



## Contacts

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Debt Capacity Analysis

Town of Argyle, Texas

April 19, 2021



## Topics of Discussion

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- Debt Capacity overview and factors
- Argyle's Existing Debt Profile
- Debt Capacity Assumptions and Results
  
- Appendix – Detailed Debt Capacity Models



# What is Debt Capacity?

## ➤ Debt Capacity

The amount of debt that can be issued within certain [revenue] constraints

## ➤ Factors that affect Debt Capacity:

### Available Revenues:

- Tax Rates/Allocation between I&S and M&O Rates
- Tax Base Growth: As the value of the tax base grows, each penny of taxing effort produces more revenue

### Interest rates

### Term of debt

- State Law allows up to 40 years; typically, 20-year debt is utilized.
- Don't want to exceed the useful life of the asset being financed

### The Town's existing debt profile

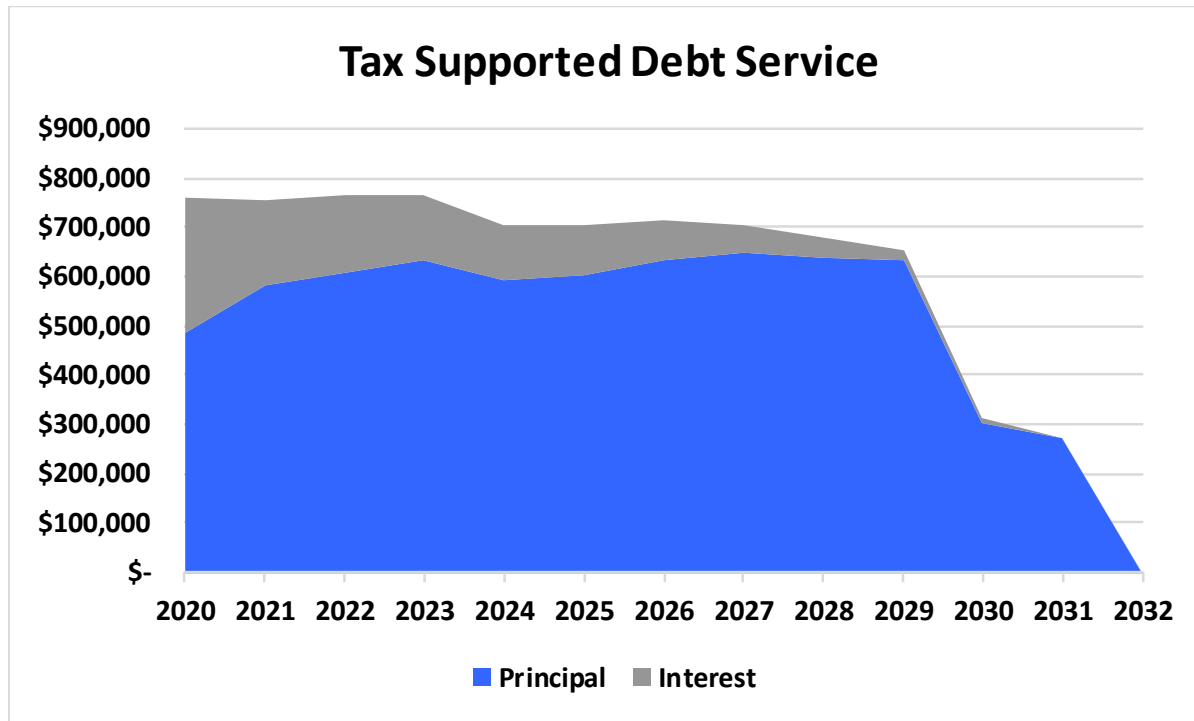
## ➤ “Legal Debt Capacity”

Of the total \$1.50 maximum allowed tax rate under the State Constitution, the Texas Attorney General limits the I&S tax rate to \$0.90, proven at the time of issuance.

