

# Stafford Municipal School District

Preliminary Bond Election Analysis

February 13, 2017



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# Overview of Existing Debt

## SECTION 1







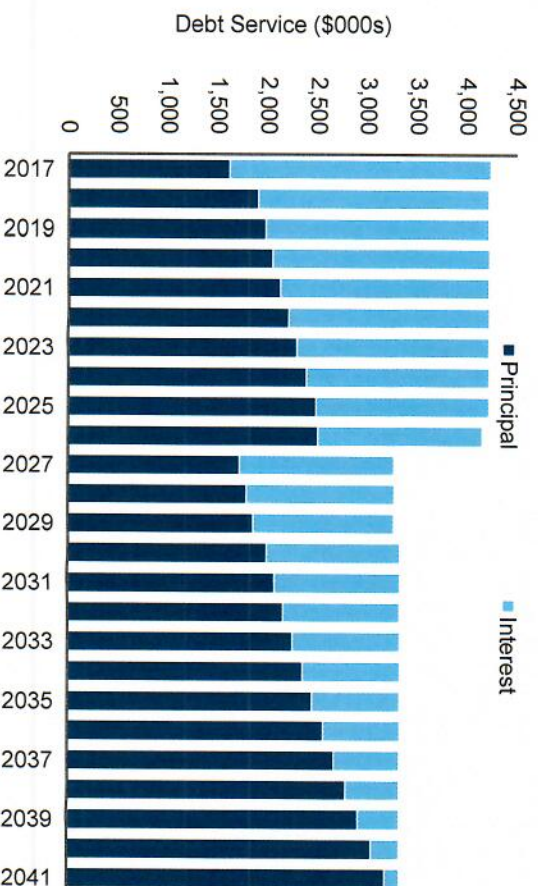
# Overview of Existing Debt

Outstanding Debt Profile | Moody's: "Aa3"

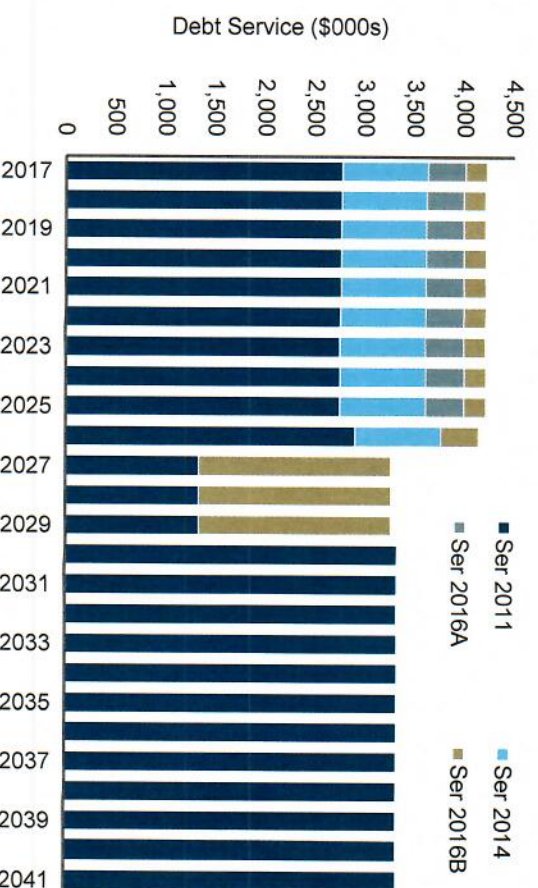
Stafford MSD Debt Profile

Issue	Issued Par Amount	Outstanding Par Amount	Coupon Range of Callable Bonds	First Call Date	Final Maturity	Structure	Use of Proceeds
U/L Tax Schshs Bds Ser 2011	\$ 49,900,000	\$ 41,740,000	4.000% - 5.000%	08/15/2021	08/15/2041	Fixed Rate	School Building
U/L Tax Ref Bds Ser 2014	7,085,000	6,965,000	3.000% - 4.000%	08/15/2024	08/15/2026	Fixed Rate	Refunding
U/L Tax Ref Bds Ser 2016A	3,050,000	3,050,000	N/A	N/A	08/15/2025	Fixed Rate	Refunding
U/L Tax Ref Bds Ser 2016B	5,540,000	5,540,000	4.000%	08/15/2026	08/15/2029	Fixed Rate	Refunding
<b>Total</b>	<b>\$ 65,575,000</b>	<b>\$ 57,295,000</b>					

Outstanding Unlimited Tax Debt by Principal & Interest



Outstanding Unlimited Tax Debt by Series



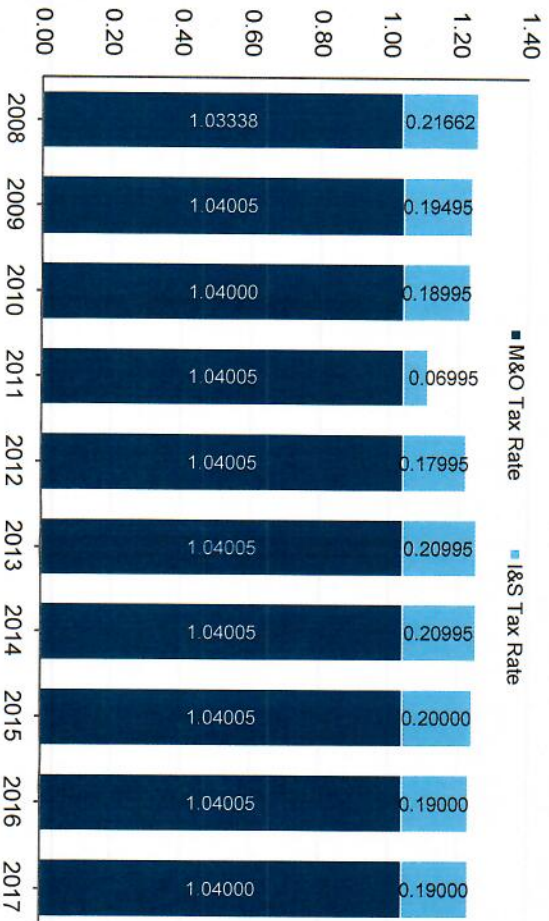


# Overview of Existing Debt

## Historical TAV and Tax Rates

Tax Year	Fiscal Year End	Assessed Valuation	TAV Growth	M&O Tax Rate	I&S Tax Rate
2007	2008	\$1,773,323,486	10.40%	1.03338	0.21662
2008	2009	2,016,842,257	13.73%	1.04005	0.19495
2009	2010	2,075,816,844	2.92%	1.04000	0.18995
2010	2011	1,957,890,535	-5.68%	1.04005	0.06995
2011	2012	1,956,978,859	-0.05%	1.04005	0.17995
2012	2013	1,921,839,446	-1.80%	1.04005	0.20995
2013	2014	2,002,970,000	4.22%	1.04005	0.20995
2014	2015	2,133,094,822	6.50%	1.04005	0.20000
2015	2016	2,269,442,035	6.39%	1.04005	0.19000
2016	2017	2,248,235,220	-0.93%	1.04000	0.19000

