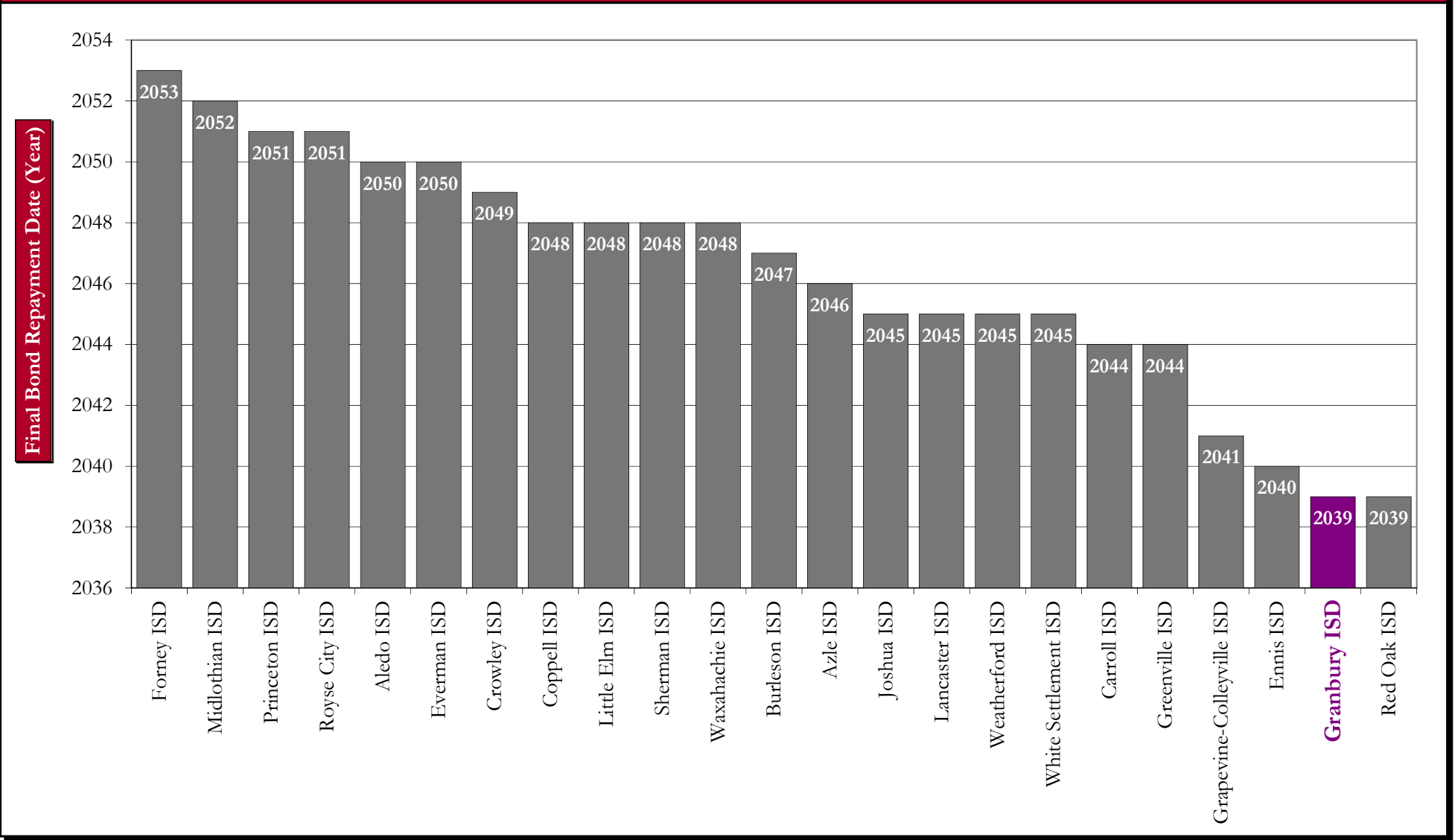


Source: Texas Comptroller of Public Accounts and The Municipal Advisory Council of Texas – As of August 31, 2021. Includes Voted and M&O Debt.



# Comparison of ESC Region 10 and 11 Texas School Districts – Enrollment Between 5,000 – 16,000 Students and Positive Growth

