



Conroe Independent School District

Preliminary Bond Capacity Analysis November 2023 Bond Election

April 25, 2023



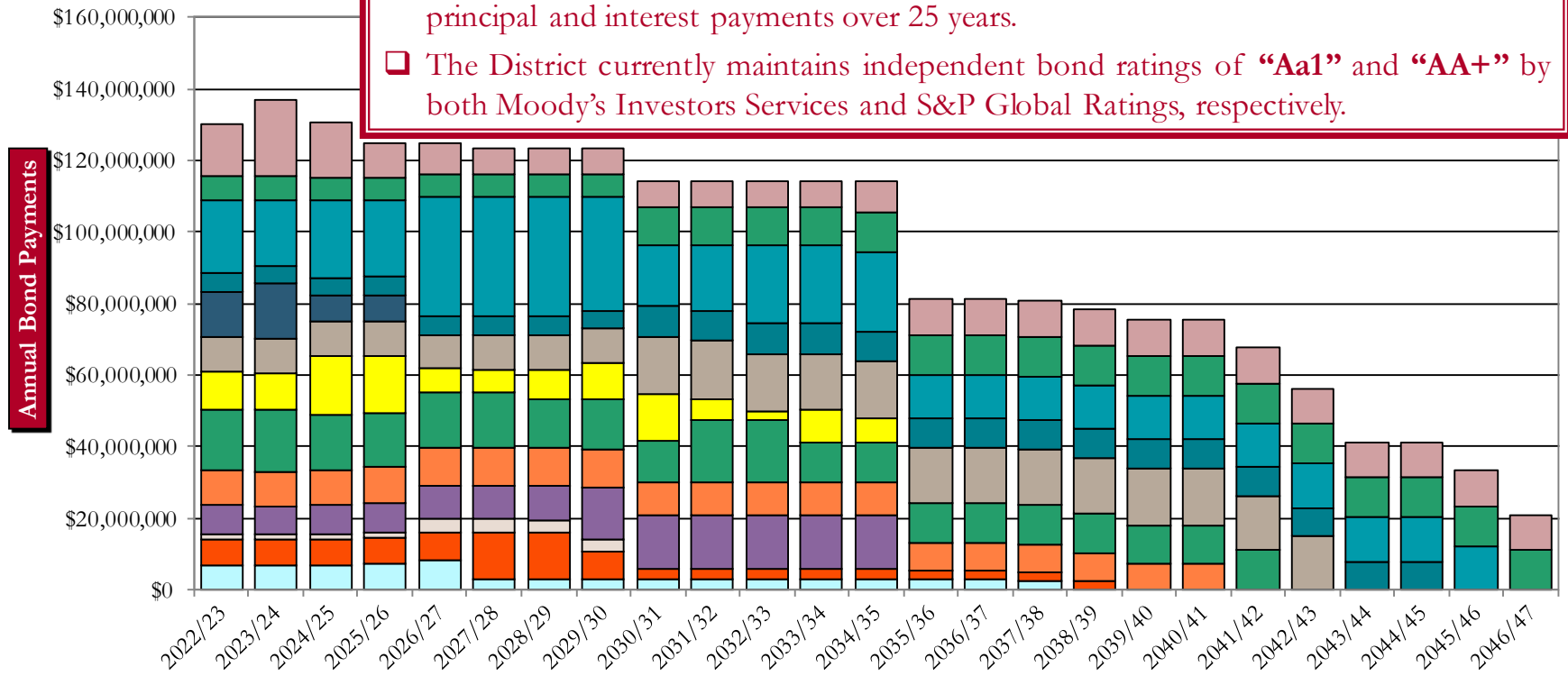
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Dollar Amount and Structure of District's Existing Bonds

Conroe ISD's existing bond payments are conservatively structured with annual principal and interest payments over 25 years.
 The District currently maintains independent bond ratings of "Aa1" and "AA+" by both Moody's Investors Services and S&P Global Ratings, respectively.