## Historical Tax Rates



Stafford MSD Peer Group Tax Rate Comparison					
Rank	Entity	M&O Rate	I&S Rate	Total Tax Rate	Moody's Rating
1	Galveston ISD	\$1.0600	\$0.0950	\$1.1550	Aa3
2	Houston ISD	1.0267	0.1700	1.1967	Aaa
3	Stafford MSD	1.0401	0.1900	1.2301	Aa3
4	Brazosport ISD	1.0400	0.2153	1.2553	Aa2
5	Sealy ISD	1.0400	0.2200	1.2600	A1
6	Alief ISD	1.1250	0.1550	1.2800	Aa1
7	Columbia-Brazoria ISD	1.0400	0.2447	1.2847	NR
8	Aldine ISD	1.1333	0.1525	1.2858	Aa1
9	Barbers Hill ISD	1.0600	0.2698	1.3298	Aa2
10	Fort Bend ISD	1.0400	0.3000	1.3400	NR
10	Tomball ISD	1.0200	0.3200	1.3400	Aa2
12	Livingston ISD	1.1700	0.2200	1.3900	NR
13	Klein ISD	1.0400	0.3500	1.3900	Aa1
14	Lamar CISD	1.0401	0.3500	1.3901	Aa2
15	Spring Branch ISD	1.0900	0.3045	1.3945	Aa1
16	Sheldon ISD	1.1700	0.2400	1.4100	Aa3
17	Pearland ISD	1.0400	0.3756	1.4156	Aa2
18	Alvin ISD	1.0400	0.3770	1.4170	Aa2
19	Texas City ISD	1.1700	0.2598	1.4298	Aa3
20	Goose Creek CISD	1.0400	0.3918	1.4318	Aa2
21	Cypress-Fairbanks ISD	1.0400	0.4000	1.4400	Aa1
22	La Porte ISD	1.0400	0.4100	1.4500	Aa2
23	Galena Park ISD	1.2433	0.2701	1.5134	Aa2
24	Katy ISD	1.1266	0.3900	1.5166	Aa1
25	Deer Park ISD	1.2367	0.3200	1.5567	Aa1
26	Needville ISD	1.0400	0.5330	1.5730	A1
Peer Group Average		\$1.0828	\$0.2894		--

Rank by Total Tax Rate



# Preliminary Capital Plan

## SECTION 2



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# Preliminary Capital Plan

## Summary of Findings

### Stafford Municipal School District - Preliminary Bond Election Analysis

Summary of Projected Tax Rate Impact Analysis Results			
1 Description	Scenario A	Scenario B	Increase (Decrease)
1 Bond Election Amount	\$79,430,000	\$65,260,000	\$14,170,000
2 Current I&S Tax Rate (2016/17)	\$0.1900	\$0.1900	\$0.0000
3 Projected I&S Tax Rate Increase	\$0.1649	\$0.1451	\$0.0198
4 Projected I&S Tax Rate	\$0.3549	\$0.3351	\$0.0198
5 Outstanding Debt Service (P&I)	\$91,835,299	\$91,835,299	\$0
6 Plus: Projected New Bond Program Debt Service (P&I)	\$154,021,862	\$125,160,143	\$28,861,720
7 Total Projected Debt Service (P&I)	\$245,857,162	\$216,995,442	\$28,861,720
Tax Increase on Average Market Value of \$185,000*			
8 Projected Annual Tax Increase	\$202.82	\$178.49	\$24.33
9 Projected Monthly Tax Increase	\$16.90	\$14.87	\$2.03

\* Market Value of \$185,000 less 20% Optional Homestead Exemption and \$25,000 State Homestead Exemption  
Dated: February 8, 2017

The Stafford MSD can sell \$79.43 million with a 16.50 cent tax rate increase or sell \$65.26 million with a 14.50 cent tax rate increase



# Preliminary Capital Plan

## Peer Group Comparison After Capital Plan

Stafford MSD Peer Group Tax Rate Comparison					
1	2	3	4	5	6
Rank	Entity	M&O Rate	I&S Rate	Total Tax Rate	Moody's Rating
1	Galveston ISD	\$ 1.0600	\$ 0.0950	\$ 1.1550	Aa3
2	Houston ISD	1.0267	0.1700	1.1967	Aaa
3	Stafford MSD - Current	1.0401	0.1900	1.2301	Aa3
4	Brazosport ISD	1.0400	0.2153	1.2553	Aa2
5	Sealy ISD	1.0400	0.2200	1.2600	A1
6	Alief ISD	1.1250	0.1550	1.2800	Aa1
7	Columbia-Brazoria ISD	1.0400	0.2447	1.2847	NR
8	Aldine ISD	1.1333	0.1525	1.2858	Aa1
9	Barbers Hill ISD	1.0600	0.2698	1.3298	Aa2
10	Fort Bend ISD	1.0400	0.3000	1.3400	NR
10	Tomball ISD	1.0200	0.3200	1.3400	Aa2
	Stafford MSD - Scenario B	1.0401	0.3351	1.3752	TBD
12	Livingston ISD	1.1700	0.2200	1.3900	NR
13	Klein ISD	1.0400	0.3500	1.3900	Aa1
14	Lamar CISD	1.0401	0.3500	1.3901	Aa2
15	Spring Branch ISD	1.0900	0.3045	1.3945	Aa1
	Stafford MSD - Scenario A	1.0401	0.3549	1.3950	TBD
16	Sheldon ISD	1.1700	0.2400	1.4100	Aa3
17	Pearland ISD	1.0400	0.3756	1.4156	Aa2
18	Alvin ISD	1.0400	0.3770	1.4170	Aa2
19	Texas City ISD	1.1700	0.2598	1.4298	Aa3
20	Goose Creek CISD	1.0400	0.3918	1.4318	Aa2
21	Cypress-Fairbanks ISD	1.0400	0.4000	1.4400	Aa1
22	La Porte ISD	1.0400	0.4100	1.4500	Aa2
23	Galena Park ISD	1.2433	0.2701	1.5134	Aa2
24	Katy ISD	1.1266	0.3900	1.5166	Aa1
25	Deer Park ISD	1.2367	0.3200	1.5567	Aa1
26	Needville ISD	1.0400	0.5330	1.5730	A1
	Peer Group Average	\$ 1.0797	\$ 0.2934		--

