

Executive Summary

The latest run of the 10-year capital financing model has been revised to reflect the most current information, assumptions, and best guesses. This Board initiative is unusual in Texas K-12 and very much appreciated by S&P.

We have attempted to make the document more realistic by structuring new money sales to match the asset life. For example, buses and technology are included in all "A" series bonds and have no more than a 5-year repayment structure. In addition, these series cover the replacement of existing assets, and growth is covered in general fund budget. Sustainability of growth and replacement in the general fund would be extremely difficult – even with alternative financing such as capital leases.

New construction (including additions) and land are included in all "B" series bonds, and have no more than a 30-year repayment structure. The model currently has all "B" series paid off in 19-30 years.

Major maintenance and renovations are included in all "C" series bonds, and have no more than a 20-year repayment structure. This is the one category which could be handled several ways as some of the monies used will be for painting and other services which would arguably have a shorter asset life. As such, we wanted to get feedback from the Board on this series, and modify future models to reflect the best structure of "B" series bonds.

Based upon the feedback from the June 15 Board meeting, all items presented by the co-chairs (minus the grounds equipment) along with the optional items, has been included in the model. Other items considering by the steering committee along with facilities to meet the October 2016 demographer report have been included to complete the 10-year model. Since the agenda item is about the 4-year bond items, the 5-10 year items will be in the next Friday memo.

Actual sale types could vary in amount and timing based upon the needs of the students, faculty, community and the District. Please note that all new money sales are funded with current interest bonds (CIBs), and capital appreciation bonds (CABs) are only used in refundings as legally required by the State to meet the par-to-par test.

Property value growth remains conservative for all out years, and the upcoming year (2018/19) has been adjusted to 6% to mirror more realistic, anticipated growth.

Interest rates are another big unknown and our best guess is that rates will increase 50 basis points by 2018 and hold through 2021. We have used the 15-year average rates from 2022-2027.

CAB percentage drops below the 25% threshold before the 2025 year (a goal of the LISD Board).

Leander ISD's debt obligations, with no future refundings or new money sales, is currently \$2,763,794,150. The model has been run to include 10 years of new money sales, and a few refunding opportunities which results in total debt service of \$5,412,830,205, but one must deduct the payments made over the next 10 years to truly ascertain the debt outstanding on 9/1/2027 – which is \$4,180,262,155. This means that LISD's debt service could increase by 50% over the next 10 years, so it is critical to look at other fast growth ISDs and what the last 10 years of new money issuances [at lower construction costs and interest rates] and refundings have meant to their debt position. For example, Frisco ISD and Cy-Fair ISD have added 123% and 86%, respectively, to their debt service in the last 10 years.

If the focus is only on the total cost of borrowing of the potential 4-year bond election, there is \$463,405,309 of principal, \$476,928,207 of interest, and the total borrowing cost is \$940,333,516 or a 1.03:1 repayment ratio. Therefore, in 4 years the total debt owed after payments, refundings, and new money issuances is \$3,241,872,066.

Capacity does exist to fund the potential projects but, as you will see, the "B" and "C" series are pushed out close to their LISD-set, maximum debt lives for the first few years, and only interest is paid for most of the early years. Future new money sales become more efficient in out years primarily, because there are no new money sales beyond 2027. This model is more aggressive as the sale amounts over 10 years are nearly \$1.4 billion, and the previous model was closer to \$900 million – essentially an illustration to determine the potential capacity with the given [conservative] assumptions and constraints.

**Partially Model Driven
Pro-Forma
(Constant Tax Rate)**

Materials are intended for informational purposes only. The figures represented herein are predicated