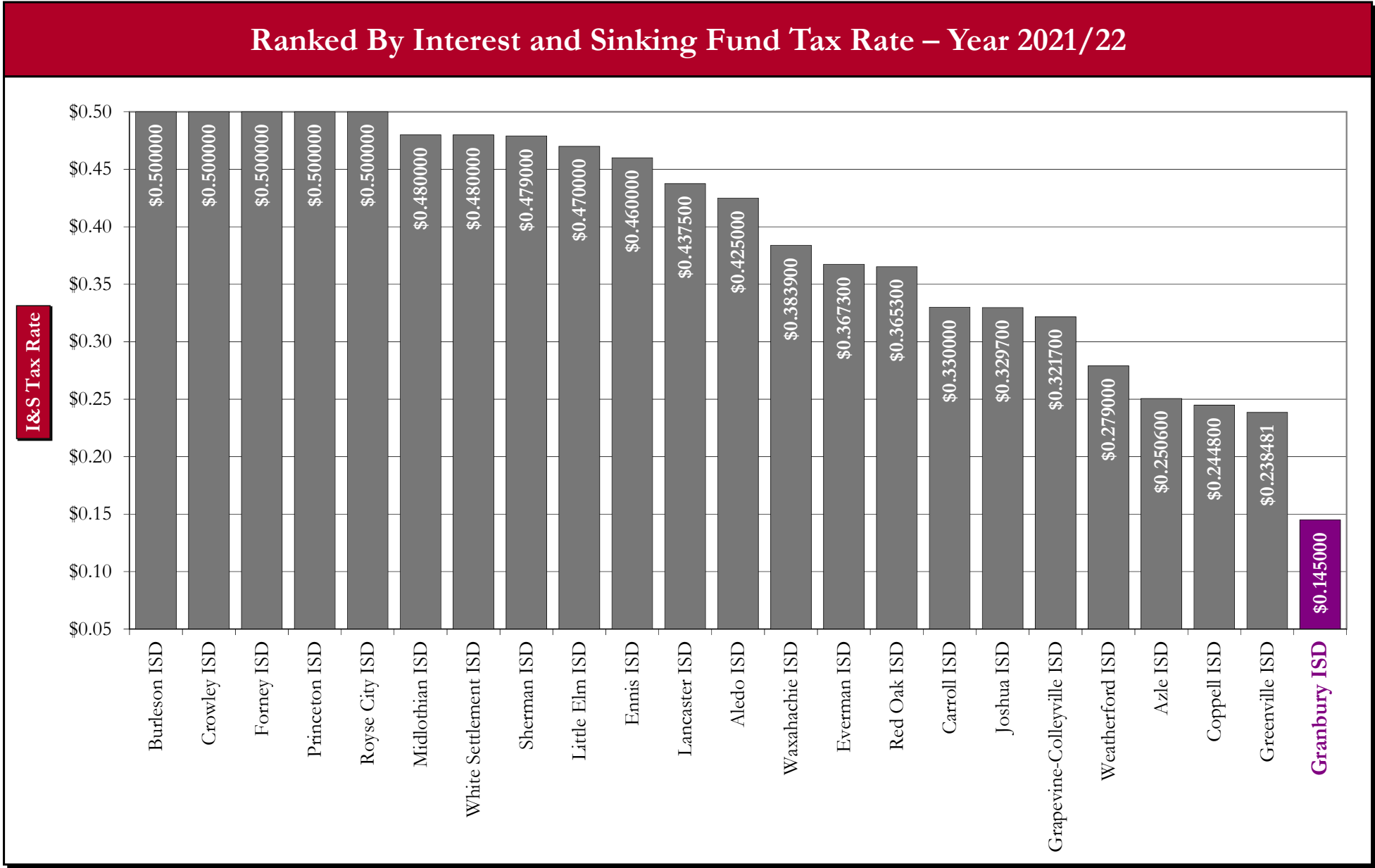
Ranked By Final Bond Repayment Date



Source: The Municipal Advisory Council of Texas – As of August 31, 2021. Includes Voted and M&O debt.



# Comparison of ESC Region 10 and 11 Texas School Districts – Enrollment Between 5,000 – 16,000 Students and Positive Growth



Source: Individual school district websites.



## General Information and Bond Capacity Considerations

- The results of Granbury ISD's bond elections over the last 25 years are as follows:

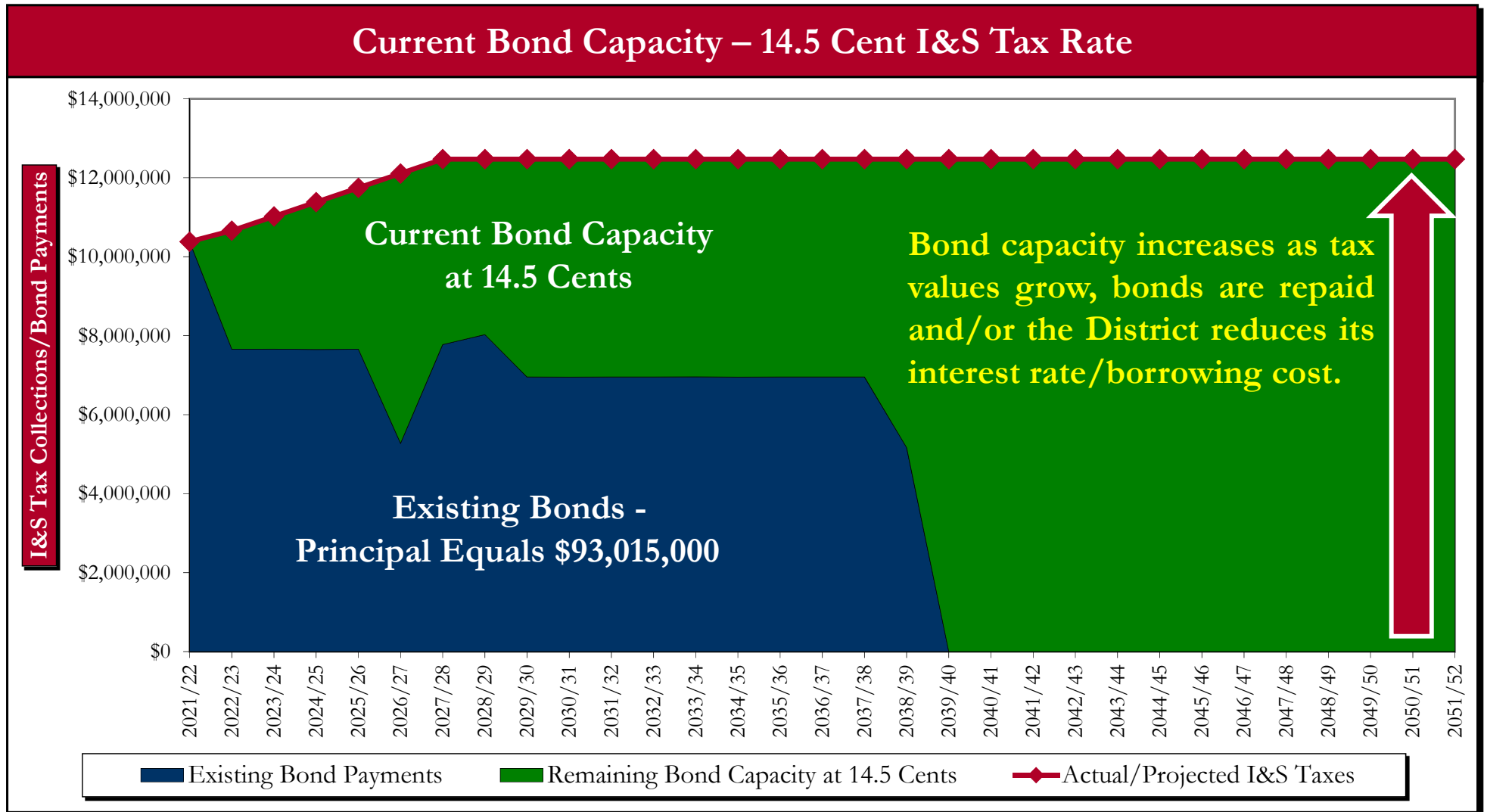
District's Historical Bond Election Results – Last 25 Years							
Election Date	Proposition Number	Purpose	Result	Election Amount	Votes For	Votes Against	Approval Rate
March 27, 1999	1 of 2	School Building	Carried	\$ 52,770,000	1,438	807	64.05%
March 27, 1999	2 of 2	Natatorium	Defeated	2,800,000	970	1,265	43.40%
May 7, 2005	1	School Building	Defeated	\$ 39,000,000	958	2,466	27.98%
November 5, 2013	1 of 2	School Building	Carried	\$ 81,972,000	3,757	2,883	56.58%
November 5, 2013	2 of 2	Maintenance Tax Refunding	Carried	3,003,000	3,937	2,648	59.79%
				\$ 179,545,000	---	---	---

- Pursuant to the voter education material the November 2013 bond election, the District's I&S tax rate was anticipated to increase by 15.0 cents to a maximum rate of 25.5 cents beginning in year 2014/15.
- In year 2014/15, GISD's I&S tax rate increased by 12.0 cents to 22.5 cents and is currently 14.5 cents.
- **Bond Capacity Considerations:**
  - 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 (the so-called State mandated "50-Cent Debt Test").
  - However, there is not a limit on the amount of bonds that may be authorized in a bond election.