Rank by Total Tax Rate

Preliminary, subject to change





# Preliminary Capital Plan

## 2017 Bond Election Calendar

2017

January

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				

February

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				

March

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	

April

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						

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					

August

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		

September

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

October

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				

November

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		

December

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						

Last Day to Call Election

Early Voting Period

Uniform Election Dates

Earliest Date to Canvass Returns

- Last Day to Call Election
- Early Voting Period
- Uniform Election Dates
- Earliest Date to Canvass Returns



# Preliminary Capital Plan

## Bond Election Date Requirements

Important Election Date Requirements		
Date	Action	Responsibility
At Least 71 Days Prior to a May or November Election (in odd numbered years) or At Least 78 Days Prior to a November Election (in even numbered years)	Board/Council Meeting - Board Calls the Bond Election	Issuer, Financial Advisor
30 Days Prior to Election	Publish Election Order (No later than 10 days prior to election and no earlier than 30 days prior to election)	Issuer
21 Days Prior to Election	Post Election Order at Administration Building (No later than 21 days prior to election)	Issuer
12 Days Prior to a May Election or 17 Days Prior to a November Election	Early Voting Period (Ends 4 days prior to election)	Issuer
Uniform Election Date	Bond Election	Issuer, Financial Advisor
3-11 Days After a May Election or 8-11 Days After a November Election	Board/Council Meeting - Canvass Election and Declare Results (2 members constitute a quorum for this purpose)	Issuer, Financial Advisor
30 Days Post Canvassing Election	30-Day Contest Period	N/A
45 Days Post Election	Bond Sale (Interest Rates Locked-In)	Issuer, Financial Advisor, Bond Counsel
75 Days Post Election	Bond Closing (Issuer Receives Bond Proceeds)	Issuer, Financial Advisor, Bond Counsel

## Appendix



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# Tax Rate Impact Analysis

## Financing Scenario and Summary of Assumptions

We present the following scenario for the District's consideration:

### Scenario A - \$79,430,000

Issue unlimited tax bonds, in two installments, to fund the construction, renovation and equipping of school district facilities. Total proceeds to the District are currently estimated to be \$79,430,000. This scenario would take the District's I&S tax rate to \$.355 per hundred, an increase of 16.5 cents.

### Scenario B - \$65,260,000

Issue unlimited tax bonds, in two installments, to fund the construction, renovation and equipping of school district facilities. Total proceeds to the District are currently estimated to be \$65,260,000. This scenario would take the District's I&S tax rate to \$.335 per hundred, an increase of 14.5 cents.

### The projected cost of the new bond program is based on the assumptions detailed below:

- Assumes a bond election in May 2017 with bond sales in July 2017 and July 2019.
- Assumes current market rates of interest plus 70 basis points (0.70%). (Subject to change.)
- Assumes the Series 2017 and Series 2019 Bonds are amortized over a 30-year period with a 10-year optional call @ par (final maturity August 15, 2047 and August 15, 2049, respectively).
- Assumes the District's Fiscal Year 2016/17 Interest & Sinking Fund tax rate is 19.0 cents. Any tax rate increase is based off of this amount and will take place in fiscal year 2017/18.
- Assumes the District's 2016/17 taxable assessed valuation is \$2,248,235,220 and will grow 5%, 4% and then 3% for 3 years and remain constant thereafter.
- Assumes a tax collection rate of 99.0%.
- Assumes the District uses \$250,000 of its existing I&S fund balance to maintain a maximum tax increase of 16.5 cents.
- Assumes the Series 2017 Bonds and Series 2019 Bonds will be eligible for the PSF guarantee.

Please note that the above scenarios are preliminary and the projected results are subject to change as interest rates fluctuate, more structuring dialogue takes place with District administration and Bond/Tax Counsel have a chance to thoroughly review the financing plan and do a full tax analysis on any contemplated issuance. Bond/Tax Counsel will need to review the useful life of any assets being financed (especially technology improvements) against the average life of the proposed bond issue. This analysis does not contemplate the average life of the assets being financed and as such, the ultimate tax rate impact and debt service associated with the new financing may be different than what is shown herein.





# Tax Rate Impact Analysis

Scenario A: \$79,430,000

Scenario A: Issue \$79,430,000 of Unlimited Tax Bonds over 2 bond sales in 2017 and 2019, TAV to Grow 5%, 4% and then 3% for 3 years

