

Budget Update Debt Service Update

April 21, 2014

Month	Value
M	4.75
J	5.00
J	4.85
A	4.95
S	4.90
O	5.00
N	5.00

5.00
4.90
4.50



Agenda

➤ **Bond Refunding**

- ❖ **Summary of Outstanding Debt**
- ❖ **Benchmarking Analysis**
- ❖ **Municipal Market Update**
- ❖ **Refunding Analysis**

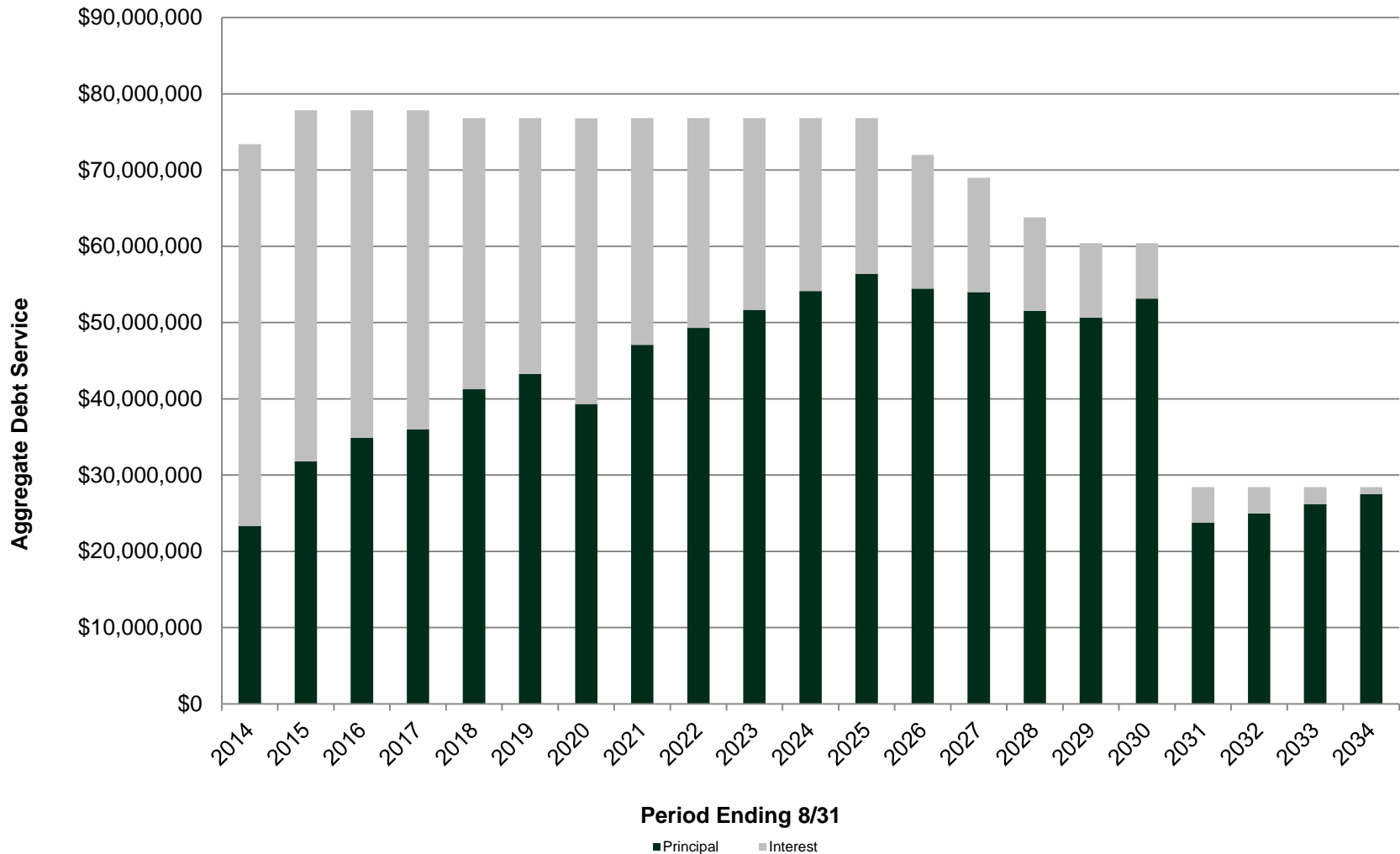
➤ **Debt Service Budget 2014-15**

- ❖ **Available Funds**
- ❖ **New Money Analysis**
- ❖ **Debt Service Fund Projection**
- ❖ **Tax Rate Projection**

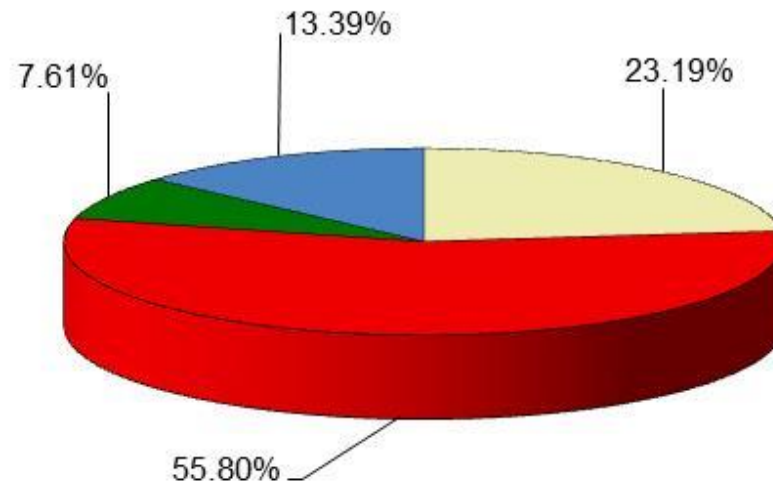
Summary of Outstanding Debt (As of 8-31-2013)





Total Outstanding Principal	\$	874,591,150	
<i>Total Fixed Rate</i>		874,591,150	100.00%
<i>Total Variable Rate</i>		-	0.00%
Total Interest Payments		485,951,626	
Callable Principal (%)		76.81%	
Percent of Principal Retired			
w/in 5 years		19.125%	
w/in 10 years		45.492%	
w/in 15 years		76.424%	
w/in 20 years		96.854%	
w/in 25 years		100.000%	
Final Maturity		8/15/2034	

Summary of Outstanding Debt – Principal and Interest



Summary of Outstanding Debt (As of 8-31-2013) Principal Composition



	Noncallable	23.19%
	Callable & Advance Refundable	55.80%
	Callable & Partially Advance Refundable	7.61%
	Callable & Non-Advance Refundable	13.39%

Summary of Outstanding Debt (As of 8-31-2013)