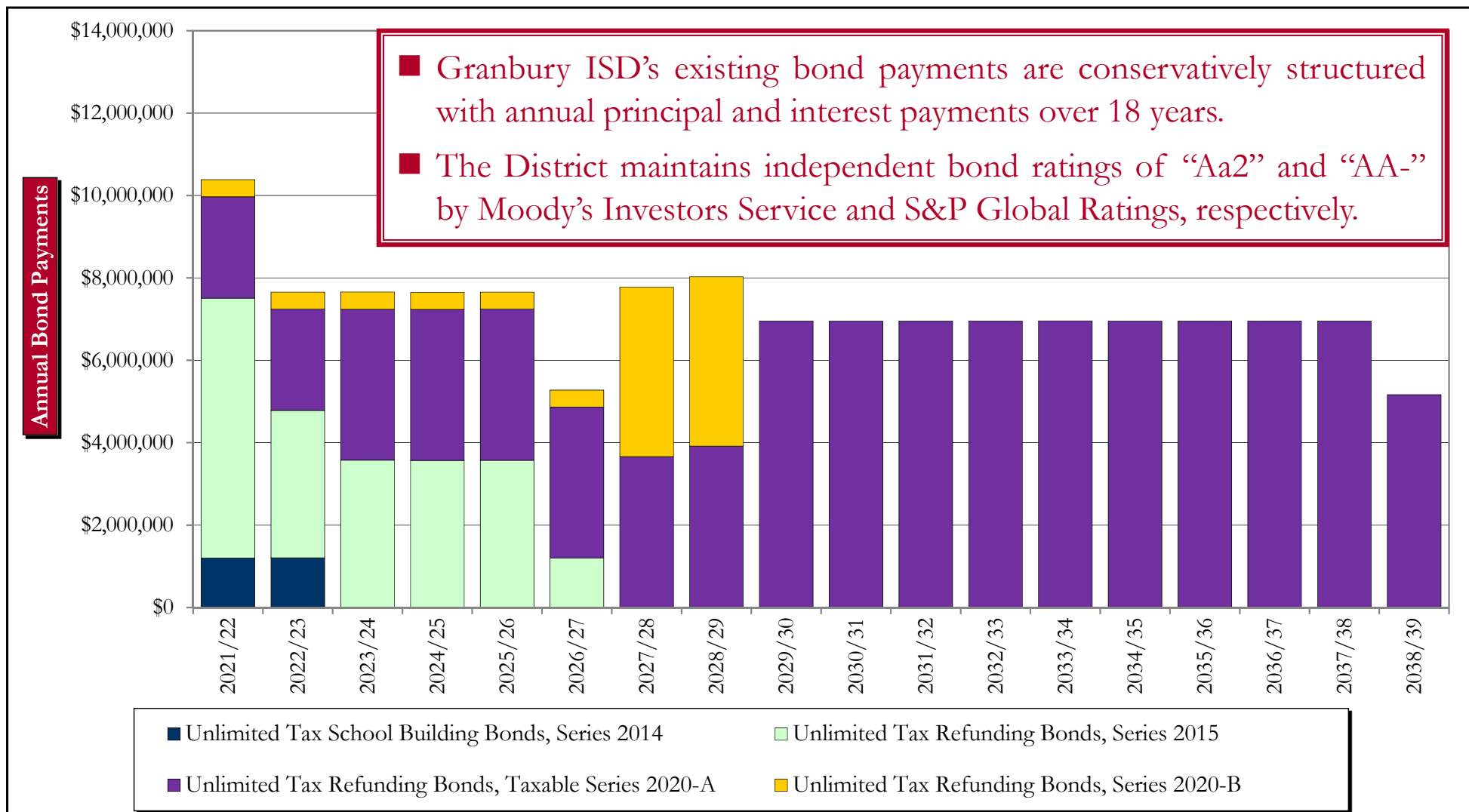
# What is Bond Capacity?

- Bond capacity refers to Granbury ISD’s capacity to issue new bonds in light of the limitations imposed by the State mandated “50-Cent Debt Test” and the District’s I&S tax rate.





# Bond Capacity Factors: Dollar Amount and Structure of District's Existing Bonds



Note: Debt service payments reflect payments from September 1 through August 31. Includes a \$2,375,000 defeasance of the Series 2015 Bonds on August 1, 2022.