A	B	C	D	E	F	G	H	I	J	K	L	M	N	O	P	
Fiscal Year Ending	Total Outstanding Debt Service	Series 2017 \$58,000,000 4.75% Assumed Rate			Series 2019 \$21,430,000 5.25% Assumed Rate			Total \$79,430,000	Less: 1&S Fund Balance Contribution	Net Combined Debt Service	Net Taxable Assessed Valuation	TAV Growth	Tax Rate Impact Analysis			
		Principal	Interest	Debt Service	Principal	Interest	Debt Service						Current Tax Rate	Projected Tax Rate	Tax Rate Difference	
2017	\$4,229,174	\$0	\$0	\$0	\$0	\$0	\$0	\$4,229,174	\$4,229,174	\$2,248,235,220	--	\$0.1900	\$0.1900			
2018	4,211,725	620,000	3,107,028	3,727,028	0	0	0	7,938,753	7,938,753	2,360,646,981	5.00%		\$0.3397	\$0.1500	\$0.1500	
2019	4,213,825	1,320,000	2,725,550	4,045,550	0	0	0	8,259,375	8,259,375	2,455,072,860	4.00%		\$0.3398	\$0.1500	\$0.1500	
2020	4,217,875	585,000	2,662,850	3,247,850	150,000	1,268,835	1,418,835	8,884,560	8,884,560	2,528,725,046	3.00%		\$0.3549	\$0.1650	\$0.1650	
2021	4,214,225	950,000	2,635,063	3,585,063	220,000	1,117,200	1,337,200	9,136,488	9,136,488	2,604,586,797	3.00%		\$0.3543	\$0.1640	\$0.1640	
2022	4,217,375	1,000,000	2,589,938	3,589,938	500,000	1,105,650	1,605,650	9,412,963	9,412,963	2,682,724,401	3.00%		\$0.3544	\$0.1640	\$0.1640	
2023	4,217,075	1,000,000	2,542,438	3,542,438	525,000	1,079,400	1,604,400	9,363,913	9,363,913	2,682,724,401	0.00%		\$0.3526	\$0.1630	\$0.1630	
2024	4,219,775	1,220,000	2,494,938	3,714,938	380,000	1,051,838	1,431,838	9,366,550	9,366,550	2,682,724,401	0.00%		\$0.3527	\$0.1630	\$0.1630	
2025	4,218,425	1,275,000	2,436,988	3,711,988	395,000	1,031,888	1,426,888	9,357,300	9,357,300	2,682,724,401	0.00%		\$0.3523	\$0.1620	\$0.1620	
2026	4,151,025	1,340,000	2,376,425	3,716,425	420,000	1,011,150	1,431,150	9,298,600	9,298,600	2,682,724,401	0.00%		\$0.3501	\$0.1600	\$0.1600	
2027	3,266,025	1,400,000	2,312,775	3,712,775	440,000	989,100	1,429,100	8,407,900	8,407,900	2,682,724,401	0.00%		\$0.3166	\$0.1270	\$0.1270	
2028	3,267,425	1,470,000	2,246,275	3,716,275	465,000	966,000	1,431,000	8,414,700	8,414,700	2,682,724,401	0.00%		\$0.3168	\$0.1270	\$0.1270	
2029	3,266,025	1,540,000	2,176,450	3,716,450	490,000	941,588	1,431,588	8,414,063	8,414,063	2,682,724,401	0.00%		\$0.3190	\$0.1290	\$0.1290	
2030	3,326,825	1,610,000	2,103,300	3,713,300	515,000	915,863	1,430,863	8,470,988	8,470,988	2,682,724,401	0.00%		\$0.3190	\$0.1290	\$0.1290	
2031	3,327,225	1,690,000	2,026,825	3,716,825	540,000	888,825	1,428,825	8,472,875	8,472,875	2,682,724,401	0.00%		\$0.3189	\$0.1290	\$0.1290	
2032	3,324,250	1,770,000	1,946,550	3,716,550	570,000	860,475	1,430,475	8,471,275	8,471,275	2,682,724,401	0.00%		\$0.3190	\$0.1290	\$0.1290	
2033	3,327,683	1,850,000	1,862,475	3,712,475	600,000	830,550	1,430,550	8,470,688	8,470,688	2,682,724,401	0.00%		\$0.3189	\$0.1290	\$0.1290	
2034	3,329,225	1,940,000	1,774,600	3,714,600	630,000	799,050	1,429,050	8,472,875	8,472,875	2,682,724,401	0.00%		\$0.3190	\$0.1290	\$0.1290	
2035	3,326,413	2,030,000	1,682,450	3,712,450	665,000	765,975	1,430,975	8,469,838	8,469,838	2,682,724,401	0.00%		\$0.3189	\$0.1290	\$0.1290	
2036	3,329,225	2,130,000	1,586,025	3,716,025	700,000	731,063	1,431,063	8,476,313	8,476,313	2,682,724,401	0.00%		\$0.3192	\$0.1290	\$0.1290	
2037	3,327,225	2,230,000	1,484,850	3,714,850	735,000	694,313	1,429,313	8,471,388	8,471,388	2,682,724,401	0.00%		\$0.3190	\$0.1290	\$0.1290	
2038	3,327,075	2,335,000	1,378,925	3,713,925	775,000	655,725	1,430,725	8,471,725	8,471,725	2,682,724,401	0.00%		\$0.3189	\$0.1290	\$0.1290	
2039	3,326,525	2,445,000	1,268,013	3,713,013	815,000	615,038	1,430,038	8,469,575	8,469,575	2,682,724,401	0.00%		\$0.3189	\$0.1290	\$0.1290	
2040	3,325,350	2,565,000	1,151,875	3,716,875	855,000	572,250	1,427,250	8,469,475	8,469,475	2,682,724,401	0.00%		\$0.3189	\$0.1290	\$0.1290	
2041	3,328,325	2,685,000	1,030,038	3,715,038	900,000	527,363	1,427,363	8,470,725	8,470,725	2,682,724,401	0.00%		\$0.1936	\$0.0040	\$0.0040	
2042		2,810,000	902,500	3,712,500	950,000	480,113	1,430,113	5,142,613		5,142,613			\$0.1936	\$0.0040	\$0.0040	
2043		2,945,000	769,025	3,714,025	1,000,000	430,238	1,430,238	5,144,263		5,144,263			\$0.1937	\$0.0040	\$0.0040	
2044		3,085,000	629,138	3,714,138	1,050,000	377,738	1,427,738	5,141,875		5,141,875			\$0.1936	\$0.0040	\$0.0040	
2045		3,230,000	482,600	3,712,600	1,105,000	322,613	1,427,613	5,140,213		5,140,213			\$0.1935	\$0.0040	\$0.0040	
2046		3,385,000	329,175	3,714,175	1,165,000	264,600	1,429,600	5,143,775		5,143,775			\$0.1937	\$0.0040	\$0.0040	
2047		3,545,000	168,388	3,713,388	1,225,000	203,438	1,428,438	5,141,825		5,141,825			\$0.1936	\$0.0040	\$0.0040	
2048					1,290,000	139,125	1,429,125	1,429,125		1,429,125			\$0.0538	\$0.1360	(\$0.1360)	
2049					1,360,000	71,400	1,431,400	1,431,400		1,431,400			\$0.0539	\$0.1360	(\$0.1360)	
Total	\$91,835,299	\$58,000,000	\$52,883,465	\$110,883,465	\$21,430,000	\$21,708,397	\$43,138,397	\$245,857,162		\$245,857,162			Max	\$0.3549	\$0.1649	

Preliminary, subject to change





# Tax Rate Impact Analysis

Scenario B: \$65,260,000

Scenario B: Issue \$65,260,000 of Unlimited Tax Bonds over 2 bond sales in 2017 and 2019, TAV to Grow 5%, 4%, and then 3% for 3 years

