Teamwork for Excellence

PLANO
Independent School District

January 3, 2017

We are proud to present the Plano ISD's official Debt Transparency Report. The information contained in this report is now required pursuant to HB 1378 passed during the 84th Legislative Session in 2015. The data is as of the District's most recent fiscal year end – June 30, 2017.

In addition to this mandatory information, the District would like to highlight the following additional information pertaining to debt.

- The District was able to accomplish a very significant refinancing of outstanding debt during the 2015-16 fiscal year taking advantage of lower interest rates. In a refunding transaction executed in the spring of 2016, the District refunded $342.1 million of bonds originally issued in 2006-2008. Total payments remaining on the old debt (including interest) would have been $485.6 million with the final payment occurring in 2034. By refinancing, future payments were reduced by $77.6 million, or 16%. The savings were structured such that payments from 2016 through 2029 remain essentially the same as they were, but the 2030 payment was reduced by $6.5 million and the final four years of payments totaling $71.1 were eliminated in their entirety.

- District voters approved a bond proposition of $481 million on May 7, 2016 by a margin of 78.6%. This was the first bond election since 2008. The 2008 bond program was initially planned to take the District through 2012, but was later extended for four years to coincide with a drop in annual debt payment requirements to minimize any tax rate impact of a new bond program. Plans are to issue the newly approved debt in such a manner that the tax rate is not increased.

- On August 2, 2016, the District issued $300 million of new bonds. This was a much larger issuance than originally planned, but was sized to take advantage of historically low interest rates. The all-inclusive true interest cost on these bonds was 2.24%.

- As part of the financing strategy for the new bond program, the maximum length of any new bond has been reduced from 25 years to 20 years. Buses and technology items will continue to be amortized over 10 and 5 years, respectively.

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- On August 3, 2017 (subsequent to the "as of" date of this report), the District issued $108 million in new bonds. This issuance was earlier than originally planned in order to take advantage of the low interest rates. The all-inclusive true interest cost of these bonds was 1.577%

- As part of the bond sales, rating agencies reviewed and confirmed the District's current stand-alone ratings of Aaa (Moody's) and AA+ (Standard and Poor's). These are the highest stand-alone ratings either agency assigns to a Texas School District. The State of Texas guarantees eligible bonds issued by public school districts and charter schools which affords them an AAA rating. However, Plano ISD is one of only a handful of districts in the state that earns this rating on a stand-alone basis.

- The District adopted its tax rate of September 5, 2017. The debt portion of the tax rate is 26.9 cents. This is the same rate as the previous two years despite the additional $300 million issued August 2016, the $108 million issues August 2017, and the accelerated payoff strategy. This was made possible by low interest rates, a scheduled decrease in payments for previously issued debt and an increase in property values.

If you have any questions regarding this report, please contact the business office at 469-752-8113.

Randy McDowell
Assistant Superintendent
for Business Services