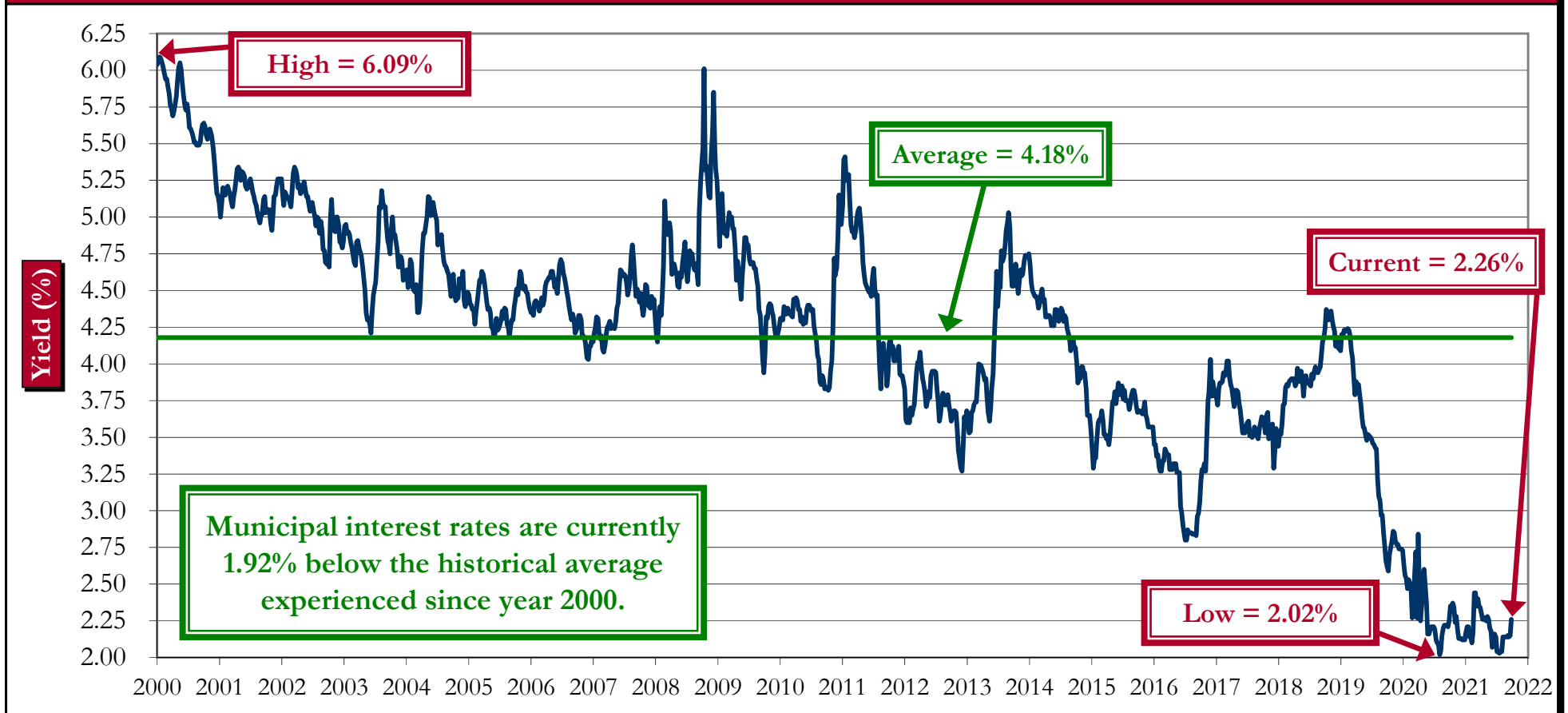
**GISD has a total principal amount of existing bonds equal to \$93,015,000 as of October 1, 2021.**



## Bond Capacity Factors: Current Market, Fixed Rates of Interest

- While inflationary concerns have recently increased municipal market volatility, interest rates continue to remain historically attractive. Generally speaking, the lower the interest rate, the more borrowing capacity available to the District.

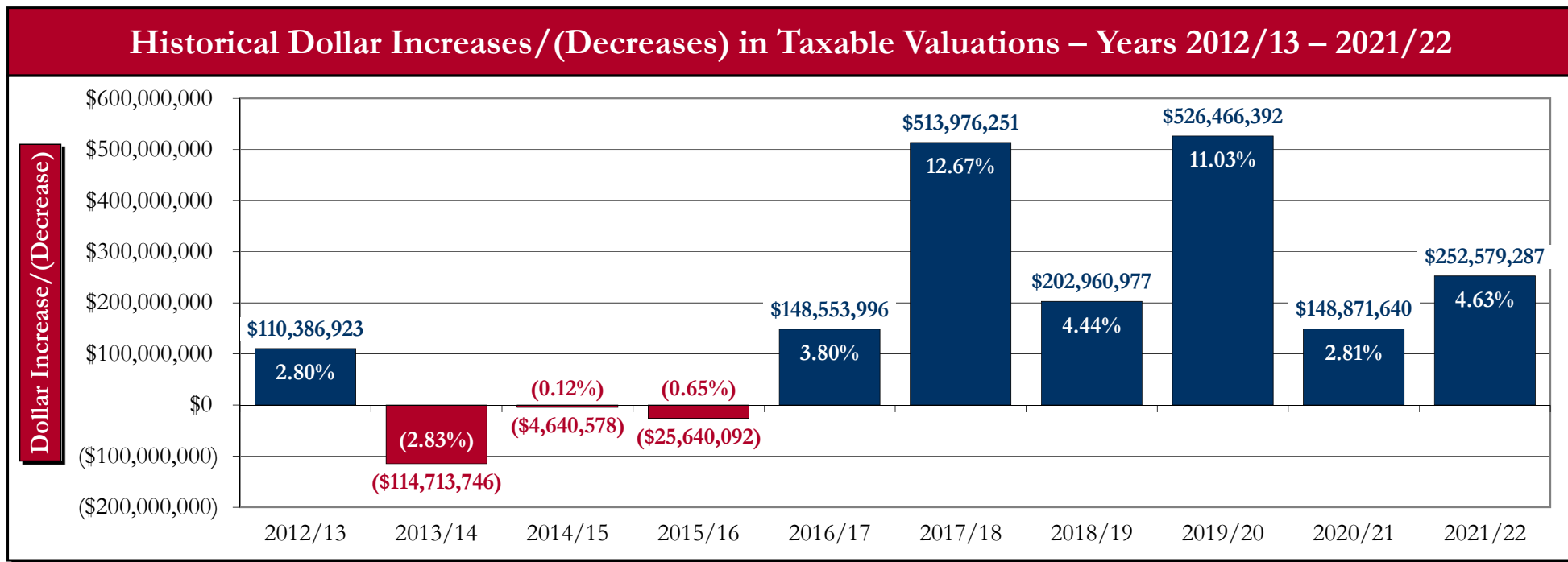
### The Bond Buyer 20-Bond Index – A Tax-Exempt General Obligation Bond Yield Index January 1, 2000 To The Present