A Fiscal Year	B Total Outstanding Debt Service	C Series 2017 \$59,000,000 4.75% Assumed Rate			D Series 2019 \$7,260,000 5.25% Assumed Rate			E Total \$65,260,000 Combined Debt Service	F Less: I&S Fund Balance Contribution	G Net Combined Debt Service	H Net Taxable Assessed Valuation	I TAV Growth	J Tax Rate Impact Analysis		
		Principal	Interest	Debt Service	Principal	Interest	Debt Service						K Current Tax Rate	L Projected Tax Rate	M Tax Rate Difference
2017	\$4,229,174	\$0	\$0	\$0	\$0	\$0	\$0	\$4,229,174		\$4,229,174	\$2,246,235,220	—	\$0.1900	\$0.1900	\$0.145
2018	4,211,725	500,000	3,107,028	3,607,028	0	0	0	7,818,753		7,818,753	2,360,646,981	5.00%		\$0.3346	\$0.145
2019	4,213,825	1,200,000	2,731,250	3,931,250	0	0	0	8,145,075		8,145,075	2,455,072,860	4.00%		\$0.3351	\$0.145
2020	4,217,875	1,005,000	2,674,250	3,679,250	60,000	429,853	489,853	8,386,978		8,386,978	2,526,725,046	3.00%		\$0.3350	\$0.145
2021	4,214,225	1,050,000	2,626,513	3,676,513	110,000	378,000	488,000	8,378,738		8,378,738	2,604,586,797	3.00%		\$0.3249	\$0.135
2022	4,217,375	1,100,000	2,576,638	3,676,638	115,000	372,225	487,225	8,381,238		8,381,238	2,682,724,401	3.00%		\$0.3156	\$0.126
2023	4,217,075	1,155,000	2,524,388	3,679,388	120,000	366,188	486,188	8,382,650		8,382,650	2,682,724,401	0.00%		\$0.3156	\$0.126
2024	4,219,775	1,205,000	2,469,525	3,674,525	130,000	359,888	488,888	8,384,188		8,384,188	2,682,724,401	0.00%		\$0.3157	\$0.126
2025	4,218,425	1,265,000	2,412,288	3,677,288	135,000	353,063	488,063	8,383,775		8,383,775	2,682,724,401	0.00%		\$0.3157	\$0.126
2026	4,151,025	1,325,000	2,352,200	3,677,200	145,000	345,975	490,975	8,319,200		8,319,200	2,682,724,401	0.00%		\$0.3132	\$0.123
2027	3,266,025	1,390,000	2,289,263	3,679,263	150,000	338,363	488,363	7,433,650		7,433,650	2,682,724,401	0.00%		\$0.2799	\$0.090
2028	3,267,425	1,455,000	2,223,238	3,678,238	160,000	330,488	490,488	7,436,150		7,436,150	2,682,724,401	0.00%		\$0.2800	\$0.090
2029	3,266,025	1,525,000	2,154,125	3,679,125	165,000	322,088	487,088	7,432,338		7,432,338	2,682,724,401	0.00%		\$0.2798	\$0.090
2030	3,326,825	1,595,000	2,081,688	3,676,688	175,000	313,425	488,425	7,491,938		7,491,938	2,682,724,401	0.00%		\$0.2821	\$0.092
2031	3,327,225	1,670,000	2,005,925	3,675,925	185,000	304,238	489,238	7,492,388		7,492,388	2,682,724,401	0.00%		\$0.2821	\$0.092
2032	3,324,250	1,750,000	1,926,600	3,676,600	195,000	294,525	489,525	7,490,375		7,490,375	2,682,724,401	0.00%		\$0.2822	\$0.092
2033	3,327,663	1,835,000	1,843,475	3,678,475	205,000	284,288	489,288	7,495,425		7,495,425	2,682,724,401	0.00%		\$0.2822	\$0.092
2034	3,328,225	1,920,000	1,756,313	3,676,313	215,000	273,525	488,525	7,494,063		7,494,063	2,682,724,401	0.00%		\$0.2822	\$0.092
2035	3,326,413	2,010,000	1,665,113	3,675,113	225,000	262,238	487,238	7,488,763		7,488,763	2,682,724,401	0.00%		\$0.2820	\$0.092
2036	3,329,225	2,105,000	1,569,638	3,674,638	240,000	250,425	490,425	7,489,700		7,489,700	2,682,724,401	0.00%		\$0.2822	\$0.092
2037	3,327,225	2,205,000	1,469,650	3,674,650	250,000	237,825	487,825	7,489,700		7,489,700	2,682,724,401	0.00%		\$0.2820	\$0.092
2038	3,327,075	2,310,000	1,364,913	3,674,913	265,000	224,700	489,700	7,491,688		7,491,688	2,682,724,401	0.00%		\$0.2821	\$0.092
2039	3,326,525	2,420,000	1,255,188	3,675,188	280,000	210,788	490,788	7,492,500		7,492,500	2,682,724,401	0.00%		\$0.2821	\$0.092
2040	3,325,350	2,535,000	1,140,236	3,675,236	295,000	196,088	491,088	7,491,675		7,491,675	2,682,724,401	0.00%		\$0.2821	\$0.092
2041	3,328,325	2,655,000	1,019,825	3,674,825	310,000	180,600	490,600	7,493,750		7,493,750	2,682,724,401	0.00%		\$0.2822	\$0.092
2042		2,785,000	893,713	3,678,713	325,000	164,325	489,325	7,466,038		7,466,038	2,682,724,401	0.00%		\$0.1569	\$0.033
2043		2,915,000	761,425	3,676,425	340,000	147,263	487,263	4,163,688		4,163,688	2,682,724,401	0.00%		\$0.1568	\$0.033
2044		3,055,000	622,963	3,677,963	360,000	129,413	488,413	4,167,375		4,167,375	2,682,724,401	0.00%		\$0.1569	\$0.033
2045		3,200,000	477,850	3,677,850	380,000	110,513	490,513	4,168,363		4,168,363	2,682,724,401	0.00%		\$0.1569	\$0.033
2046		3,350,000	325,850	3,675,850	400,000	90,563	490,563	4,166,413		4,166,413	2,682,724,401	0.00%		\$0.1569	\$0.033
2047		3,510,000	166,725	3,676,725	420,000	69,563	489,563	4,166,288		4,166,288	2,682,724,401	0.00%		\$0.1569	\$0.033
2048					440,000	47,513	487,513	487,513		487,513	2,682,724,401	0.00%		\$0.0184	\$0.172
2049					465,000	24,413	489,413	489,413		489,413	2,682,724,401	0.00%		\$0.0184	\$0.172
Total	\$91,835,299	\$58,000,000	\$52,487,790	\$110,487,790	\$7,260,000	\$7,412,353	\$14,672,353	\$216,995,442	\$0	\$216,995,442			Max	\$0.3351	\$0.1451

Preliminary: subject to change





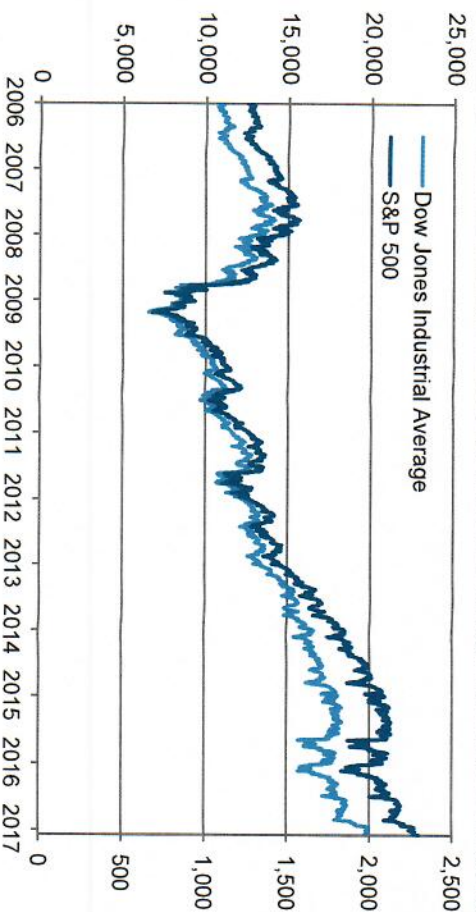
# Current Market Overview

## Economic Update

### U.S. Economic Overview

- US equity markets were little changed last week; the DJIA slipped 0.11% as the SPX and Nasdaq gained the same.
- Investment-grade supply totaled nearly \$46bn last week; corporate entities issued \$178bn in January.
- Central bank meetings from the FOMC, BOJ, and BOE came and went with little fanfare last week.
- The FOMC statement expressed greater confidence that inflation would rise to 2% over time.
- Chair Yellen will address economic conditions in greater detail at the Humphrey-Hawkins testimony next week.
- The January payroll report was a mixed bag; NFP rose a solid 227k, but wage growth was softer than forecast.
- The unemployment rate edged up to 4.8%, and the underemployment rate rose from 9.2% to 9.4%.
- Economic highlights: jobless claims, wholesale inventories, and Univ. of Michigan Consumer Sentiment.