U/L Tax Schl Bldg & Ref Bonds, Series 2014
 U/L Tax Schl Bldg & Ref Bonds, Series 2014A
 U/L Tax Ref Bonds, Series 2014B
 U/L Tax Ref Bonds, Series 2015
 U/L Tax Schl Bldg & Ref Bonds, Series 2016
 U/L Tax Schl Bldg & Ref Bonds, Series 2016A
 U/L Tax Ref Bonds, Series 2017
 U/L Tax Schl Bldg Bonds, Series 2018
 U/L Tax Ref Bonds, Series 2019
 U/L Tax Schl Bldg Bonds, Series 2020
 U/L Tax Schl Bldg & Ref Bonds, Series 2020A
 U/L Tax Schl Bldg Bonds, Series 2022
 U/L Tax Schl Bldg Bonds, Series 2022A

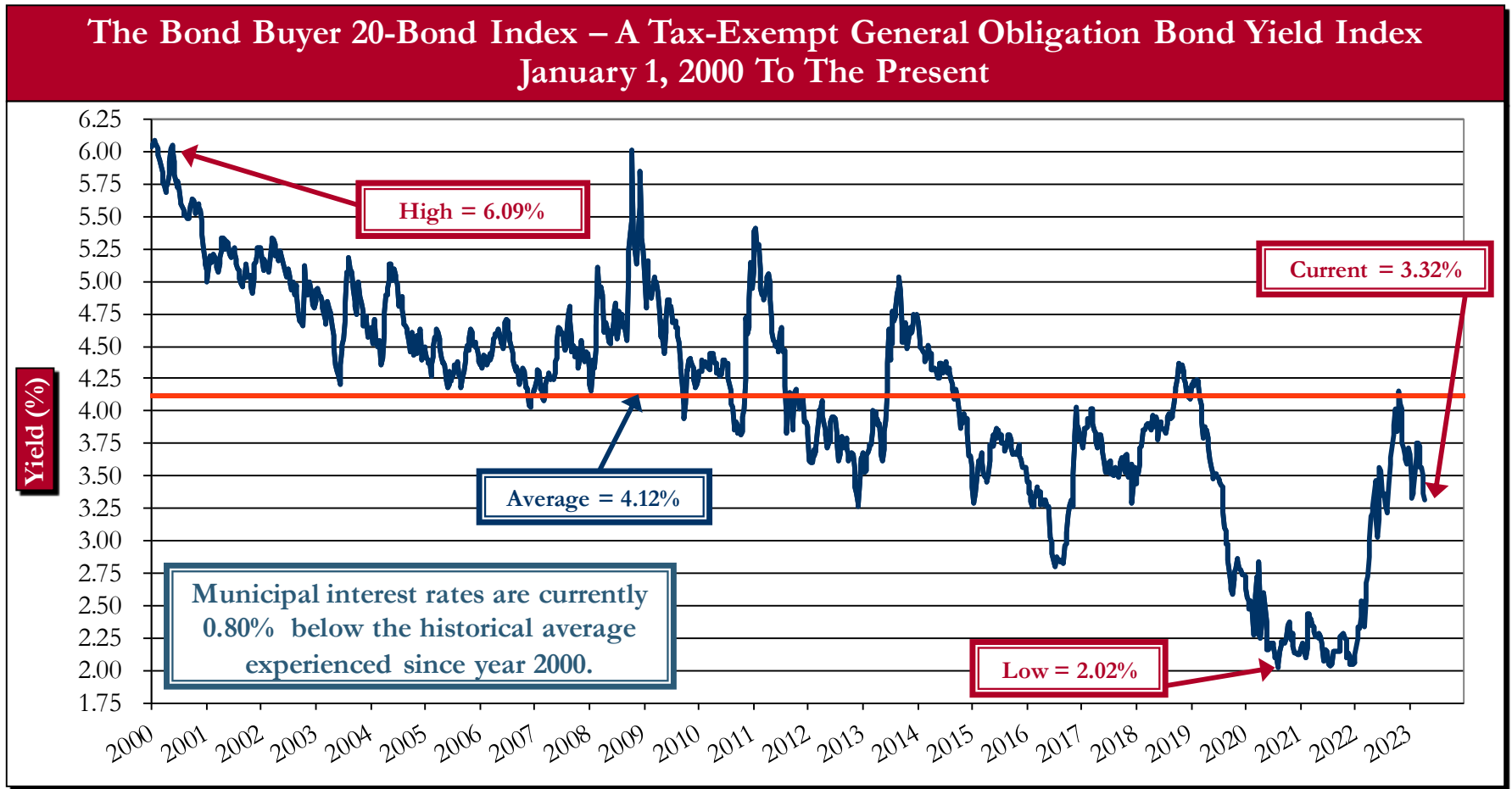
Note: Debt service payments reflect payments from September 1 through August 31. Includes a \$3,485,000 defeasance of the District's Unlimited Tax School Building and Refunding Bonds, Series 2014 prior to scheduled call date on February 15, 2024.