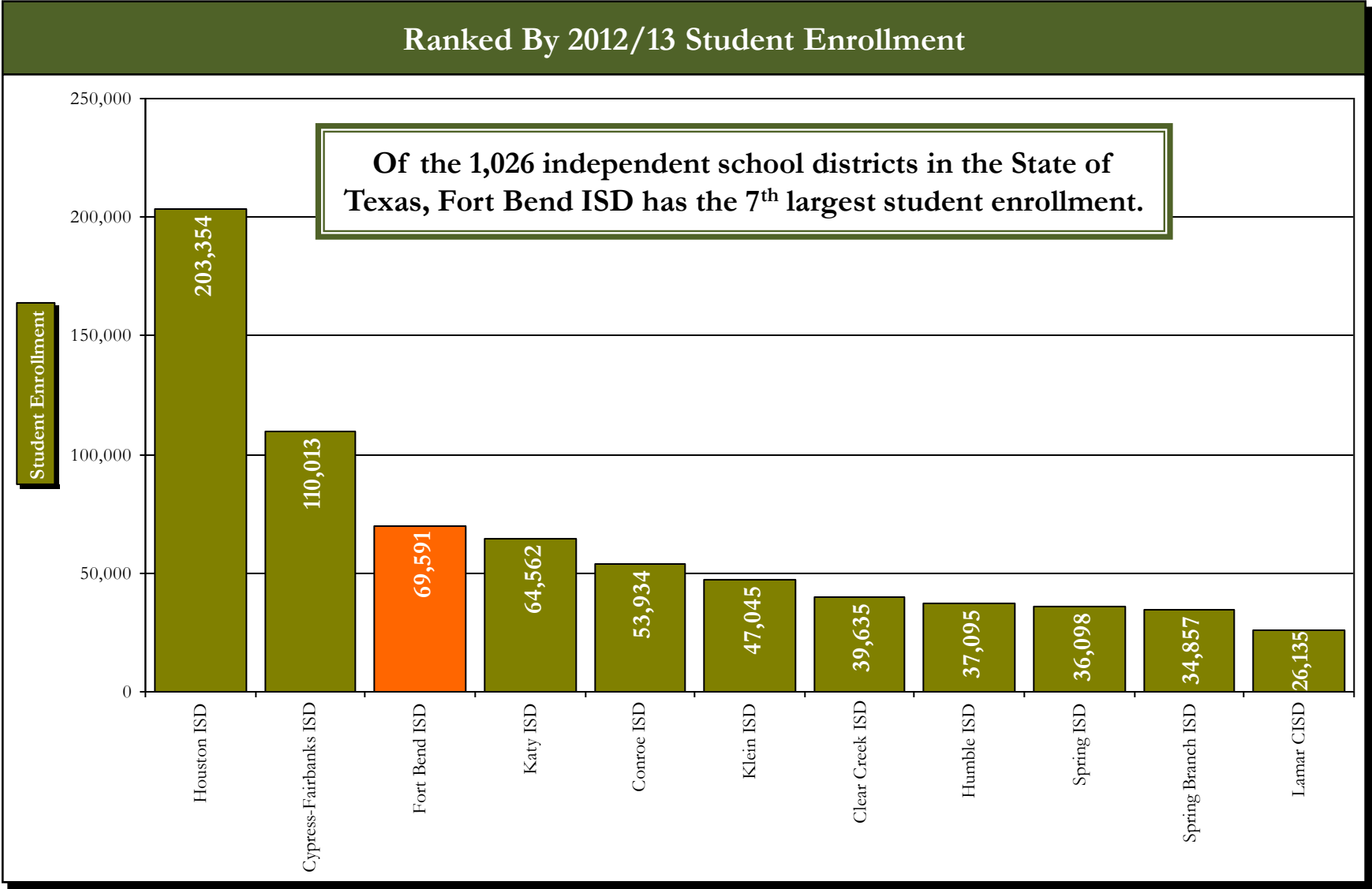
Underlying Bond Ratings

Fitch	AA+
S&P	AA

Voted Authorization

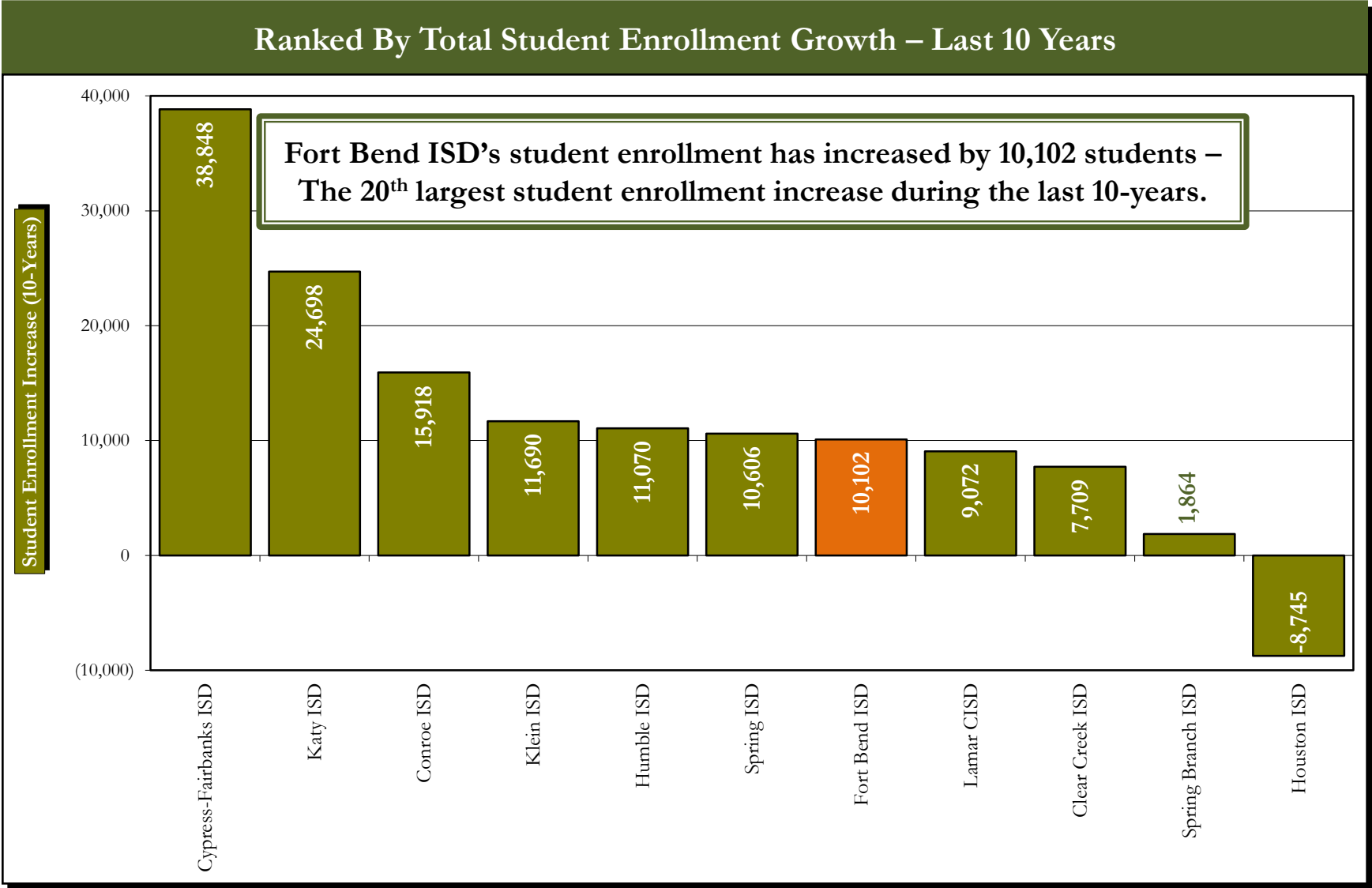
Date	Amount	Issued	Balance
11/6/2007	\$ 428,000,000	\$ 365,000,000	\$ 63,000,000

Comparison of Select Texas School Districts



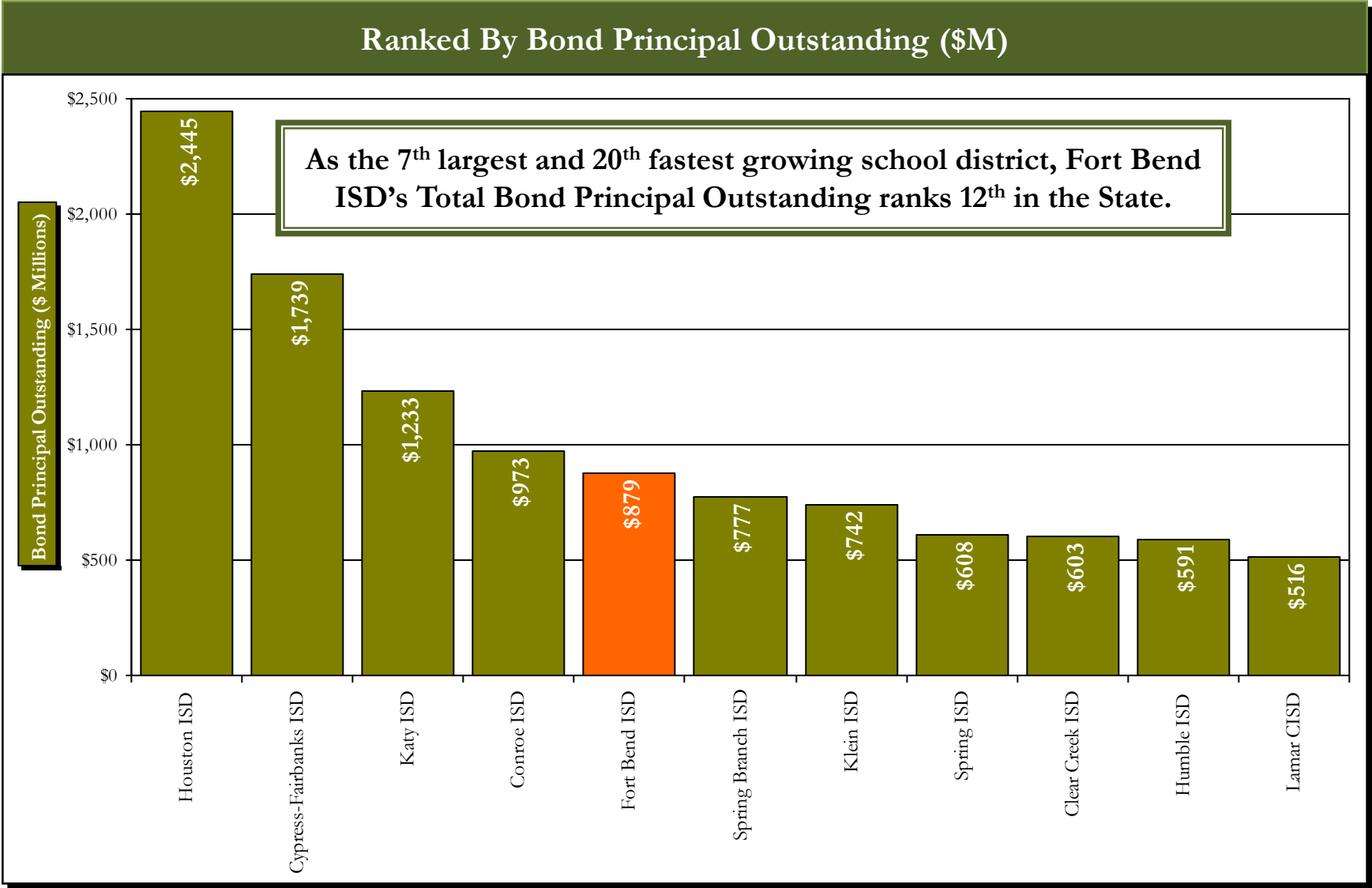
Source: BOSC, Inc.; Texas Education Agency – PEIMS.

Comparison of Select Texas School Districts



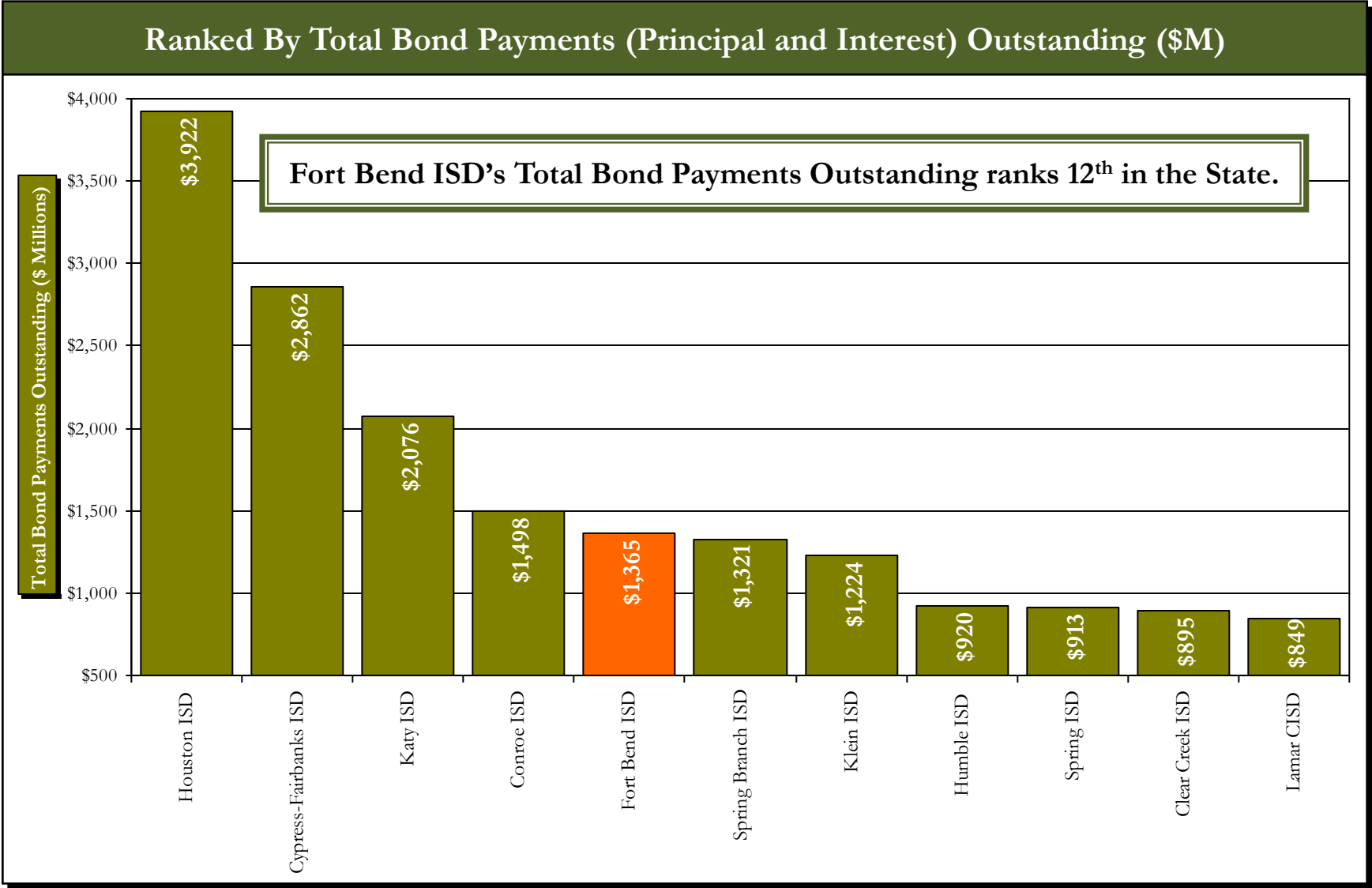
Source: BOSC, Inc.; Texas Education Agency – PEIMS.

