

November 2017 Bond Election Overview

Smith County, Texas

October 18, 2017



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FINANCIAL ADVISORY SERVICES

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Overview of Assumed Bond Terms and Financing Assumptions

- Projected growth rate of Smith County's Tax Base.
 - The historical 5 year average of the County's Tax Base Growth Rate is 3.6% annually. (shown on page 2).
 - The bond election sizing analysis assumes a conservative 2.5% annually County Tax Base Growth Rate.
 - **Note:** Should the County grow faster than the projected rate, the bond repayment would be accelerated to match the tax rate impact communicated to voters.

- Interest rate assumptions for the bonds considered in the election (Series 2018, Series 2019, and Series 2020).
 - The bond election analysis includes an additional "cushion" on the interest rates associated with each bond series. The Series 2018 Bonds reflect current rates +20 basis points; the Series 2019 Bonds reflect current rates +30 basis points; and the Series 2020 Bonds reflect current rates +40 basis points.

- Assumed structure for the bonds considered in the election (Series 2018, Series 2019, and Series 2020).
 - Each bond series is assumed to carry an amortization term of 10 years.
 - The estimated "Average Life" associated with each bond series is between 5.7 years and 5.8 years.
 - What is average life of a bond? The average life is the length of time the principal of a debt issue is expected to be outstanding. The average life is an average period before a debt is repaid through amortization.

Historical Assessed Value Growth (Smith County)

Fiscal Year	Ending 30-Sep	Net Taxable Value ⁽¹⁾	Growth Rate
2012		\$ 13,786,251,976	-
2013		14,129,361,209	2.5%
2014		14,547,918,813	3.0%
2015		15,167,767,519	4.3%
2016		15,737,795,619	3.8%
2017		16,444,321,130	4.5%

⁽¹⁾ Smith County's historical Assessed Value.

Historical 5-year
Average Growth
Rate of 3.6%
Annually

Aggregate Bond Issuance Model

Fiscal Year Ending 30-Sep	Projected Net Taxable Value ⁽¹⁾	Projected Growth Rate	Existing Debt Service	Interest rate as of October 17, 2017 ⁽³⁾			Projected Tax Rate @ 98% ⁽²⁾
				<i>Aggregate; Bond Series 2018 - 2020</i>			
				Principal	Interest	Total	
2017	\$ 15,737,795,619	-	\$ 4,314,950	\$ -	\$ -	\$ -	\$ 0.0327
2018	16,444,321,130	-	4,344,050	-	-	-	0.0316
2019	16,855,429,158	2.5%	4,254,700	1,830,000	289,161	2,119,161	0.0386
2020	17,276,814,887	2.5%	4,223,100	1,770,000	539,752	2,309,752	0.0386
2021	17,708,735,259	2.5%	4,291,900	1,515,000	891,005	2,406,005	0.0386
2022	18,151,453,641	2.5%	4,291,900	1,745,000	827,023	2,572,023	0.0386
2023	18,151,453,641	0.0%	717,100	3,925,000	770,323	4,695,323	0.0304
2024	18,151,453,641	0.0%	-	4,005,000	691,023	4,696,023	0.0264
2025	18,151,453,641	0.0%	-	4,630,000	604,673	5,234,673	0.0294
2026	18,151,453,641	0.0%	-	4,735,000	501,443	5,236,443	0.0294
2027	18,151,453,641	0.0%	-	4,845,000	381,749	5,226,749	0.0294
2028	18,151,453,641	0.0%	-	4,990,000	244,135	5,234,135	0.0294
2029	18,151,453,641	0.0%	-	3,485,000	116,030	3,601,030	0.0202
2030	18,151,453,641	0.0%	-	2,025,000	31,388	2,056,388	0.0116
			\$ 26,437,700	\$ 39,500,000	\$ 5,887,701	\$ 45,387,701	

0.007 I&S
Rate Increase
from the
Current Rate

Max Projected Tax Rate **0.0386**

⁽¹⁾ Assessed Value for FY2017 & FY2018 reflect actual values. Projected AV growth for illustrative purposes (historical 5-year growth avg. = 3.6%).

⁽²⁾ Assumes 98% Tax Rate collections.

⁽³⁾ Series 2018 with current interest rates +0.20%; Series 2019 +0.30%; Series 2020 and thereafter +0.40%.

Detail – Annual Bond Issuance

Fiscal Year Ending 30-Sep	Series 2018 Current Rates +20bps			Series 2019 Current Rates +30bps			Series 2020 Current Rates +40bps			AGGREGATE NEW DEBT SERVICE		
	<i>TIC = 2.300% 10 Year Debt Service</i>			<i>TIC = 2.358% 10 Year Debt Service</i>			<i>TIC = 2.467% 10 Year Debt Service</i>			Principal	Interest	Total
	Principal	Interest	Total	Principal	Interest	Total	Principal	Interest	Total			
2017	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
2018	-	-	-	-	-	-	-	-	-	-	-	-
2019	1,830,000	289,161	2,119,161	-	-	-	-	-	-	1,830,000	289,161	2,119,161
2020	830,000	238,910	1,068,910	940,000	300,842	1,240,842	-	-	-	1,770,000	539,752	2,309,752
2021	145,000	229,160	374,160	250,000	265,078	515,078	1,120,000	396,767	1,516,767	1,515,000	891,005	2,406,005
2022	155,000	226,160	381,160	950,000	253,078	1,203,078	640,000	347,785	987,785	1,745,000	827,023	2,572,023
2023	1,425,000	210,360	1,635,360	1,310,000	230,478	1,540,478	1,190,000	329,485	1,519,485	3,925,000	770,323	4,695,323
2024	1,450,000	181,610	1,631,610	1,340,000	203,978	1,543,978	1,215,000	305,435	1,520,435	4,005,000	691,023	4,696,023
2025	1,480,000	152,310	1,632,310	1,370,000	176,878	1,546,878	1,780,000	275,485	2,055,485	4,630,000	604,673	5,234,673
2026	1,520,000	116,230	1,636,230	1,400,000	145,678	1,545,678	1,815,000	239,535	2,054,535	4,735,000	501,443	5,236,443
2027	1,560,000	71,550	1,631,550	1,435,000	109,164	1,544,164	1,850,000	201,035	2,051,035	4,845,000	381,749	5,226,749
2028	1,605,000	24,075	1,629,075	1,480,000	67,950	1,547,950	1,905,000	152,110	2,057,110	4,990,000	244,135	5,234,135
2029	-	-	-	1,525,000	22,875	1,547,875	1,960,000	93,155	2,053,155	3,485,000	116,030	3,601,030
2030	-	-	-	-	-	-	2,025,000	31,388	2,056,388	2,025,000	31,388	2,056,388
	\$ 12,000,000	\$ 1,739,526	\$ 13,739,526	\$ 12,000,000	\$ 1,775,996	\$ 13,775,996	\$ 15,500,000	\$ 2,372,180	\$ 17,872,180	\$ 39,500,000	\$ 5,887,701	\$ 45,387,701
	Est. Average Life of the Bonds: 5.7yrs.			Est. Average Life of the Bonds: 5.8yrs.			Est. Average Life of the Bonds: 5.8yrs.					