CISD has a total principal amount of existing bonds equal to \$1,616,515,000 as of August 31, 2022.



Current Market, Fixed Rates of Interest

- As demonstrated by the Bond Buyer 20-Bond Index below, municipal fixed rates of interest are currently below their historical average, but higher due to inflationary concerns. Generally speaking, the lower the interest rate, the more borrowing capacity available to the District.





Preliminary Bond Capacity Analysis

Assumptions

- The projected bond sales and estimated interest rates are summarized below:
 - ❖ February 2024 Bond Sale: 4.00%
 - ❖ February 2025 Bond Sale: 4.25%
 - ❖ February 2026 Bond Sale: 4.50%
 - ❖ February 2027 Bond Sale: 4.75%
- Any I&S tax rate increase for the new bond program will occur in year 2024/25.
- Each series of bonds will be repaid over 25 years to maximize the District’s bond capacity, although the amortization of the principal payments will be structured to match the useful life of the projects being financed. For example, debt issued for school buses will be amortized over 10 years and debt issued for technology will be amortized over 3 to 10 years, depending on the technology.
- Assumes CISD’s tax base will grow as shown to the right:
- Conroe ISD will not receive any State assistance for the repayment of bonds.
- Tax collection rate of 100.0%.
- In order to maintain a 26 cent I&S tax rate for year 2022/23 and 2023/24, Conroe ISD completes a prepayment of a portion of its Series 2014 Bonds in February 2023 and February 2024.

Year	Estimated Growth Rate
2023/24	10.0%
2024/25	8.0%
2025/26	7.0%
2026/27	6.0%
2027/28	5.0%
2028/29	4.0%
2029/30	2.0%
Thereafter	0.0%

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

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 Conroe ISD will correspondingly change.