Comparison of Select Texas School Districts



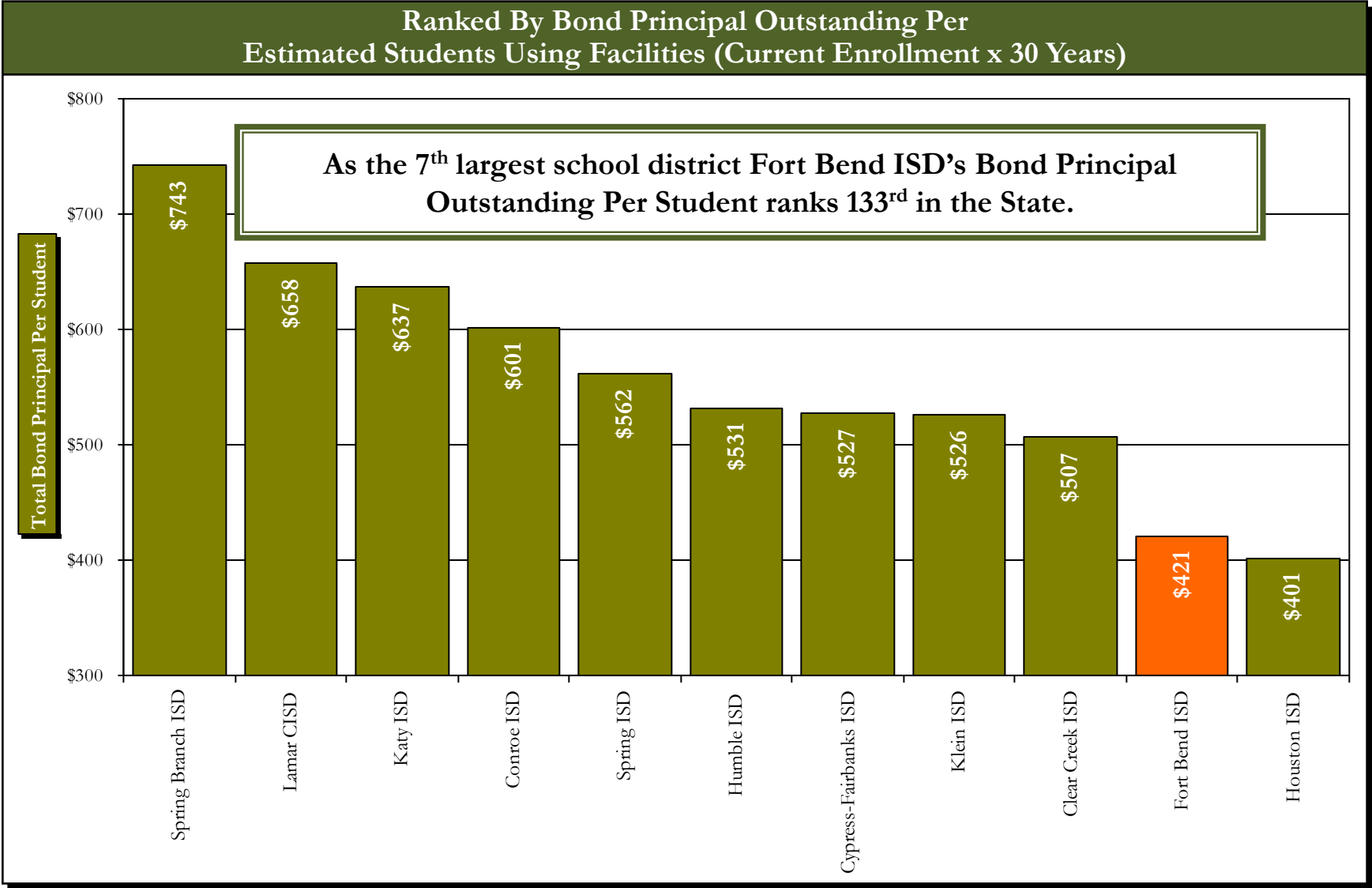
Source: BOSC, Inc.; Texas Education Agency – PEIMS and The Municipal Advisory Council of Texas – As of August 31, 2013. Includes Voted and M&O Debt.

Comparison of Select Texas School Districts



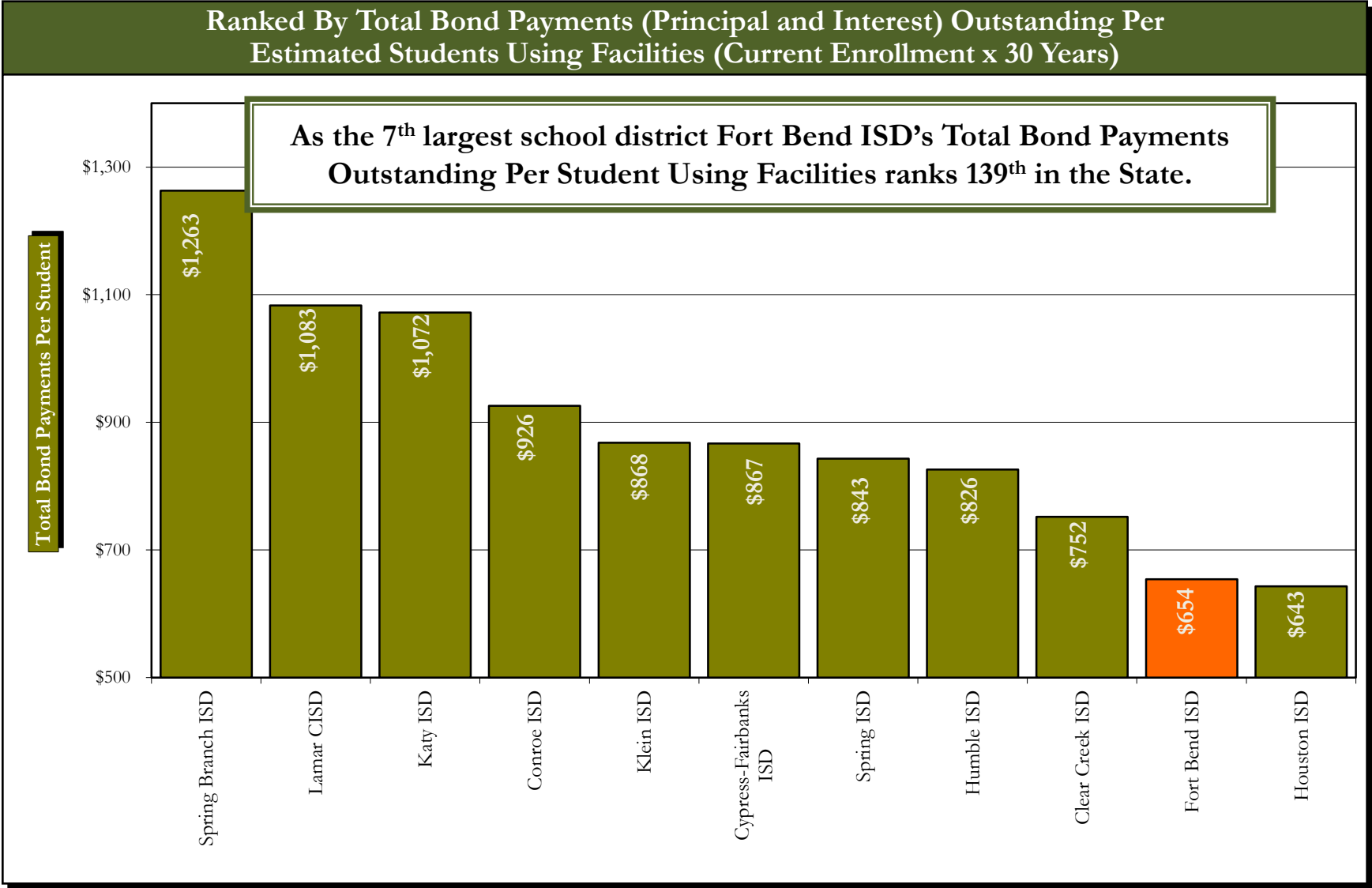
Source: BOSC, Inc.; The Municipal Advisory Council of Texas – As of August 31, 2013. Includes Voted and M&O Debt.