# Existing Debt Profile



Does not include debt service that is paid from Sewer Revenues



TOWN OF ARGYLE, TEXAS



## Revenue Assumptions & Capacity Results

	Projected Tax Base Growth			Tax Rate Assumptions			5 Year Debt Capacity Results (\$MM's)					
	2022	2023	2024+	M&O	I&S	Total	2021	2022	2023	2024	2025	Total
<b>Scen 1</b>	8.00%	4.00%	3.00%	0.2765	0.1017	0.3782	1.670	0.430	1.330	0.385	0.305	4.120
<b>Scen 2</b>	10.00%	5.00%	3.00%	0.2715	0.1067	0.3782	2.590	0.580	1.405	0.450	0.305	5.330
<b>Scen 3</b>	10.00%	5.00%	3.00%	0.2715	0.0878	0.3593	0.000	0.580	1.255	0.450	0.305	2.590

- Each additional penny of I&S tax rate is worth approximately \$1.2 million of debt capacity on a 20 year amortization.
- Assumes annual bond sales to be sold summer of each year (upon knowing the Town's certified taxable values for upcoming budget year). This allows for target tax rate certainty.

TOWN OF ARGYLE, TEXAS

# Appendix

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TOWN OF ARGYLE, TEXAS

Town of Argyle, Texas  
Existing and Pro-forma Debt Service

Assumes I&S Tax Rate Maximum of \$0.1017 (M&O Tax Rate Decline to \$0.2765 for total tax rate of \$0.3782)

	A	B	C	D	E	F	G	H	I	J	K	L	M	N	O	P
Fiscal Year Ended 9/30	Taxable Assessed Valuation <sup>(1)</sup>	Actual/ Assumed Growth Rates	Existing Debt Service Information						Projected 5 Year Capacity of \$4,120,000					Combined Totals		
			Existing Outstanding Debt			Less: System Self-Supporting Sewer Debt Requirements	Net Tax-Supported Debt Requirements	Existing Debt Estimated I&S Tax Rate <sup>(2)</sup>	Series 2021	Series 2022	Series 2023	Series 2024	Series 2025	Total Debt Service Paid from Property Taxes	Total Estimated I&S Tax Rate <sup>(2)</sup>	
			Principal	Interest	Total				3.00%- 8/15/2021	3.25% - 8/15/2022	3.50% - 8/15/2023	3.75% - 8/15/2024	4.00% - 8/15/2025			
2020	744,745,913	10.43%	556,000	303,420	859,420	(100,750)	758,670	0.0954	\$ 1,670,000	\$ 430,000	\$ 1,330,000	\$ 385,000	\$ 305,000	758,670	0.0954	
2021	814,132,786	9.32%	650,000	230,549	880,549	(126,004)	754,545	0.0796	Series 2021	Series 2022	Series 2023	Series 2024	Series 2025	754,545	0.0796	
2022	879,263,409	8.00%	758,000	220,741	978,741	(215,919)	762,822	0.0885	\$ 109,200					872,022	0.1012	
2023	914,433,945	4.00%	792,000	196,708	988,708	(221,644)	767,064	0.0856	112,325	\$ 28,731				908,120	0.1013	
2024	941,866,964	3.00%	755,000	172,763	927,763	(221,744)	706,020	0.0765	110,375	28,244	\$ 90,763			935,401	0.1013	
2025	970,122,973	3.00%	775,000	148,719	923,719	(221,694)	702,025	0.0738	113,350	27,756	94,100	\$ 29,156		966,388	0.1016	
2026	999,226,662	3.00%	815,000	123,630	938,630	(226,394)	712,237	0.0727	111,250	27,269	92,350	28,594	\$ 22,000	993,699	0.1015	
2027	1,029,203,462	3.00%	840,000	97,397	937,397	(230,744)	706,653	0.0701	109,150	31,700	90,600	28,031	21,600	987,735	0.0979	
2028	1,060,079,565	3.00%	845,000	71,985	916,985	(239,694)	677,291	0.0652	111,975	31,050	93,763	27,469	21,200	962,747	0.0927	
2029	1,091,881,952	3.00%	835,000	48,874	883,874	(229,019)	654,855	0.0612	109,725	30,400	91,838	26,906	20,800	934,524	0.0873	
2030	1,091,881,952		405,000	33,729	438,729	(125,494)	313,235	0.0293	112,400	29,750	94,825	26,344	20,400	596,954	0.0558	
2031	1,091,881,952		370,000	26,045	396,045	(123,494)	272,552	0.0255	110,000	29,100	92,725	25,781	24,900	555,058	0.0519	
2032	1,091,881,952		100,000	21,494	121,494	(121,494)			112,525	28,450	90,625	25,219	24,300	281,119	0.0263	
2033	1,091,881,952		105,000	19,444	124,444	(124,444)			109,975	27,800	93,438	29,563	23,700	284,475	0.0266	
2034	1,091,881,952		105,000	17,344	122,344	(122,344)			112,350	27,150	91,163	28,813	23,100	282,575	0.0264	
2035	1,091,881,952		110,000	15,194	125,194	(125,194)			109,650	31,419	93,800	28,063	22,500	285,431	0.0267	
2036	1,091,881,952		110,000	12,994	122,994	(122,994)			111,875	30,606	91,350	27,313	21,900	283,044	0.0265	
2037	1,091,881,952		110,000	10,794	120,794	(120,794)			109,025	29,794	93,813	26,563	21,300	280,494	0.0262	
2038	1,091,881,952		115,000	8,544	123,544	(123,544)			111,100	28,981	91,188	25,813	20,700	277,781	0.0260	
2039	1,091,881,952		115,000	6,172	121,172	(121,172)			113,025	28,169	93,475	25,063	20,100	279,831	0.0262	
2040	1,091,881,952		120,000	3,675	123,675	(123,675)			109,875	27,356	90,675	29,219	24,400	281,525	0.0263	
2041	1,091,881,952		120,000	1,200	121,200	(121,200)			111,650	31,463	92,788	28,281	23,600	287,781	0.0269	
2042	1,091,881,952									30,488	94,725	27,344	22,800	175,356	0.0164	
2043	1,091,881,952										91,575	26,406	22,000	139,981	0.0131	
2044	1,091,881,952											25,469	21,200	46,669	0.0044	
2045	1,091,881,952												20,400	20,400	0.0019	
2046	1,091,881,952													-	0.0000	
			\$ 9,506,000	\$ 1,791,414	\$ 11,297,414	\$ (3,509,445)	\$ 7,787,969		\$ 2,220,800	\$ 585,675	\$ 1,849,575	\$ 545,406	\$ 442,900	\$ 13,432,325		