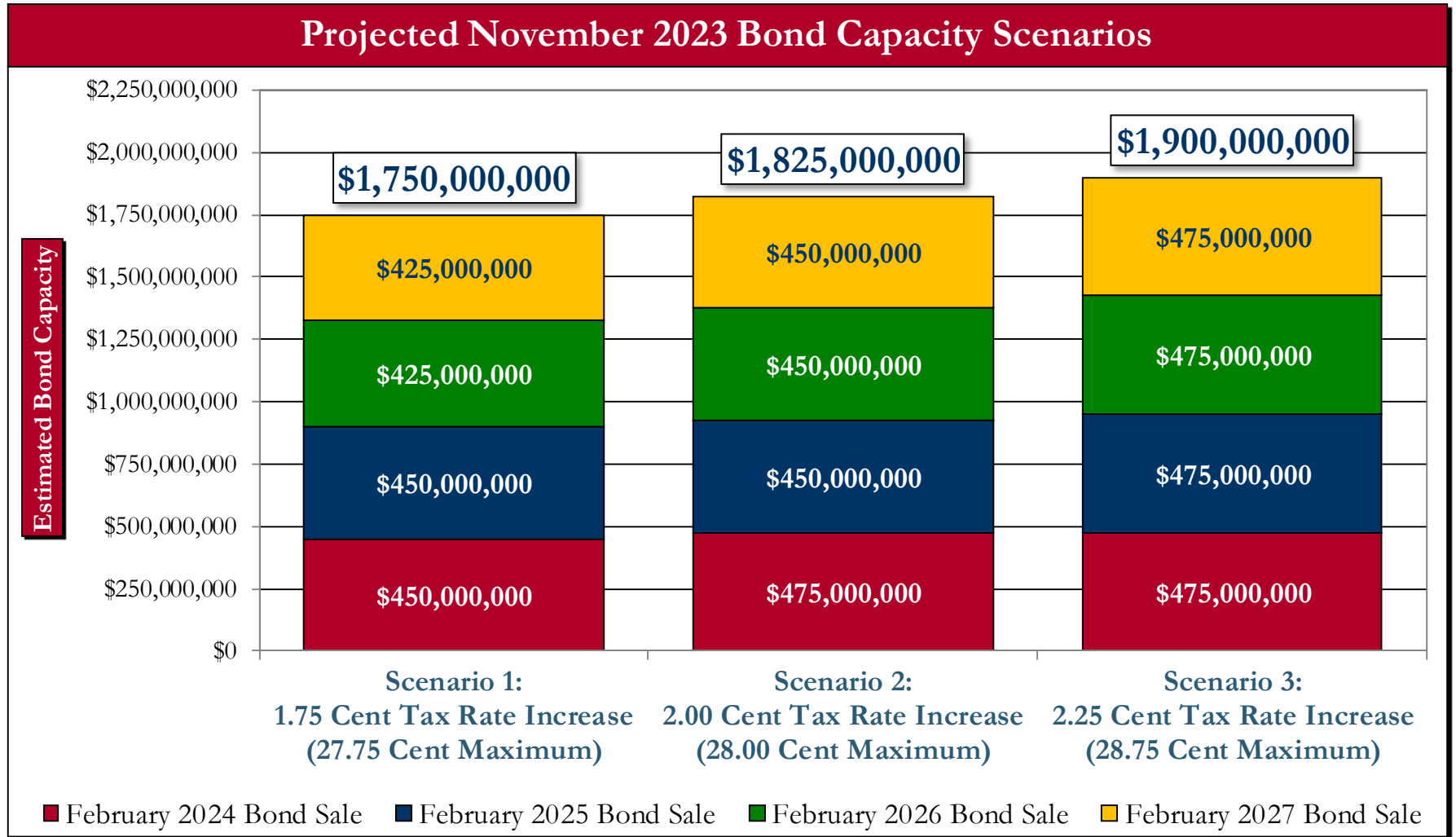
□ Scenarios Presented – Potential November 2023 Bonds Election

- Determine Conroe ISD's projected Interest and Sinking ("I&S") tax rates for a November 2023 bond election assuming the following bond election amounts:
 - ❖ **Scenario 1: \$1,750,000,000 Bond Election**
 - ❖ **Scenario 2: \$1,825,000,000 Bond Election**
 - ❖ **Scenario 3: \$1,900,000,000 Bond Election**