# Bond Capacity Factors: Summary of District's Historical Taxable Assessed Valuation

- ❑ The value of Granbury ISD's tax base is the primary factor impacting GISD's bond capacity, as this determines the annual revenues generated from the District's I&S tax rate.
- ❑ GISD's taxable assessed valuation (net of frozen values) is \$5,702,374,645 for fiscal year 2021/22.
- ❑ The following summarizes certain taxable value growth statistics over the last decade:
  - Maximum tax base increase occurred in Year 2019/20: \$526,466,392 or 11.03%;
  - Average tax base increase last 10 years: \$175,880,105 or 3.76%; and
  - Average tax base increase last 5 years: \$328,970,909 or 7.04%.







## Preliminary Bond Capacity Analysis

This 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 Granbury ISD will correspondingly change.

### □ Scenarios Presented – Potential New Bond Program

- Determine Granbury ISD's projected bond capacity for a May 2022 bond election assuming the following I&S tax rates:
  - ❖ **Scenario 1:** 19.5 Cents – Represents a 5.0-Cent Tax Rate Increase;
  - ❖ **Scenario 2:** 24.5 Cents – Represents a 10.0-Cent Tax Rate Increase; and
  - ❖ **Scenario 3:** 29.5 Cents – Represents a 15.0-Cent Tax Rate Increase.

*Note: The State Property Tax Code allows for school property taxes on an individual homestead to be “frozen” at the age of 65. If you are 65 years of age or older and you have filed for the “Over 65 Homestead Exemption,” there is a ceiling on the amount of school taxes to be paid – The only exception is if improvements are made to a home. As such, a tax increase from a new bond program cannot increase the applicable tax ceiling of a taxpayer that has qualified for the “Over 65 Homestead Exemption.”*



# Preliminary Bond Capacity Analysis

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## □ Assumptions

- GISD completes a \$2.375 million prepayment of its Series 2015 Bonds on August 1, 2022, saving taxpayers \$356,250 in future interest costs.
- The new bond program is sold in August 2022 at an interest rate of 3.25% (current market rates of interest are approximately 2.65%).
- The new bond program will initially be structured with annual principal payments over the next 25 years (i.e. final maturity of August 1, 2047). However, the District will have the flexibility to prepay the bonds prior to scheduled maturity, without penalty.
- GISD will not receive any State assistance for the repayment of bonds.
- Tax collection rate of 99.0%.



# Preliminary Bond Capacity Analysis – Taxable Assessed Valuation Growth Alternatives

■ Taxable Assessed Valuation Growth Assumptions:

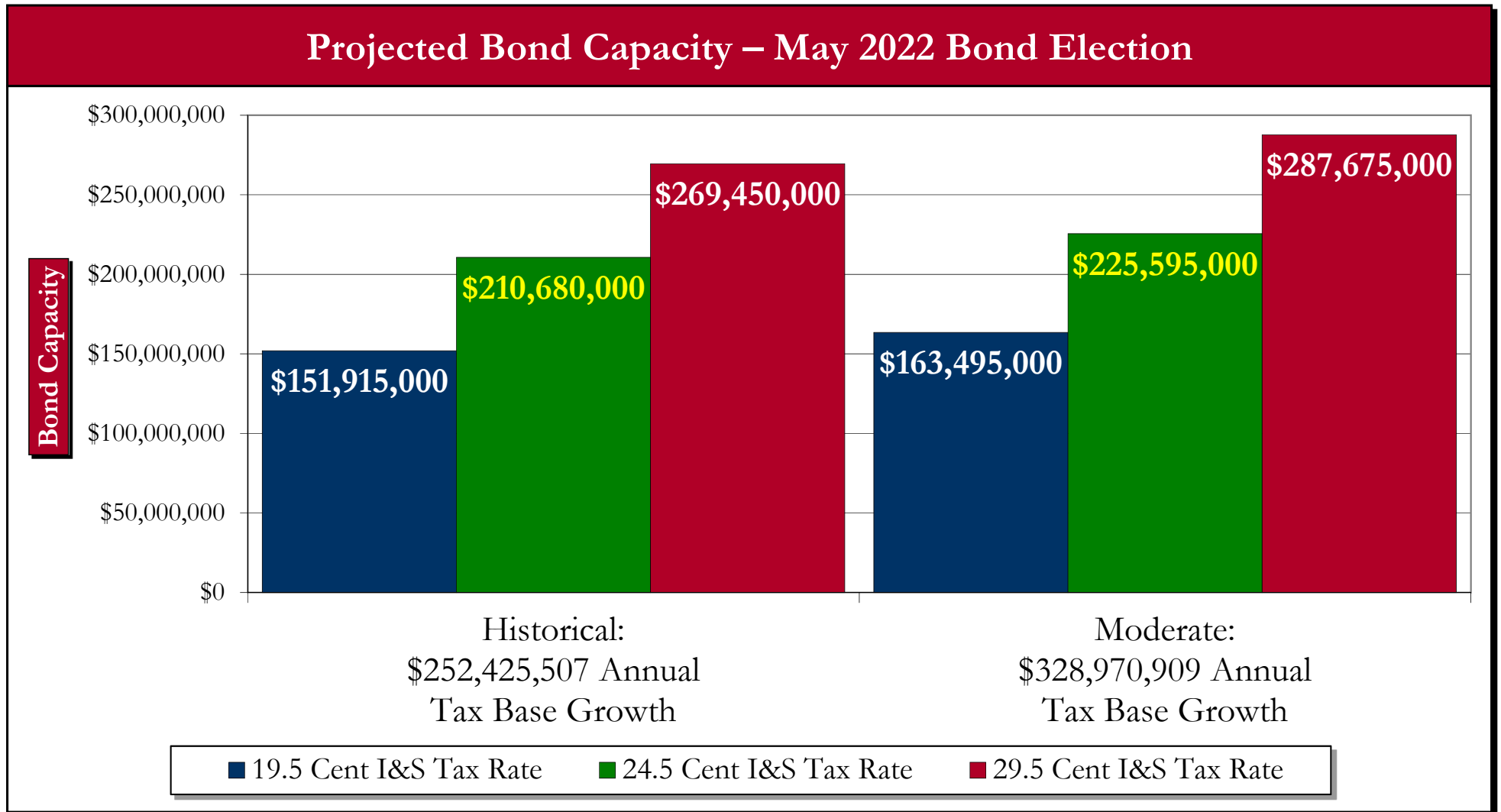
- ❖ **Historical TAV Growth:** Taxable values increase by \$252,425,507 (i.e. midpoint between the 5-year average tax base increase of \$328,970,909 and the 10-year average tax base increase of \$175,880,105) in each of the next 6 years and remain constant thereafter.
- ❖ **Moderate TAV Growth:** Taxable values increase by \$328,970,909 (i.e. average annual increase last 5 years) in each of the next 6 years and remain constant thereafter.

Projected Taxable Values - Historical and Moderate Tax Base Growth Scenarios						
A	B	C	D	E	F	G
Fiscal Year	Historical TAV Growth Assumption			Moderate TAV Growth Assumption		
	Taxable Value	Dollar Growth	Percentage Growth	Taxable Value	Dollar Growth	Percentage Growth
2021/22	\$ 5,702,374,645	---	---%	\$ 5,702,374,645	---	---%
2022/23	5,954,800,152	252,425,507	4.43%	6,031,345,554	328,970,909	5.77%
2023/24	6,207,225,659	252,425,507	4.24%	6,360,316,463	328,970,909	5.45%
2024/25	6,459,651,166	252,425,507	4.07%	6,689,287,372	328,970,909	5.17%
2025/26	6,712,076,673	252,425,507	3.91%	7,018,258,281	328,970,909	4.92%
2026/27	6,964,502,180	252,425,507	3.76%	7,347,229,190	328,970,909	4.69%
2027/28	7,216,927,687	252,425,507	3.62%	7,676,200,099	328,970,909	4.48%
<b>Totals</b>	---	<b>\$ 1,514,553,042</b>	<b>26.56%</b>	---	<b>\$ 1,973,825,454</b>	<b>34.61%</b>
<b>Average</b>	---	<b>\$ 252,425,507</b>	<b>4.00%</b>	---	<b>\$ 328,970,909</b>	<b>5.08%</b>