Fiscal Year	Post 2017A Debt Service	CAB % Of DS	+/- CASH FLOW FROM REFUNDING/DEFEASANCE															
			2017 DEF	2018 DEF	2019 REF	2022 REF	2024 REF	2025 REF	2026 REF	2018			2019					
			A	B	C	A	B	C										
8/31/2018	\$ 78,565,988	50.03%	\$ 585,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
8/31/2019	97,535,825	49.94%	430,000	3,835,000	-	-	-	-	-	-	-	11,051,182	6,891,454	276,423	-	-	-	-
8/31/2020	94,343,125	50.11%	450,000	880,000	(1,735,828)	-	-	-	-	-	-	8,220,571	6,910,650	277,193	692,738	3,299,996	1,719,378	-
8/31/2021	96,144,425	50.10%	455,000	2,545,000	(1,735,828)	-	-	-	-	-	-	311,416	6,910,650	277,193	9,447,667	3,309,188	1,724,168	-
8/31/2022	95,712,413	49.74%	505,000	2,065,000	(1,735,828)	-	-	-	-	-	-	-	6,910,650	277,193	8,958,248	3,309,188	1,724,168	-
8/31/2023	95,004,913	49.26%	-	1,865,000	(1,735,828)	(1,735,828)	-	-	-	-	-	-	6,910,650	277,193	-	3,309,188	1,724,168	-
8/31/2024	95,130,663	49.18%	245,000	1,750,000	(1,735,828)	5,576,275	-	-	-	-	-	-	6,910,650	1,277,193	-	3,309,188	1,724,168	-
8/31/2025	96,121,963	49.07%	255,000	2,730,000	(1,735,828)	(1,735,828)	17,503,783	-	-	-	-	-	6,910,650	277,193	-	3,309,188	1,724,168	-
8/31/2026	96,271,713	48.47%	-	3,130,000	(1,735,828)	(1,735,828)	(1,735,828)	18,612,290	-	-	-	-	6,910,650	277,193	-	3,309,188	1,724,168	-
8/31/2027	96,392,000	48.62%	-	3,250,000	(1,735,828)	(1,735,828)	(1,735,828)	5,058,598	37,123,231	-	-	-	6,910,650	277,193	-	3,309,188	1,724,168	-
8/31/2028	93,424,500	48.79%	-	285,000	(1,735,828)	(1,735,828)	(1,735,828)	(1,735,828)	22,794,183	-	-	-	6,910,650	277,193	-	3,309,188	1,724,168	-
8/31/2029	92,751,250	48.65%	-	-	(996,014)	1,597,975	(1,735,828)	(1,735,828)	11,883,362	-	-	-	6,910,650	277,193	-	3,309,188	1,724,168	-
8/31/2030	92,834,000	49.01%	-	-	4,815,380	6,863,302	6,751,388	(1,135,420)	(1,735,828)	-	-	-	6,910,650	277,193	-	3,309,188	1,724,168	-
8/31/2031	93,015,250	49.14%	-	-	18,994,595	(20,068)	(1,735,828)	(1,735,828)	(1,735,828)	-	-	-	6,910,650	277,193	-	3,309,188	1,724,168	-
8/31/2032	93,209,888	49.47%	-	65,000	16,154,899	(20,068)	(1,735,828)	(1,735,828)	(1,735,828)	-	-	-	6,910,650	277,193	-	3,309,188	1,724,168	-
8/31/2033	93,851,638	49.37%	370,000	335,000	(1,735,828)	(421,421)	(1,735,828)	(1,735,828)	(1,735,828)	-	-	-	6,910,650	277,193	-	3,309,188	1,724,168	-
8/31/2034	94,122,038	49.26%	980,000	-	(1,735,828)	-	(1,735,828)	(1,735,828)	(1,735,828)	-	-	-	6,910,650	277,193	-	3,309,188	1,724,168	-
8/31/2035	97,935,338	48.65%	4,790,000	-	(1,735,828)	-	-	(1,735,828)	(1,735,828)	-	-	-	6,910,650	277,193	-	3,309,188	1,724,168	-
8/31/2036	98,445,338	46.14%	5,175,000	120,000	(1,735,828)	-	-	-	(1,735,828)	-	-	-	6,910,650	277,193	-	3,309,188	1,724,168	-
8/31/2037	96,594,288	43.11%	3,450,000	-	(1,735,828)	-	-	-	(1,735,828)	-	-	-	6,910,650	277,193	-	3,309,188	6,841,894	-