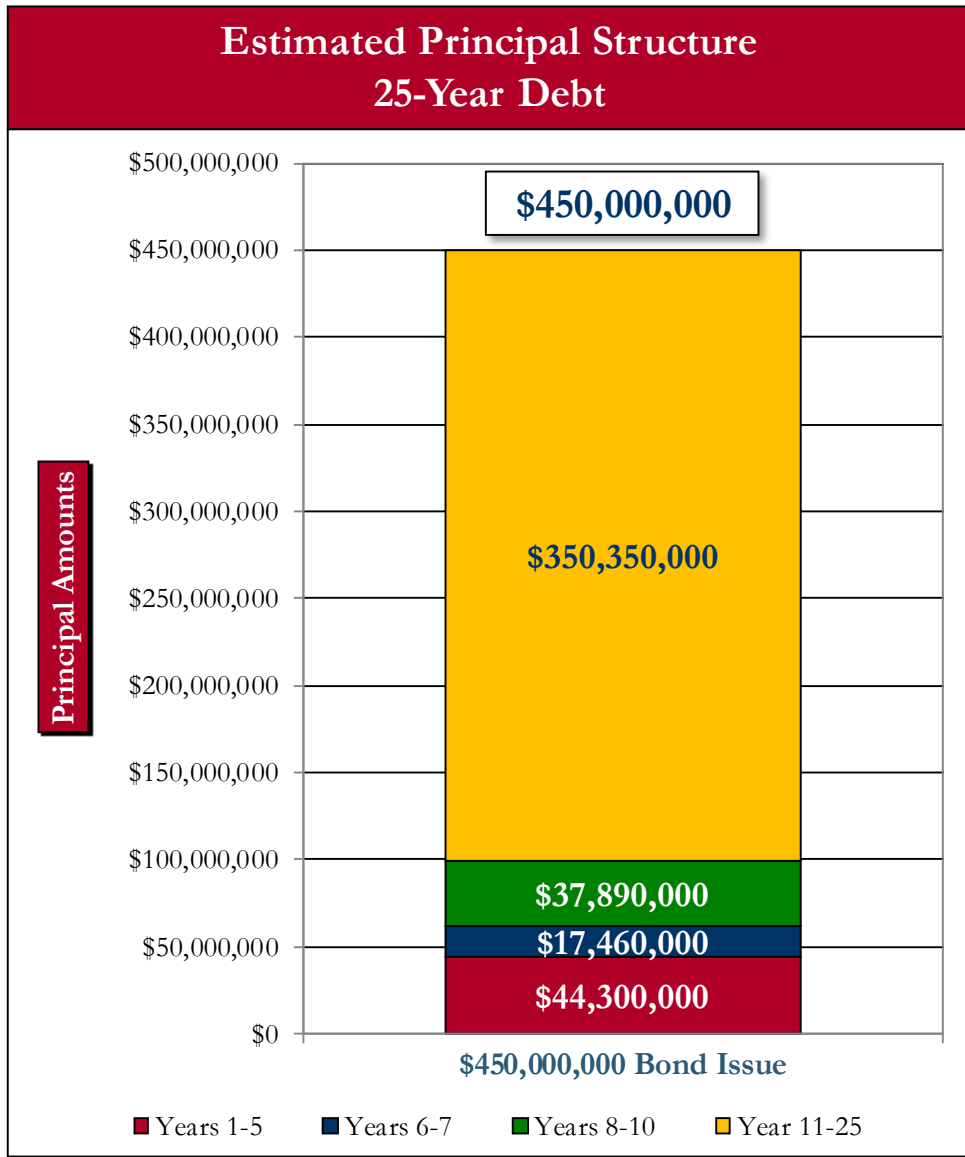
Preliminary Bond Capacity Analysis

- The following demonstrates Conroe ISD's projected annual bond capacity over the next 4 years based upon the assumptions summarized herein.





Useful Life Analysis - \$450,000,000 Bond Sale



- The following illustrates how Conroe ISD will annually pay down the projected principal amounts on a \$450 million bond issue and how the principal is structured to match the useful life of the projects being financed.

Principal Amount Structured to Match Useful Life of Short-Term Projects	
Principal to be Repaid	Cumulative Amounts
Within 5-Years	\$44,300,000
Within 7-Years	61,760,000
Within 10-Years	99,650,000

- Debt issued for school buses will be amortized over 10 years and debt issued for technology will be amortized over 3 to 10 years, depending on the technology.

* Preliminary, subject to change.



Questions