Comparison of Select Texas School Districts



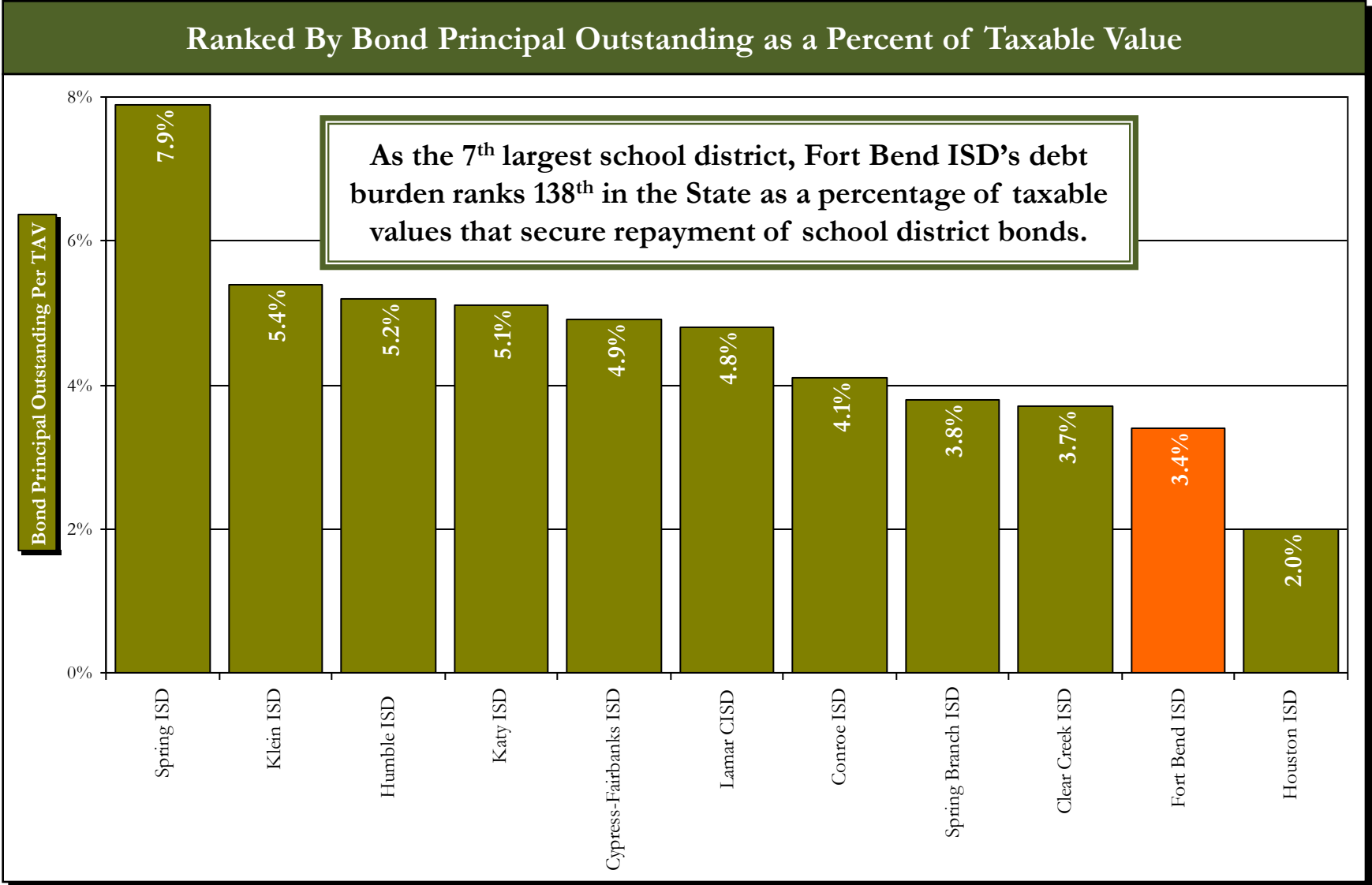
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Comparison of Select Texas School Districts

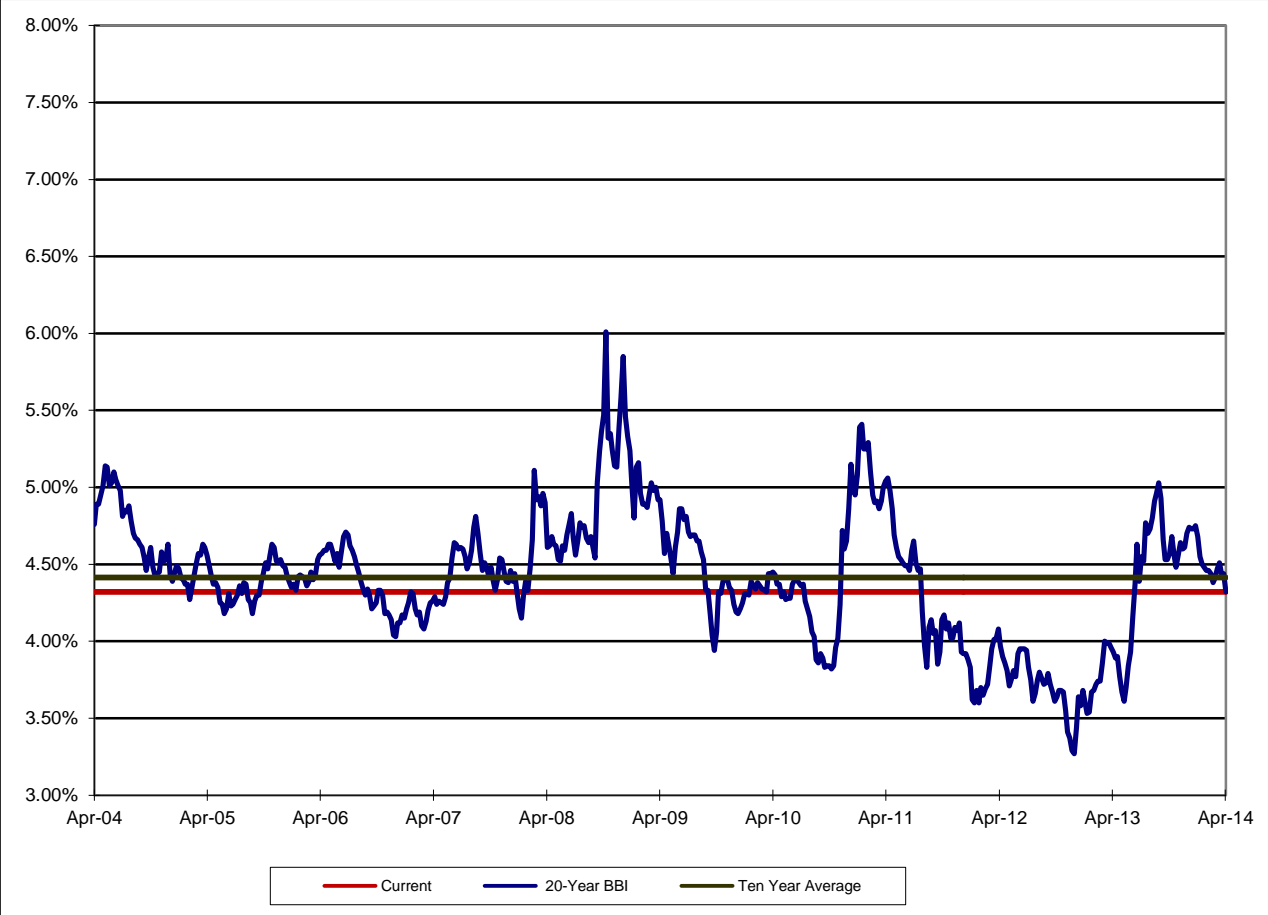


Source: BOSC, Inc.; Texas Education Agency – PEIMS and The Municipal Advisory Council of Texas – As of August 31, 2013. Includes Voted and M&O Debt.