### U.S. Equity Market



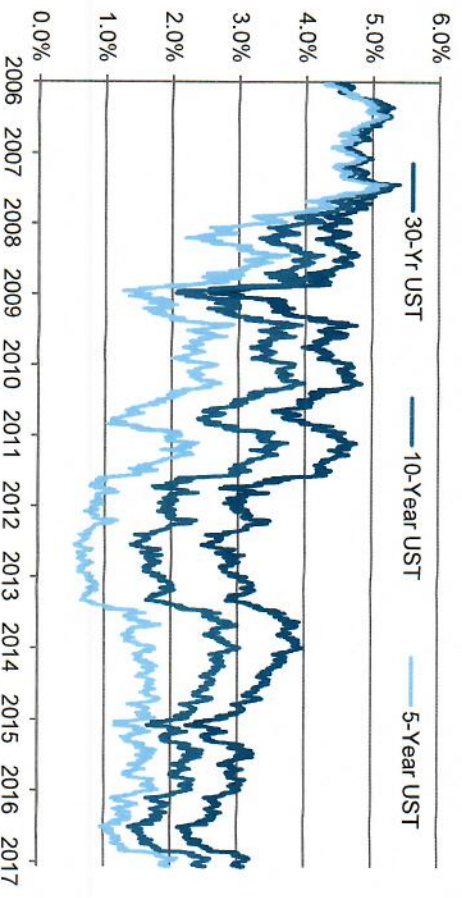
### RBC Economic Outlook and Interest Rate Forecasts<sup>(1)</sup>

	Q1'17	Q2'17	Q3'17	Q4'17
Real GDP (QoQ)	3.00	2.30	2.50	2.60
Core Inflation (YoY)	2.10	1.90	2.10	2.10
Unemployment	4.50	4.40	4.30	4.20
IOER <sup>(2)</sup>	0.75	1.00	1.00	1.25
2-Year Notes	1.20	1.40	1.55	1.80
5-Year Notes	1.90	2.10	2.25	2.45
10-Year Notes	2.40	2.65	2.80	3.00
30-Year Bonds	3.00	3.20	3.35	3.50

<sup>(1)</sup> RBC Rate and Economic Forecast as of January 27, 2017.

<sup>(2)</sup> Interest on Excess Reserves – RBC expects IOER, not the Fed Funds effective rate, to be the targeted policy rate in the initial stages of the tightening cycle.

### U.S. Treasury Rates





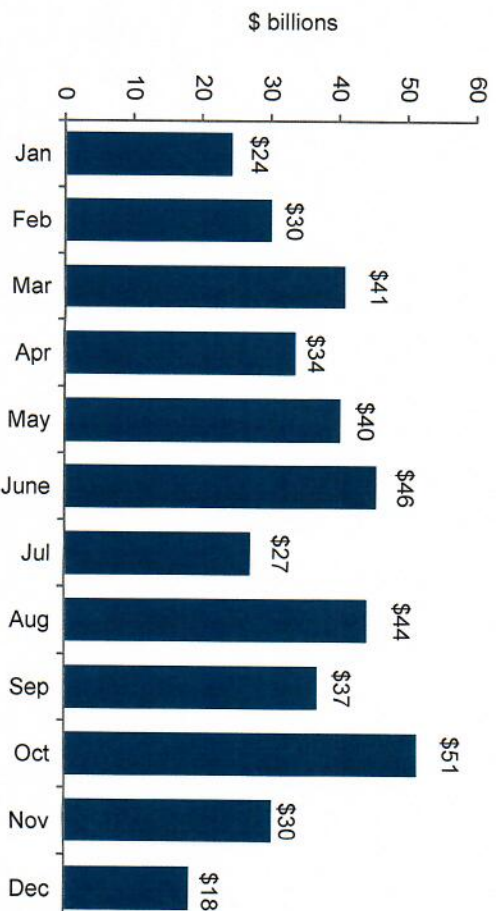
# Current Market Overview

## Municipal Market Update

### Municipal Market Overview

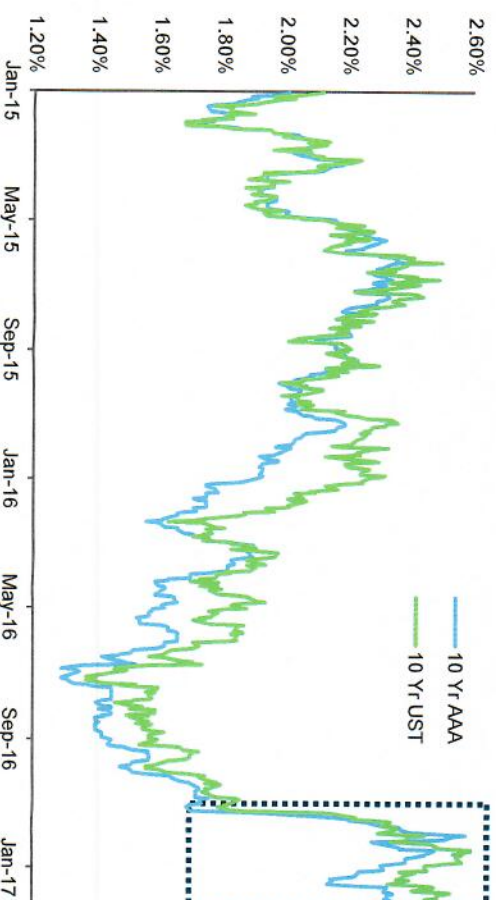
- **Municipal Supply in 2016:** \$445 billion (includes private placements)
- **RBC Forecasted 2017 Municipal Supply:** \$375-400 billion (\$36 billion YTD)
- Municipal supply totaled \$32bn in January, up 25% from January 2016.
- Supply totaled a modest \$4.3bn last week; this week is expected to bring a manageable \$7.4bn calendar.
- Issuance out of Cal State University, Salt Lake Airport, NYC, and Oregon will account for 45% of the supply.
- Municipal bond funds reported modest inflows of \$14mm, marking four consecutive weeks of inflows.
- The Treasury will auction \$24bn 3s on Tuesday, \$23bn 10s on Wednesday, and \$15bn bonds on Thursday.