8/31/2038	96,574,538	43.74%	-	3,430,000	(1,735,828)	-	-	-	(1,735,828)	-	-	-	6,910,650	5,821,044	-	3,309,188	12,144,448	-
8/31/2039	96,563,288	44.52%	-	3,420,000	(1,735,828)	-	-	-	(1,735,828)	-	-	-	6,910,650	-	-	3,309,188	19,623,936	-
8/31/2040	96,547,288	45.53%	-	3,405,000	(1,735,828)	-	-	-	(1,735,828)	-	-	-	6,910,650	-	-	3,309,188	-	-
8/31/2041	96,526,038	46.86%	-	3,380,000	(1,735,828)	-	-	-	(1,735,828)	-	-	-	6,910,650	-	-	3,309,188	-	-
8/31/2042	98,472,038	47.97%	5,330,000	-	(1,735,828)	-	-	-	(1,735,828)	-	-	-	6,910,650	-	-	3,309,188	-	-
8/31/2043	98,473,288	39.22%	5,330,000	-	(1,735,828)	-	-	-	(1,735,828)	-	-	-	6,910,650	-	-	3,309,188	-	-
8/31/2044	92,173,288	23.56%	-	-	(1,735,828)	-	-	-	(1,735,828)	-	-	-	6,910,650	-	-	3,309,188	-	-
8/31/2045	51,178,188	0.00%	-	-	(1,735,828)	-	-	-	(1,735,828)	-	-	-	6,910,650	-	-	3,309,188	-	-
8/31/2046	44,538,750	0.00%	-	-	(888,890)	-	-	-	(1,735,828)	-	-	-	6,910,650	-	-	3,309,188	-	-
8/31/2047	44,538,950	0.00%	-	-	4,750	-	-	-	(1,735,828)	-	-	-	42,356,900	-	-	3,309,188	-	-
8/31/2048	44,539,600	0.00%	-	-	4,750	-	-	-	(1,735,828)	-	-	-	107,905,082	-	-	3,309,188	-	-
8/31/2049	44,612,350	0.00%	-	-	99,750	-	-	-	(1,735,828)	-	-	-	-	-	-	69,492,953	-	-
8/31/2050	-	0.00%	-	-	-	-	-	-	(1,735,828)	-	-	-	-	-	-	-	-	-
8/31/2051	-	0.00%	-	-	-	-	-	-	(1,735,828)	-	-	-	-	-	-	-	-	-
8/31/2052	-	0.00%	-	-	-	-	-	-	(1,735,828)	-	-	-	-	-	-	-	-	-
	\$ 2,792,144,150		\$ 28,350,000	\$ 36,490,000	\$ 1,001	\$ 4,896,855	\$ 10,368,546	\$ 10,384,671	\$ 31,876,729	\$ 19,583,169	\$ 343,740,979	\$ 12,086,933	\$ 19,098,653	\$ 165,450,219	\$ 67,916,341			
Refunding/Defeasance Info																		
Transaction Date			8/15/2017	8/15/2018	8/15/2019	8/15/2022	8/15/2024	8/15/2025	8/15/2026									
Estimated Issuer Contribution			\$ 13,150,000	\$ 24,600,000	\$ -	\$ -	\$ -	\$ -	\$ -									
Maturities REF/DEF from Series:			2008	2008	2010	2010A	2012A	2012A	2012A									
			2010A	2010A	2010R	2012A	2013A	2013A	2013A									
			2010R	2010R	2011	2013A	2014D	2014D	2014D									
			2012A	2012A	2012A		2014E	2015A	2015A									
			2013B	2013B	2013A													
			2014D	2014D	2013B													
					2016A													
					2017A													
Product Type			N/A	N/A	CIB/CAB	CIB/CAB	CIB/CAB	CIB/CAB	CIB/CAB									
Rates			N/A	N/A	Current + 50 bps	15YR MMD Avg.	15YR MMD Avg.	15YR MMD Avg.	15YR MMD Avg.									
New-Money Info																		
Transaction Date										8/15/2018	8/15/2018	8/15/2018	8/15/2019	8/15/2019	8/15/2019			
New-Money Project Fund										\$ 19,143,000	\$ 154,492,862	\$ 6,270,207	\$ 18,330,000	\$ 73,964,328	\$ 39,043,872			
Interest repayment as % of Project Fund										2%	122%	93%	4%	124%	74%			
Product Type										CIB	CIB	CIB	CIB	CIB	CIB			
Rates										Current + 50 bps			Current + 50 bps					