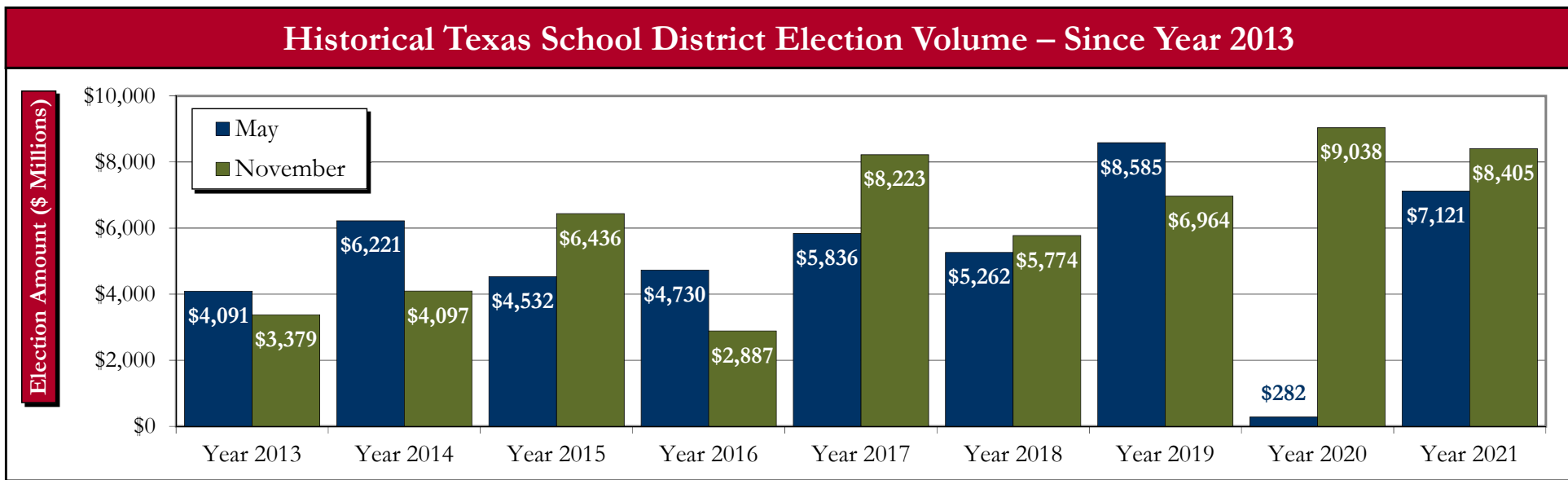
# Preliminary Bond Capacity Analysis

- ❑ The following depicts Granbury ISD’s projected bond capacity based upon the scenarios and assumptions presented herein.





# Historical Texas School District Bond Elections



### Historical Texas School District Bond Election Results

Year	No. Of Elections	Dollar Amount Of Elections	No. Of Propositions	Dollar Amount Approved		Propositions Approved	
				Dollar Amount	Percentage	Number	Percentage
2014	127	\$ 10,318,550,976	138	\$ 9,412,896,675	91.2%	110	79.7%
2015	126	10,968,064,264	139	9,644,168,689	87.9%	114	82.0%
2016	110	7,617,304,038	127	6,985,124,038	91.7%	96	75.6%
2017	128	14,058,707,791	145	11,803,977,500	84.0%	99	68.3%
2018	105	11,036,331,959	123	9,988,977,659	90.5%	91	74.0%
2019	127	15,549,604,220	131	11,771,420,085	75.7%	99	75.6%
2020	44	9,320,371,214	80	7,793,163,864	83.6%	51	63.8%
May 2021	66	7,120,683,045	126	6,566,967,761	92.2%	105	83.3%
<b>Totals</b>	<b>833</b>	<b>\$ 85,989,617,507</b>	<b>1,009</b>	<b>\$ 73,966,696,271</b>	<b>86.0%</b>	<b>765</b>	<b>75.8%</b>



# Recent Changes in Bond Election Laws

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## ❑ House Bill 3 – “Tax” Language on the Ballot

- Requires ballot propositions for school district bond elections to now include the statement:  
**“THIS IS A PROPERTY TAX INCREASE.”**

## ❑ Senate Bill 30 – Separate Propositions for Certain Items

- Historically, school districts have been able to use a single ballot proposition for the construction, acquisition and equipment of school buildings, including the purchase of land for school building sites, and the purchase of new school buses.
- Now, should a district conduct an election for any of the purposes described below, each must be stated in a separate proposition:
  - 1) Stadium with seating capacity for more than 1,000 spectators;
  - 2) Natatorium;
  - 3) Another recreational facility other than a gymnasium, playground or play area;
  - 4) Performing arts facility;
  - 5) Teacher housing; and
  - 6) Technology equipment, other than equipment used for school security purposes or technology infrastructure integral to the construction of a facility.



## Preliminary Bond Election Timetable – May 7, 2022

### Financing Team Members

GISD	---	Granbury Independent School District – Issuer
BOKFS	---	BOK Financial Securities, Inc. – Financial Advisor
MPH	---	McCall, Parkhurst & Horton L.L.P. – Bond Counsel

### Preliminary Bond Election Timetable – May 7, 2022

Date	Action	Responsibility
<b>On or Prior to February 18, 2022<sup>(A)</sup></b>	<b>Board Meeting – Board of Trustees Calls the Bond Election</b>	<b>GISD, BOKFS, MPH</b>
April 7 – 27, 2022	Publish Notice of Election	GISD, MPH
Prior to April 18, 2022	Post Notice of Election	GISD, MPH
April 25 – May 3, 2022	Early Voting Period	GISD
<b>May 7, 2022</b>	<b>Bond Election</b>	<b>GISD, BOKFS</b>
May 10 – 18, 2022	Board Meeting – Canvass Election Results	GISD, BOKFS
June 9 – 17, 2022	30-Day Contest Period Ends	N/A
July 2022 or Thereafter	Bond Sale	GISD, BOKFS, MPH
<b>August 2022 or Thereafter</b>	<b>Bond Closing (District Receives Bond Proceeds)</b>	<b>GISD, BOKFS, MPH</b>

<sup>(A)</sup> 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 78 days prior to the date of the election.



# Questions

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