Comparison of Select Texas School Districts

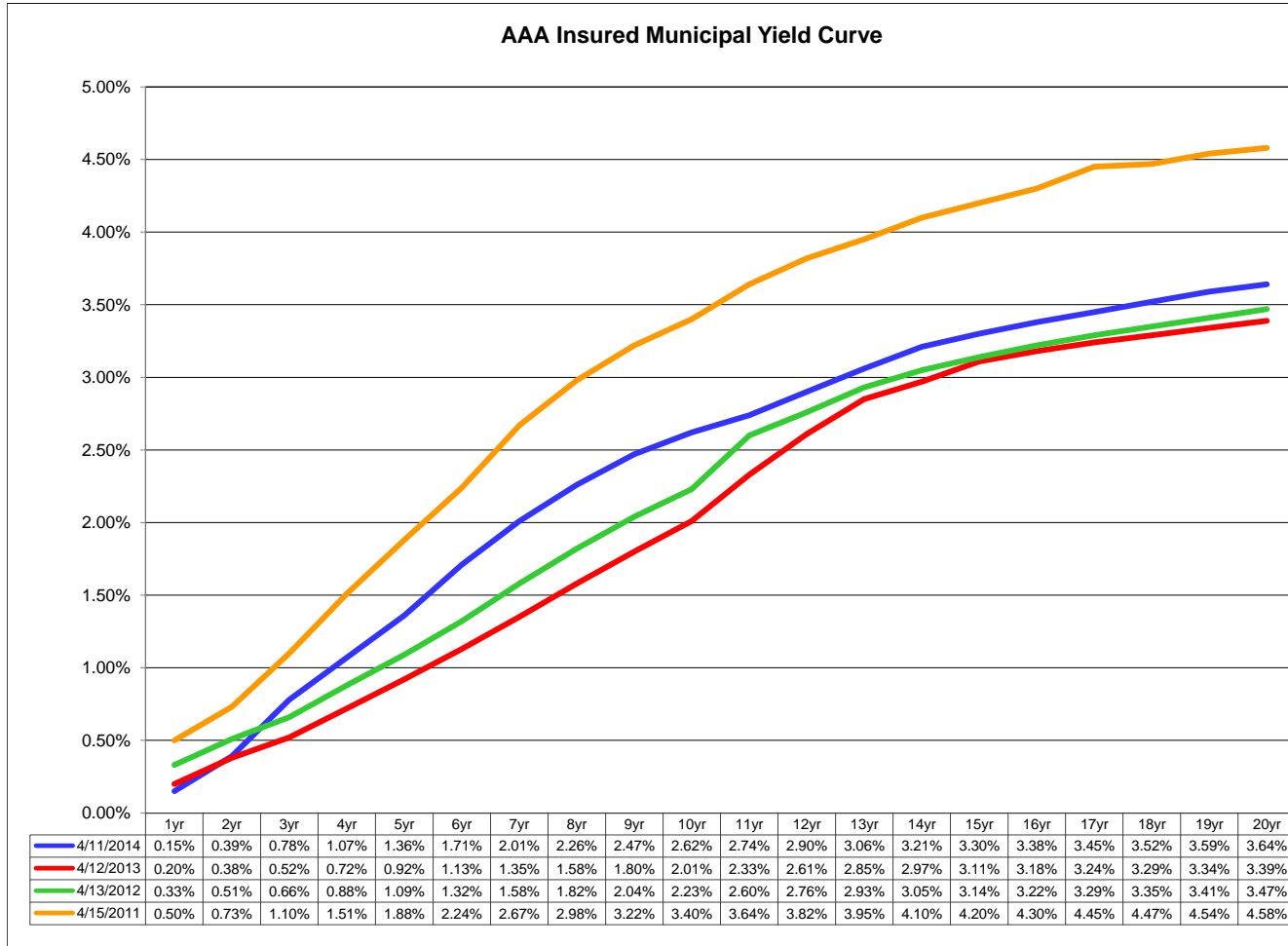


Bond Buyer's Index of 20 Municipal Bonds

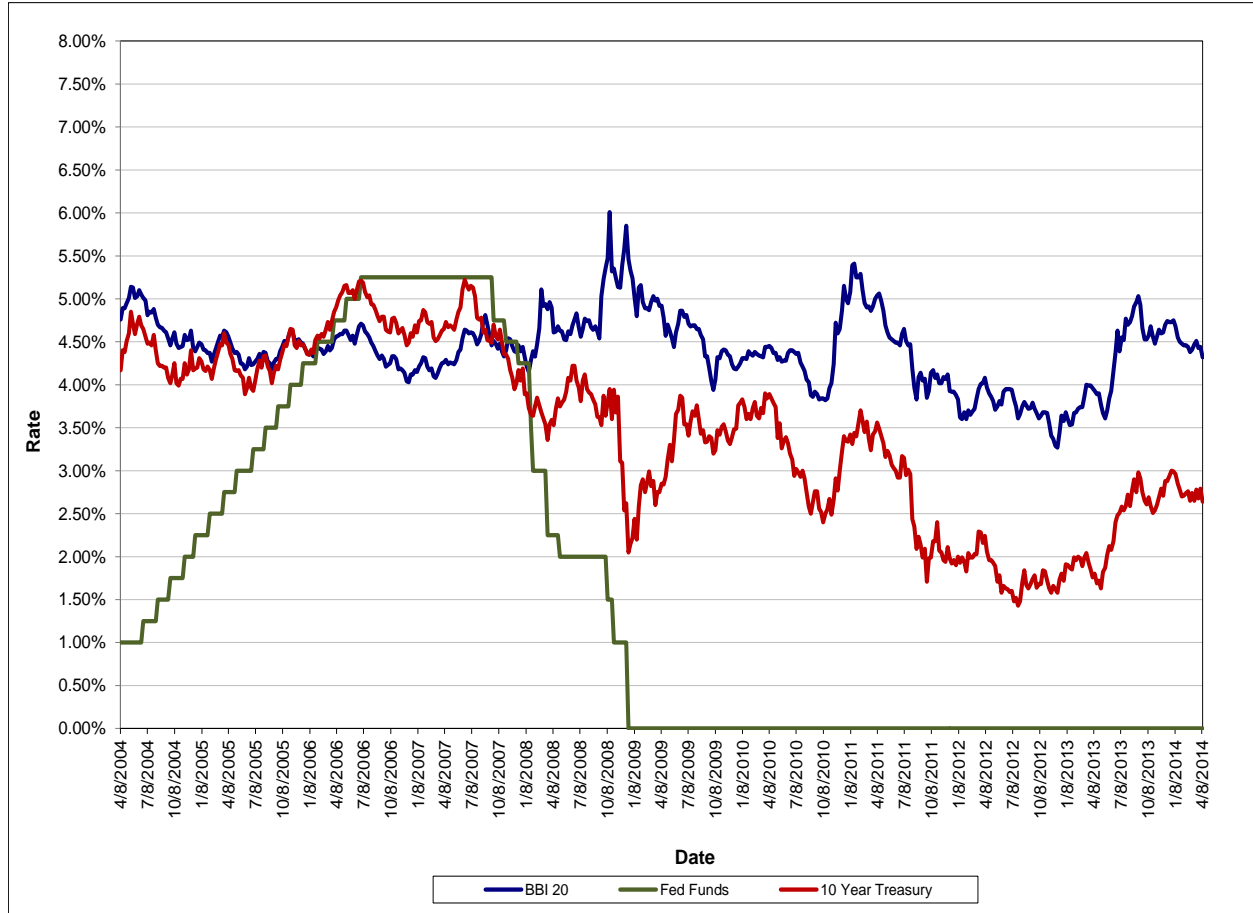


BBI Statistics	
Current Value	4.32%
1 Year Average	4.46%
5 Year Average	4.26%
10 Year Average	4.41%
Maximum	6.01%
Minimum	3.27%
<p>Over the past ten years, the Index has been higher 63.5% of the time.</p>	

AAA Insured Municipal Yield Curve From 2011 through 2014

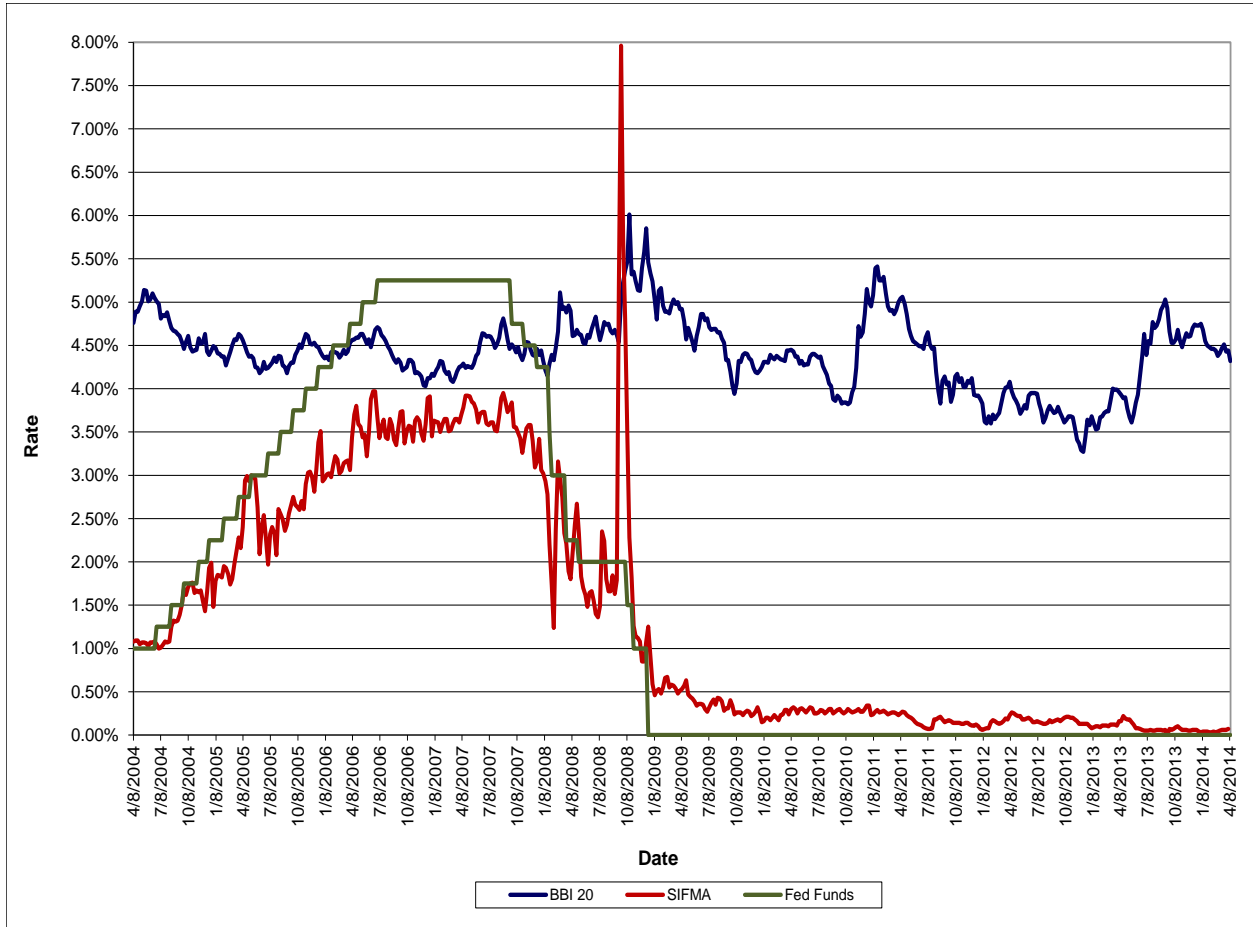


BBI, Fed Funds, and 10-Year Treasury for the Past Ten Years



Current Statistics	
BBI	4.32%
Fed Funds	0.00%
10-Year Treasury	2.64%

BBI, Fed Funds, and SIFMA for the Past Ten Years



Current Statistics	
BBI	4.32%
Fed Funds	0.00%
SIFMA	0.07%

District's Callable Bonds

- The following table shows the District's callable bonds as of August 31, 2013:

Bond Issue	Callable Principal	Call Date	Call Feature
Unlimited Tax School Building Bonds, Series 2004	\$ 31,460,000	8/15/2014	100.000% Adv Refundable
	44,825,000	8/15/2014	97.142% Adv Refundable
Unlimited Tax School Building & Refunding Bonds, Series 2004A	2,280,000	8/15/2014	0.000% Adv Refundable
Unlimited Tax Adjustable Rate & Cap App Ref Bonds, Series 2005 (Convert to Fixed)	39,570,000	2/15/2016	0.000% Adv Refundable
Unlimited Tax School Building Bonds, Series 2006	85,430,000	8/15/2016	100.000% Adv Refundable
Unlimited Tax School Building & Refunding Bonds, Series 2008	159,620,000	8/15/2018	100.000% Adv Refundable
Unlimited Tax Refunding Bonds, Series 2009	28,390,000	2/15/2019	0.000% Adv Refundable
Unlimited Tax School Building Bonds, Series 2009	166,730,000	8/15/2019	100.000% Adv Refundable
Unlimited Tax School Building & Refunding Bonds, Series 2010	66,580,000	8/15/2020	80.032% Adv Refundable
Unlimited Tax Refunding Bonds, Series 2012	46,870,000	8/15/2022	0.000% Adv Refundable

- The District's Unlimited Tax School Building Bonds, Series 2004 and Unlimited Tax School Building & Refunding Bonds, Series 2004A are callable on August 15, 2014
- The District may currently refund the Series 2004 Bonds and Series 2004A Bonds for debt service savings, anytime within 90 days before the August 15, 2014 call date
- As we get closer to the August 15, 2014, the refunding becomes more efficient as we limit the length of the escrow fund, which will mitigate negative arbitrage

Preliminary Summary of Savings

Summary of Assumptions			FYE 8/31	Old Net D/S	Est. New Net D/S	Adjustments	Est. Savings
Refunded Bonds			2014	\$ 1,773,681	\$ -	\$ (1,771,123)	\$ 2,558
Series:	Series 2004	Series 2004A	2015	5,657,363	8,460,034		(2,802,672)
Maturities:	2015 - 2017 & 2024 - 2030	2016 - 2030	2016	11,591,863	10,295,850		1,296,013
			2017	11,583,953	10,292,600		1,291,353
Total Refunded Par:	\$31,460,000	\$47,105,000	2018	2,932,143	2,503,000		429,143
Coupons:	3.500% - 5.000%	4.100% - 5.250%	2019	2,934,280	2,503,000		431,280
Redemption Date:	8/15/2014	8/15/2014	2020	2,930,895	2,503,000		427,895
			2021	2,932,095	2,503,000		429,095
			2022	2,932,645	2,503,000		429,645
Preliminary Refunding Bonds			2023	2,932,525	2,503,000		429,525
Par Amount:	\$69,860,000		2024	6,005,450	4,713,000		1,292,450
Maturities:	2015 - 2017 & 2024 - 2030		2025	6,014,475	4,722,500		1,291,975
			2026	6,021,188	4,726,000		1,295,188
Preliminary Savings Analysis			2027	6,030,400	4,738,500		1,291,900
Net PV Savings:	\$7,534,412		2028	16,106,625	14,814,250		1,292,375
Net PV Savings (%):	9.590%		2029	16,163,950	14,869,750		1,294,200
Gross Savings:	\$11,415,221		2030	16,213,800	14,920,500		1,293,300
Negative Arbitrage:	\$0			\$ 120,757,329	\$ 107,570,984	\$ (1,771,123)	\$ 11,415,221

*All assumptions and results are as of April 4, 2014 for purposes of illustration only. Preliminary, subject to change.