### 2016 Monthly Supply\* (\$ billions)

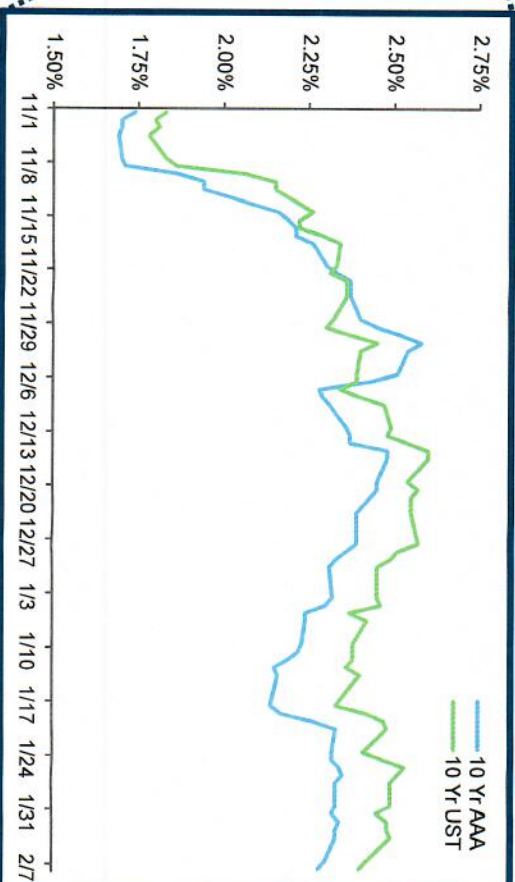


\* Publicly offered municipal debt; excludes private placements.

### Tax-Exempt and Taxable Yield Trends



### Tax-Exempt and Taxable Yield Trends: November 1, 2016 - Present



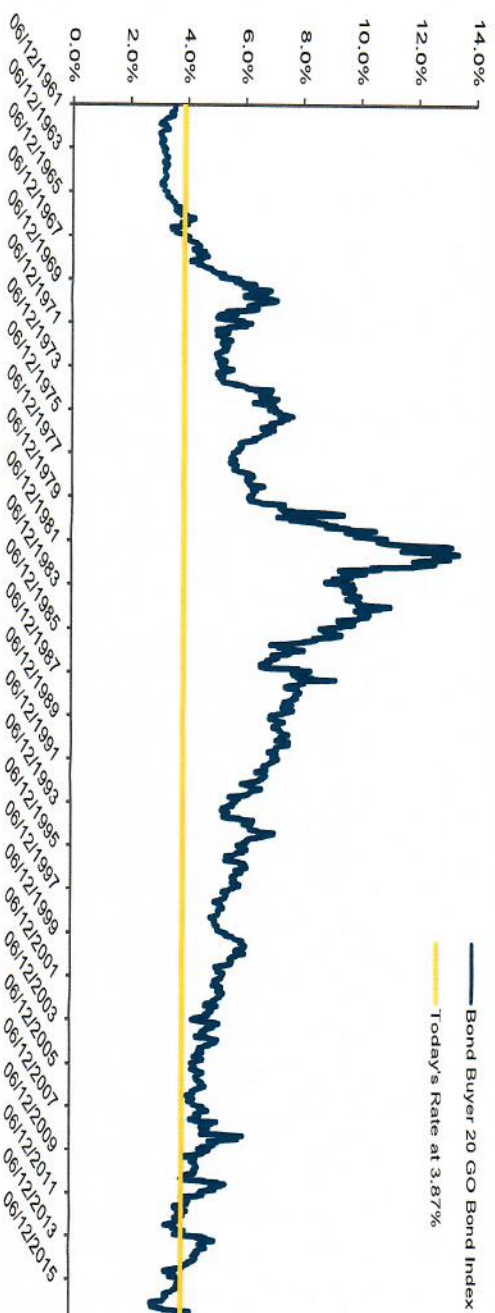




# Current Market Overview

## BBI 20 Index and Municipal Fund Flows

### Bond Buyer 20 GO Bond Index Since 1961

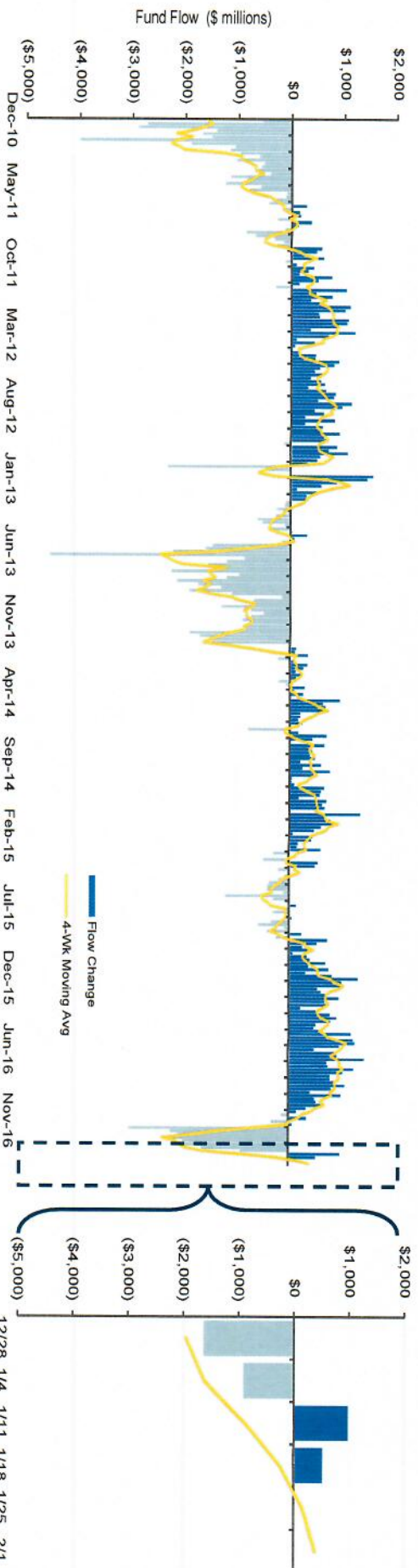


### % of Time in Each Range Since 1961

Yield Range	% of Time
Less than 3.50%	10.15%
3.50% - 4.00%	8.47%
4.01% - 4.50%	11.00%
4.51% - 5.00%	10.32%
5.01% - 5.50%	14.38%
5.51% - 6.00%	10.01%
6.01% - 6.50%	7.76%
6.51% - 7.00%	7.07%
7.01% - 7.50%	6.39%
7.51% - 8.00%	3.76%
Greater than 8.00%	10.69%
<b>Total</b>	<b>100.00%</b>