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Pro-Forma
(Constant Tax Rate)**

aterialized could adversely impact the numbers/projections contained herein.

2026			2027			Approximate Revised CAB % Of DS	AV Assumption	Growth Rate	Tax Rate	Collections @ 99.50%	Other Revenue	Total Revenue	+/- Collections
A	B	C	A	B	C								
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	77,980,988	42.95%	6.00%	0.47187	N/A			N/A
-	-	-	-	-	-	111,489,884	39.33%	4.00%	0.47187	109,489,884	2,000,000	111,489,884	-
-	-	-	-	-	-	115,869,479	37.54%	4.00%	0.47187	113,869,479	2,000,000	115,869,479	-
-	-	-	-	-	-	120,424,258	35.71%	4.00%	0.47187	118,424,258	2,000,000	120,424,258	-
-	-	-	-	-	-	125,161,228	29.80%	3.00%	0.47187	123,161,228	2,000,000	125,161,228	-
-	-	-	-	-	-	128,856,065	25.57%	3.00%	0.47187	126,856,065	2,000,000	128,856,065	-
-	-	-	-	-	-	132,661,747	23.63%	3.00%	0.47187	130,661,747	2,000,000	132,661,747	-
-	-	-	-	-	-	136,581,600	20.80%	3.00%	0.47187	134,581,600	2,000,000	136,581,600	-
-	-	-	-	-	-	140,619,048	17.47%	2.00%	0.47187	138,619,048	2,000,000	140,619,048	-
682,985	2,336,052	1,333,189	-	-	-	143,391,429	16.54%	2.00%	0.47187	141,391,429	2,000,000	143,391,429	-
684,887	2,342,559	1,336,903	682,985	976,467	1,882,194	146,219,257	16.58%	2.00%	0.47187	144,219,257	2,000,000	146,219,257	-
684,887	2,342,559	1,336,903	684,887	979,187	1,887,437	149,103,642	16.19%	2.00%	0.47187	147,103,642	2,000,000	149,103,642	-
684,887	2,342,559	1,336,903	684,887	979,187	1,887,437	152,045,715	15.55%	1.50%	0.47187	150,045,715	2,000,000	152,045,715	-
17,807,065	2,342,559	1,336,903	684,887	979,187	1,887,437	154,296,401	14.95%	1.50%	0.47187	152,296,401	2,000,000	154,296,401	-
-	2,342,559	1,336,903	17,807,065	979,187	1,887,437	156,580,847	15.11%	1.50%	0.47187	154,580,847	2,000,000	156,580,847	-
-	2,342,559	1,336,903	-	979,187	1,887,437	158,899,560	14.52%	1.50%	0.47187	156,899,560	2,000,000	158,899,560	-
-	2,342,559	1,336,903	-	979,187	1,887,437	161,253,053	13.59%	1.00%	0.47187	159,253,053	2,000,000	161,253,053	-
-	2,342,559	1,336,903	-	979,187	1,887,437	162,845,583	13.54%	1.00%	0.47187	160,845,583	2,000,000	162,845,583	-
-	14,206,918	1,336,903	-	979,187	1,887,437	164,454,039	14.22%	1.00%	0.47187	162,454,039	2,000,000	164,454,039	-
-	1,867,985	1,336,903	-	979,187	10,739,234	166,078,580	14.85%	1.00%	0.47187	164,078,580	2,000,000	166,078,580	-
-	1,867,985	1,336,903	-	979,187	1,533,365	167,719,366	15.66%	1.00%	0.47187	165,719,366	2,000,000	167,719,366	-
-	1,867,985	1,336,903	-	979,187	1,533,365	169,376,559	16.62%	1.00%	0.47187	167,376,559	2,000,000	169,376,559	-
-	1,867,985	1,336,903	-	979,187	1,533,365	171,050,325	14.46%	1.00%	0.47187	169,050,325	2,000,000	171,050,325	-
-	1,867,985	9,145,068	-	979,187	1,533,365	172,740,828	12.34%	1.00%	0.47187	170,740,828	2,000,000	172,740,828	-
-	1,867,985	946,495	-	979,187	1,533,365	174,448,236	13.07%	1.00%	0.47187	172,448,236	2,000,000	174,448,236	-
-	1,867,985	946,495	-	979,187	1,533,365	176,172,719	9.44%	1.00%	0.47187	174,172,719	2,000,000	176,172,719	-
-	1,867,985	946,495	-	979,187	1,533,365	177,914,446	5.08%	1.00%	0.47187	175,914,446	2,000,000	177,914,446	-
-	1,867,985	946,495	-	979,187	1,533,365	179,673,590	0.19%	1.00%	0.47187	177,673,590	2,000,000	179,673,590	-
-	36,754,268	19,876,386	-	979,187	17,797,700	181,450,326	0.07%	1.00%	0.47187	179,450,326	2,000,000	181,450,326	-
-	123,671	-	-	20,562,917	15,123,106	183,244,829	0.00%	1.00%	0.47187	181,244,829	2,000,000	183,244,829	-
-	123,671	-	-	-	-	185,057,278	0.00%	1.00%	0.47187	183,057,278	2,000,000	185,057,278	-
-	123,671	-	-	-	-	186,887,851	0.00%	1.00%	0.47187	184,887,851	2,000,000	186,887,851	-
-	419,301	-	-	-	-	188,736,729	0.00%	1.00%	0.47187	186,736,729	2,000,000	188,736,729	-
-	2,286,669	-	-	-	-	190,604,096	0.00%	1.00%	0.47187	188,604,096	2,000,000	190,604,096	-
-	-	-	-	-	-	193,408,301	0.00%	1.00%	0.47187	190,490,137	2,000,000	192,490,137	89,081,837
\$ 20,544,712	\$ 91,926,554	\$ 51,520,358	\$ 20,544,712	\$ 39,164,742	\$ 72,908,644	\$ 5,413,297,881							

8/15/2026	8/15/2026	8/15/2026	8/15/2027	8/15/2027	8/15/2027
\$ 18,500,000	\$ 52,639,121	\$ 28,920,000	\$ 18,500,000	\$ 20,997,872	\$ 42,375,000
111%	175%	178%	111%	187%	172%
CIB	CIB	CIB	CIB	CIB	CIB
15YR MMD Avg.			15YR MMD Avg.		

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