Tax Rate Analysis – With Refunding

PRELIMINARY													
\$69,860,000													
Unlimited Tax Refunding Bonds													
Period Ending 8/31	Assessed Valuation	Est. AV Growth	Existing D/S	Series 2014 7/14 @ 3.42%			Est. Total D/S	Less: Other Funds	Est. Total Net D/S	Est. I&S Tax Rate	Change		
				Principal	Interest	Total							
2014	\$ 25,371,592,780		\$ 73,409,144	\$ -	\$ -	\$ -	\$ 73,409,144	\$ -	\$ 73,409,144	\$ 0.3000	\$ -		
2015	27,147,604,275	7.00%	72,171,682	5,035,000	3,425,034	8,460,034	80,631,716	-	80,631,716	0.3000	0.0000		
2016	29,047,936,574	7.00%	66,232,107	7,275,000	3,020,850	10,295,850	76,527,957	-	76,527,957	0.2661			
2017	31,081,292,134	7.00%	66,240,244	7,490,000	2,802,600	10,292,600	76,532,844	-	76,532,844	0.2487			
2018	33,256,982,583	7.00%	73,874,163	-	2,503,000	2,503,000	76,377,163	-	76,377,163	0.2320			
2019	35,584,971,364	7.00%	73,870,210	-	2,503,000	2,503,000	76,373,210	-	76,373,210	0.2168			
2020	35,584,971,364	0.00%	73,866,363	-	2,503,000	2,503,000	76,369,363	-	76,369,363	0.2168			
2021	35,584,971,364	0.00%	73,871,012	-	2,503,000	2,503,000	76,374,012	-	76,374,012	0.2168			
2022	35,584,971,364	0.00%	73,867,971	-	2,503,000	2,503,000	76,370,971	-	76,370,971	0.2168			
2023	35,584,971,364	0.00%	73,871,424	-	2,503,000	2,503,000	76,374,424	-	76,374,424	0.2168			
2024	35,584,971,364	0.00%	70,800,919	2,210,000	2,503,000	4,713,000	75,513,919	-	75,513,919	0.2144			
2025	35,584,971,364	0.00%	70,788,104	2,330,000	2,392,500	4,722,500	75,510,604	-	75,510,604	0.2143			
2026	35,584,971,364	0.00%	65,948,863	2,450,000	2,276,000	4,726,000	70,674,863	-	70,674,863	0.2006			
2027	35,584,971,364	0.00%	62,941,863	2,585,000	2,153,500	4,738,500	67,680,363	-	67,680,363	0.1921			
2028	35,584,971,364	0.00%	47,695,863	12,790,000	2,024,250	14,814,250	62,510,113	-	62,510,113	0.1774			
2029	35,584,971,364	0.00%	44,248,113	13,485,000	1,384,750	14,869,750	59,117,863	-	59,117,863	0.1678			
2030	35,584,971,364	0.00%	44,196,738	14,210,000	710,500	14,920,500	59,117,238	-	59,117,238	0.1678			
2031	35,584,971,364	0.00%	28,421,113	-	-	-	28,421,113	-	28,421,113	0.0807			
2032	35,584,971,364	0.00%	28,413,738	-	-	-	28,413,738	-	28,413,738	0.0807			
2033	35,584,971,364	0.00%	28,411,863	-	-	-	28,411,863	-	28,411,863	0.0806			
2034	35,584,971,364	0.00%	28,417,638	-	-	-	28,417,638	-	28,417,638	0.0807			
2035	35,584,971,364	0.00%	-	-	-	-	-	-	-	-			
2036	35,584,971,364	0.00%	-	-	-	-	-	-	-	-			
2037	35,584,971,364	0.00%	-	-	-	-	-	-	-	-			
2038	35,584,971,364	0.00%	-	-	-	-	-	-	-	-			
2039	35,584,971,364	0.00%	-	-	-	-	-	-	-	-			
2040	35,584,971,364	0.00%	-	-	-	-	-	-	-	-			
2041	35,584,971,364	0.00%	-	-	-	-	-	-	-	-			
2042	35,584,971,364	0.00%	-	-	-	-	-	-	-	-			
2043	35,584,971,364	0.00%	-	-	-	-	-	-	-	-			
			\$ 1,241,559,129	\$ 69,860,000	\$ 37,710,984	\$ 107,570,984	\$ 1,349,130,113	\$ -	\$ 1,349,130,113		\$ 0.0000		

Assumptions:

- (1) Assessed valuations and growth assumptions provided by the District.
- (2) Actual I&S tax rate for period ending 8/31/2014.
- (3) Est. tax collections rate: **99.00%**
- (4) Existing debt service excludes the refunded bonds.
- (5) All interest rate assumptions are as of April 4, 2014 and are for purposes of illustration only. Preliminary, subject to change.

Preliminary Schedule of Activities for Refunding Bonds

MAY						
S	M	T	W	T	F	S
				1	2	3
4	5	6	7	8	9	10
11	12	13	14	15	16	17
18	19	20	21	22	23	24
25	26	27	28	29	30	31

JUNE						
S	M	T	W	T	F	S
1	2	3	4	5	6	7
8	9	10	11	12	13	14
15	16	17	18	19	20	21
22	23	24	25	26	27	28
29	30					

JULY						
S	M	T	W	T	F	S
		1	2	3	4	5
6	7	8	9	10	11	12
13	14	15	16	17	18	19
20	21	22	23	24	25	26
27	28	29	30	31		

Unlimited Tax Refunding Bonds, Series 2014

Submit PSF Guarantee	May 1, 2014
Conference Calls with Rating Agencies	May 22, 2014
Post POS	May 28, 2014
Receive Ratings	May 29, 2014
Pricing	June 4, 2014
Bond Purchase Agreement Signed	June 5, 2014
Closing	July 3, 2014
Refunded Bonds Redeemed	August 15, 2014



Available Capital Funds

Positions	Balance (\$K)
1999 & Prior Bond Contingency	\$311
2003 Bond Contingency	590
2007 Bond Contingency*	23,154
2014 General Fund Contribution Estimate	28,000
2007 Unissued but Authorized Debt**	63,000
Total Available Funds	\$115,056
* Can increase as projects are completed	
** Allocated for buses, ES 46 and MS 15	



New Money Analysis

- **Remaining \$63 million 2007 authorization and Refunding**
 - ❖ Assumes accelerated debt service on the refunding and \$63 million new money issue from the remaining 2007 authorization that assumes a 25 year level fixed rate debt service structure