Today's 3.87% level is lower than 83.46% of historical rates since January 1961

## Lipper Municipal Fund Flows



Source: Bloomberg as of February 1, 2017



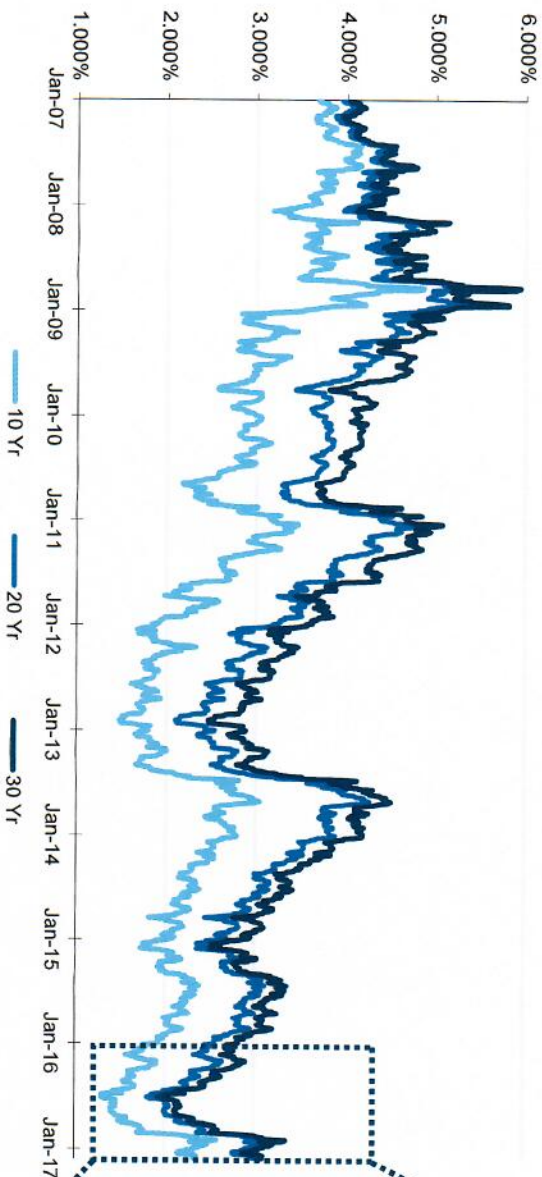


## Current Market Overview

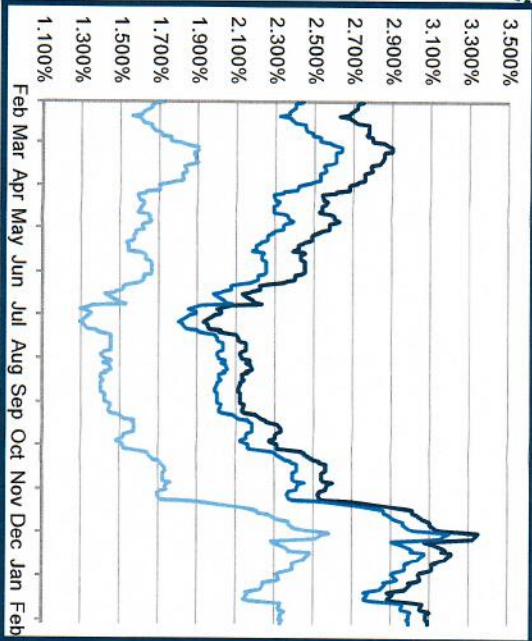
### "AAA" MMD

- After closing at 3.08% the previous week, the 30-year "AAA" MMD increased by 1 bp from January 27 – February 3, closing at the current rate of 3.09%

#### "AAA" MMD January 1, 2007 to Present



#### Shift in "AAA" MMD Since February 2016



#### January 1, 2007 to Present

	10 Year	20 Year	30 Year
Maximum	4.860%	5.740%	5.940%
Minimum	1.290%	1.800%	1.930%
Current	2.330%	2.990%	3.090%

#### Shift in 30-year "AAA" MMD

	2010	2011	2012	2013	2014	2015	2016
	0.520%	-1.130%	-0.740%	1.330%	-1.340%	-0.010%	0.270%

#### February 1, 2016 to Present

	10 Year	20 Year	30 Year
Maximum	2.580%	3.200%	3.350%
Minimum	1.290%	1.800%	1.930%
Average	1.752%	2.394%	2.570%

Source: TM3, Thomson Reuters  
10, 20, and 30 year "AAA" MMD shown to represent different average lives of municipal transactions  
Rates as of February 3, 2017



## Current Market Overview

### Permanent School Fund Guarantee

The State Board of Education ("SBOE") modified the PSF rules, including qualification rules, effective July 1, 2010. To qualify for the PSF guarantee on a new money transaction, a district must be below the 90th percentile in Debt per ADA for the current fiscal year or Total Debt per ADA (unless an exemption is granted by TEA).

#### PSF Guarantee Capacity for Public School Districts <sup>(1)</sup> As of the Month Ending November 30, 2016

Description	Current Guarantee Limit
Max Allowable For Guarantee Under State Law	\$98,884,229,779
Less: 5% Capacity Reserve	4,999,011,713
<b>Guarantee Capacity at Month End</b>	<b>93,885,218,066</b>
Less: Net Amount Currently Guaranteed	70,521,119,235
Less: Capacity Reserved for Charter Schools	1,041,204,252 <sup>(2)</sup>
<b>Amount Available For Guarantee</b>	<b>22,322,894,579</b>
Less: New Issues In Process	740,707,552
Less: New Issues Approved	1,740,820,998
<b>Net Amount Available For Guarantee</b>	<b>\$19,841,366,029</b>

<sup>(1)</sup> The PSF Summary is based on the capacity limit of 3.25 times the lower of cost or market value of the fund which became effective February 1, 2016.

<sup>(2)</sup> At its January 2014 meeting the SBOE approved rules governing participation of Charter Districts in the Program. Chapter 33.67 stipulates that Charter District guarantee capacity shall be based on a ratio of charter students to total public school students, as annually determined by the Commissioner of Education (currently 4.68%), applied against the available capacity of the Bond Guarantee Program. The available capacity is defined in Chapter 33.65 and 33.67 as maximum allowable for guarantee less total amount of outstanding guaranteed bonds, and less the SBOE-established reserve.

Currently the PSF has capacity for new bonds issued by the District to qualify for the program, allowing the District's bonds to sell as "AAA" rated.



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