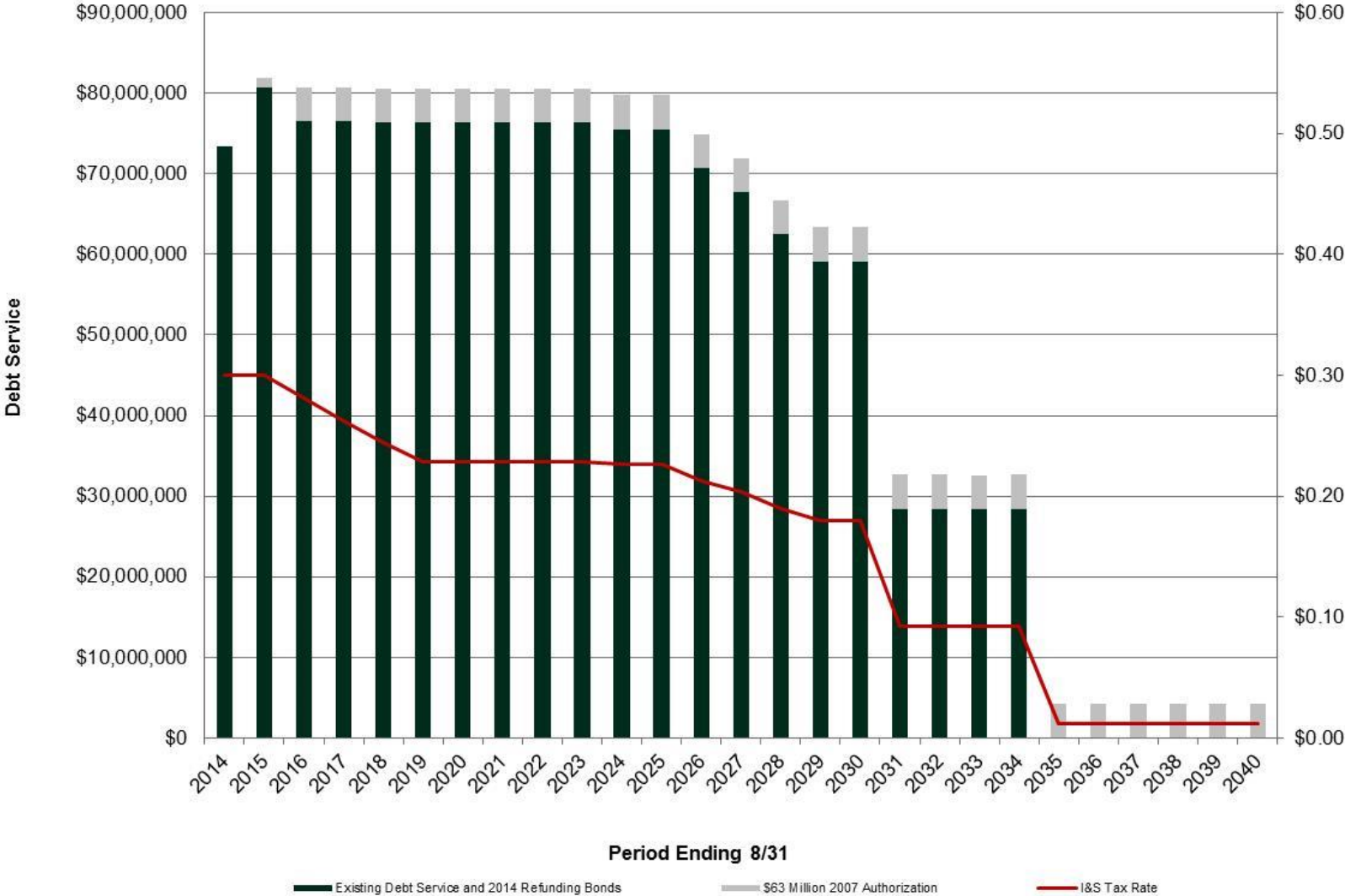
Preliminary Tax Rate Analysis – \$63M

PRELIMINARY															
Period Ending 8/31	Assessed Valuation	Est. AV Growth	Existing D/S	\$69,860,000			Remaining 2007 Authorization			Est. Total D/S	Less: Other Funds	Est. Total Net D/S	Est. I&S Tax Rate	Est. Change	
				Unlimited Tax Refunding Bonds			\$63,000,000								
				Series 2014			Unlimited Tax School Building Bonds								
				7/14 @ 3.42%			Series 2015 @ 4.43%								
			Principal	Interest	Total	Principal	Interest	Total							
2014	\$ 25,371,592,780		\$ 73,409,144	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 73,409,144	\$ -	\$ 73,409,144	\$ 0.3000	\$ -	
2015	27,147,604,275	7.00%	72,171,682	5,035,000	3,425,034	8,460,034	-	1,310,173	1,310,173	81,941,888	(1,310,173)	80,631,715	0.3000	0.0000	
2016	29,047,936,574	7.00%	66,232,107	7,275,000	3,020,850	10,295,850	1,425,000	2,790,900	4,215,900	80,743,857	-	80,743,857	0.2808	(0.0192)	
2017	31,081,292,134	7.00%	66,240,244	7,490,000	2,802,600	10,292,600	1,490,000	2,727,773	4,217,773	80,750,617	-	80,750,617	0.2624		
2018	33,256,982,583	7.00%	73,874,163	-	2,503,000	2,503,000	1,555,000	2,661,766	4,216,766	80,593,929	-	80,593,929	0.2448		
2019	35,584,971,364	7.00%	73,870,210	-	2,503,000	2,503,000	1,625,000	2,592,879	4,217,879	80,591,089	-	80,591,089	0.2288		
2020	35,584,971,364	0.00%	73,866,363	-	2,503,000	2,503,000	1,695,000	2,520,892	4,215,892	80,585,255	-	80,585,255	0.2287		
2021	35,584,971,364	0.00%	73,871,012	-	2,503,000	2,503,000	1,775,000	2,445,803	4,220,803	80,594,815	-	80,594,815	0.2288		
2022	35,584,971,364	0.00%	73,867,971	-	2,503,000	2,503,000	1,850,000	2,367,171	4,217,171	80,588,141	-	80,588,141	0.2288		
2023	35,584,971,364	0.00%	73,871,424	-	2,503,000	2,503,000	1,935,000	2,285,216	4,220,216	80,594,639	-	80,594,639	0.2288		
2024	35,584,971,364	0.00%	70,800,919	2,210,000	2,503,000	4,713,000	2,020,000	2,199,495	4,219,495	79,733,414	-	79,733,414	0.2263		
2025	35,584,971,364	0.00%	70,788,104	2,330,000	2,392,500	4,722,500	2,110,000	2,110,009	4,220,009	79,730,613	-	79,730,613	0.2263		
2026	35,584,971,364	0.00%	65,948,863	2,450,000	2,276,000	4,726,000	2,200,000	2,016,536	4,216,536	74,891,399	-	74,891,399	0.2126		
2027	35,584,971,364	0.00%	62,941,863	2,585,000	2,153,500	4,738,500	2,300,000	1,919,076	4,219,076	71,899,439	-	71,899,439	0.2041		
2028	35,584,971,364	0.00%	47,695,863	12,790,000	2,024,250	14,814,250	2,400,000	1,817,186	4,217,186	66,727,299	-	66,727,299	0.1894		
2029	35,584,971,364	0.00%	44,248,113	13,485,000	1,384,750	14,869,750	2,510,000	1,710,866	4,220,866	63,338,729	-	63,338,729	0.1798		
2030	35,584,971,364	0.00%	44,196,738	14,210,000	710,500	14,920,500	2,620,000	1,599,673	4,219,673	63,336,911	-	63,336,911	0.1798		
2031	35,584,971,364	0.00%	28,421,113	-	-	-	2,735,000	1,483,607	4,218,607	32,639,720	-	32,639,720	0.0926		
2032	35,584,971,364	0.00%	28,413,738	-	-	-	2,855,000	1,362,447	4,217,447	32,631,184	-	32,631,184	0.0926		
2033	35,584,971,364	0.00%	28,411,863	-	-	-	2,980,000	1,235,970	4,215,970	32,627,833	-	32,627,833	0.0926		
2034	35,584,971,364	0.00%	28,417,638	-	-	-	3,115,000	1,103,956	4,218,956	32,636,594	-	32,636,594	0.0926		
2035	35,584,971,364	0.00%	-	-	-	-	3,250,000	965,962	4,215,962	4,215,962	-	4,215,962	0.0120		
2036	35,584,971,364	0.00%	-	-	-	-	3,395,000	821,987	4,216,987	4,216,987	-	4,216,987	0.0120		
2037	35,584,971,364	0.00%	-	-	-	-	3,545,000	671,588	4,216,588	4,216,588	-	4,216,588	0.0120		
2038	35,584,971,364	0.00%	-	-	-	-	3,705,000	514,545	4,219,545	4,219,545	-	4,219,545	0.0120		
2039	35,584,971,364	0.00%	-	-	-	-	3,870,000	350,413	4,220,413	4,220,413	-	4,220,413	0.0120		
2040	35,584,971,364	0.00%	-	-	-	-	4,040,000	178,972	4,218,972	4,218,972	-	4,218,972	0.0120		
2041	35,584,971,364	0.00%	-	-	-	-	-	-	-	-	-	-	-		
2042	35,584,971,364	0.00%	-	-	-	-	-	-	-	-	-	-	-		
2043	35,584,971,364	0.00%	-	-	-	-	-	-	-	-	-	-	-		
			\$ 1,241,559,129	\$ 69,860,000	\$ 37,710,984	\$ 107,570,984	\$ 63,000,000	\$ 43,764,856	\$ 106,764,856	\$ 1,455,894,969	\$ (1,310,173)	\$ 1,454,584,796		\$ (0.0192)	

Assumptions:

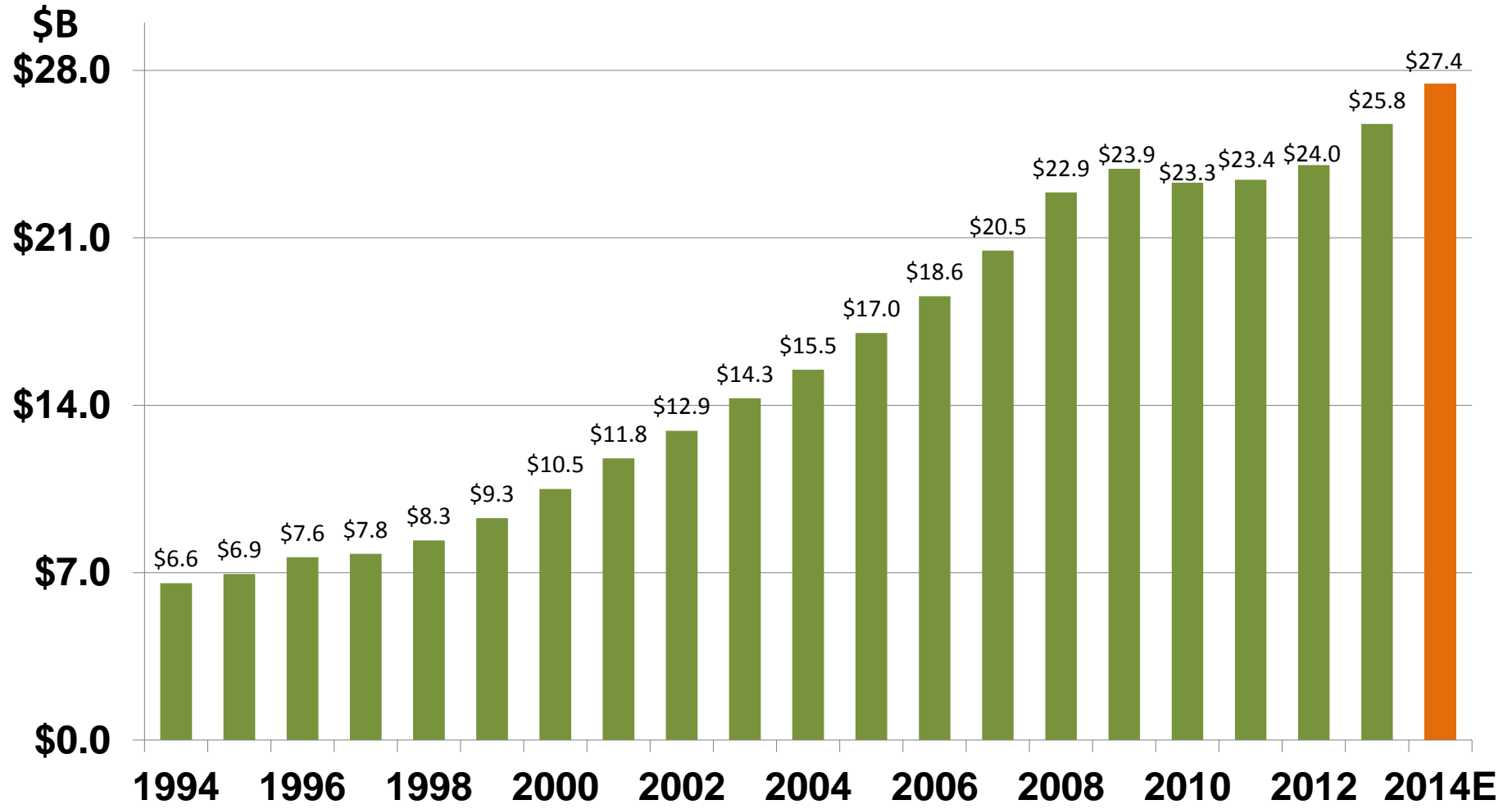
- (1) Assessed valuations and growth assumptions provided by the District.
- (2) Actual I&S tax rate for period ending 8/31/2014.
- (3) Est. tax collections rate: 99.00%
- (4) Existing debt service excludes the refunded bonds.
- (5) All interest rate assumptions are as of April 4, 2014 and are for purposes of illustration only. Preliminary, subject to change.

Preliminary Tax Rate Analysis – \$63M





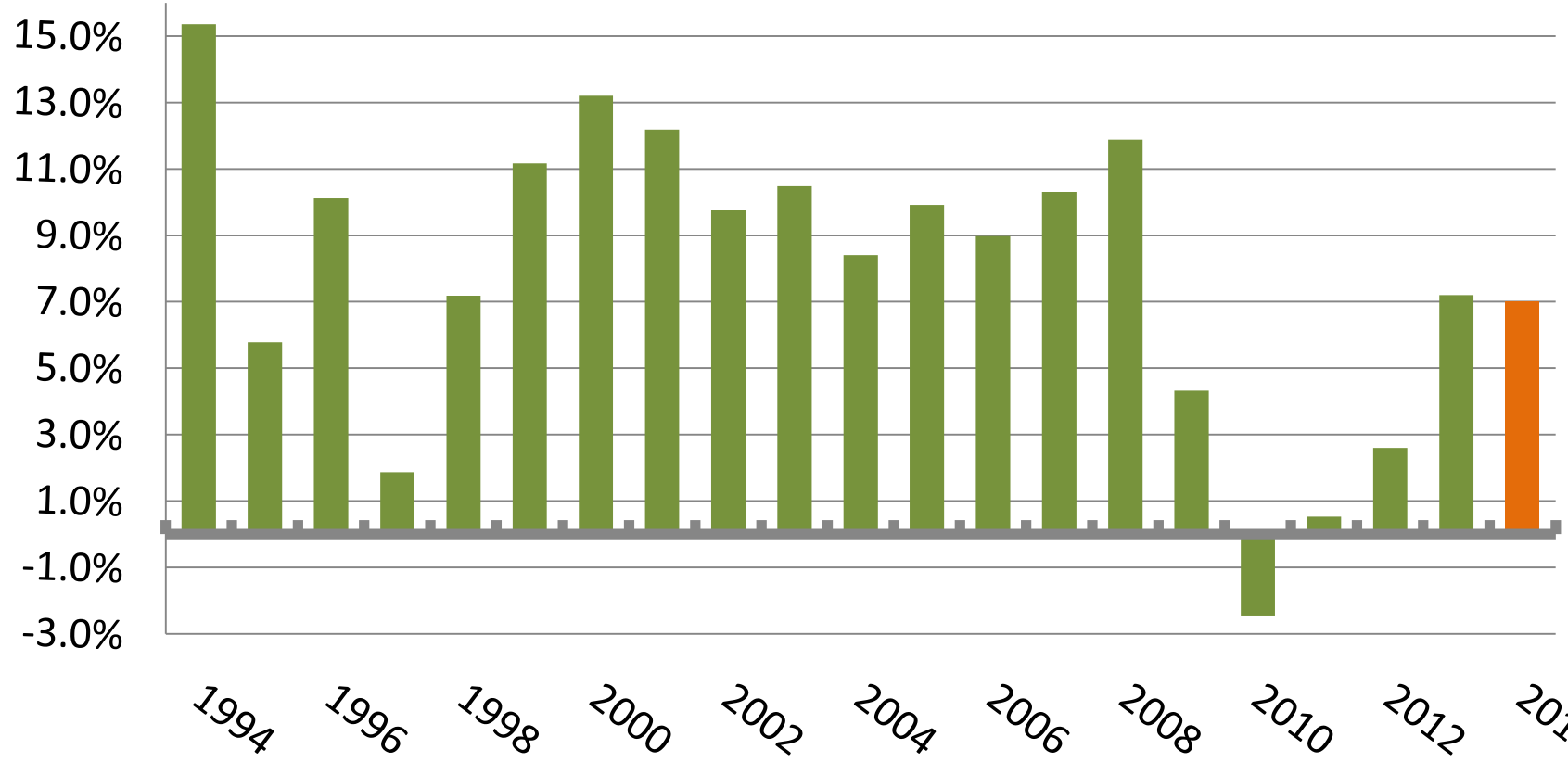
Property Value By Year



Source: FBISD Finance & Appraisal District



Annual Growth/(Decline) Net Assessed Property Value 1994 -2014





2014-15 Fort Bend ISD Taxable Property Value

- Approximate increase of 7.0% in taxable value vs. last year growth of 7.2%
- \$27,573,415,647 Taxable Value
- \$2,757,342 Local Revenue per Penny (99% Collection Rate)



2014-15 Projection Debt Service Fund

Preliminary

	2012-13	2013-14	2014-15
(\$M's)	Actual	Projection	Projection
Revenue	\$ 72.6	\$ 77.2	\$ 83.2
Expenditures	\$ 72.0	\$ 74.8	\$ 73.2
Surplus (deficit)	\$ 0.6	\$ 2.4	\$ 10.0
Beginning Fund Balance	\$ 48.9	\$ 49.5	\$ 51.9
Ending Fund Balance	\$ 49.5	\$ 51.9	\$ 61.9

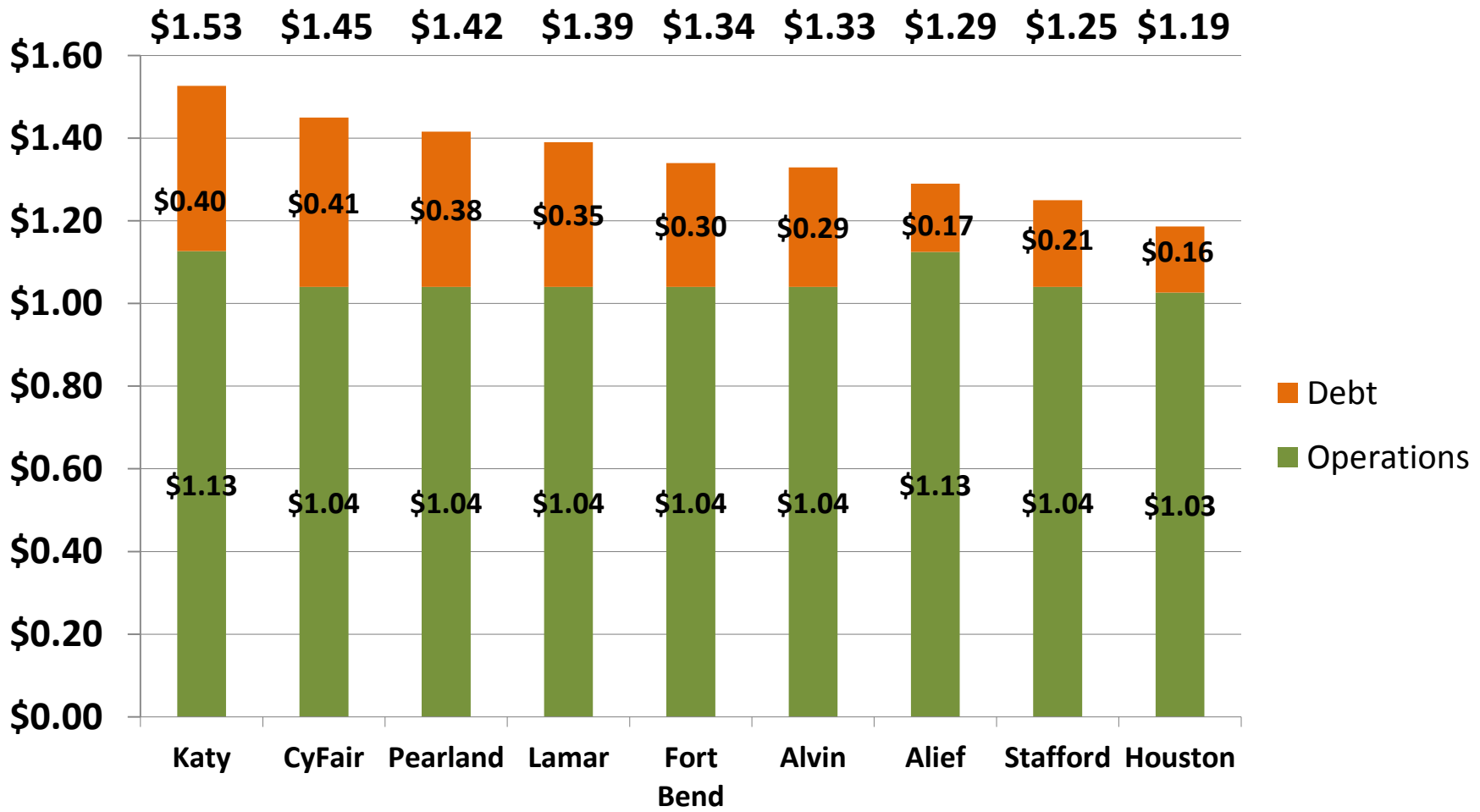


Proposed 2014 tax rate

	2013	2014	Change
M&O Rate	\$ 1.0400	\$ 1.0400	\$ -
I&S Rate	<u>\$ 0.3000</u>	<u>\$ 0.3000</u>	<u>-</u>
Total Tax Rate	<u><u>\$ 1.3400</u></u>	<u><u>\$ 1.3400</u></u>	<u><u>\$ -</u></u>



Houston Area Tax Rates 2013





FBISD Exemptions

Homestead	\$ 15,000
Over 65	\$ 10,000
Disabled Persons	\$ 10,000



Average Assessed Home Value

	<u>2013</u>	<u>2014*</u>
Average Market Value	\$ 194,444	\$ 204,166
Change		5.00%
Average Taxable Value	\$ 177,799	\$ 186,689
Change		5.00%

* Assumes average percentage increase of 5%.



Proposed Tax Rate Impact Assuming Average Value increase (5.0%)

Market Value	2013 Tax	2014 Tax *	\$ Change	\$ Monthly
Tax Rate	\$ 1.3400	\$ 1.3400	\$ -	
\$ 100,000	\$ 1,116.96	\$ 1,182.86	\$ 65.90	\$ 5.49
\$ 150,000	\$ 1,786.96	\$ 1,886.36	\$ 99.40	\$ 8.28
\$ 200,000	\$ 2,456.96	\$ 2,589.86	\$ 132.90	\$ 11.08
\$ 204,166	\$ 2,512.78	\$ 2,648.47	\$ 135.69	\$ 11.31
\$ 300,000	\$ 3,796.96	\$ 3,996.86	\$ 199.90	\$ 16.66

* Assumes average percentage increase of 5%, homestead exemption of \$15,000 and average cap loss of \$1,645 for Tax Year 2013 and \$1,727 for Tax Year 2014.



2014-15 Budget Calendar – Key Upcoming Dates

- **May 5- Regular Board Workshop**
 - ❖ **Benefit Update and Informational Briefing on Child Nutrition**
- **May 19 – Regular Board Meeting**
 - ❖ **Budget Update**
- **June 2 – Regular Board Workshop**
 - ❖ **Public Hearing on the Budget and Proposed Tax Rate**
- **June 9 – Regular Board Meeting**
 - ❖ **Budget adoption**

Budget Update Debt Service Update

April 21, 2014

Month	Value
M	4.75
J	4.85
J	4.95
A	5.00
S	4.90
O	5.05
N	5.05

5.00
4.90
4.50