(1) 2020 and 2021 TAV as provided by Denton County Appraisal District; growth projections as supplied by Town.

(2) Based on an assumed collection rate of 98%. Tax Rates for 2020 and 2021 are actual.

**Town of Argyle, Texas**  
**Existing and Pro-forma Debt Service**

Assumes I&S Tax Rate Maximum of \$0.1067 (M&O Tax Rate Decline to \$0.2715 for total tax rate of \$0.3782)

	A	B	C	D	E	F	G	H	I	J	K	L	M	N	O	P
Fiscal Year Ended 9/30	Taxable Assessed Valuation <sup>(1)</sup>	Actual/ Assumed Growth Rates	Existing Debt Service Information						Projected 5 Year Capacity of \$5,330,000					Combined Totals		
			Existing Outstanding Debt			Less: System Self-Supporting Sewer Debt Requirements	Net Tax-Supported Debt Requirements	Existing Debt Estimated I&S Tax Rate <sup>(2)</sup>	Series 2021 3.00%- 8/15/2021	Series 2022 3.25% - 8/15/2022	Series 2023 3.50% - 8/15/2023	Series 2024 3.75% - 8/15/2024	Series 2025 4.00% - 8/15/2025	Total Debt Service Paid from Property Taxes	Total Estimated I&S Tax Rate <sup>(2)</sup>	
			Principal	Interest	Total				Total D/S	Total D/S	Total D/S	Total D/S	Total D/S			
2020	744,745,913	10.43%	556,000	303,420	859,420	(100,750)	758,670	0.0954	\$ 2,590,000	\$ 580,000	\$ 1,405,000	\$ 450,000	\$ 305,000		758,670	0.0954
2021	814,132,786	9.32%	650,000	230,549	880,549	(126,004)	754,545	0.0796							754,545	0.0796
2022	895,546,065	10.00%	758,000	220,741	978,741	(215,919)	762,822	0.0869	\$ 171,275						934,097	0.1064
2023	940,323,368	5.00%	792,000	196,708	988,708	(221,644)	767,064	0.0832	\$ 173,350	\$ 38,525					978,939	0.1062
2024	968,533,069	3.00%	755,000	172,763	927,763	(221,744)	706,020	0.0744	170,350	37,875	\$ 98,300				1,012,545	0.1067
2025	997,589,061	3.00%	775,000	148,719	923,719	(221,694)	702,025	0.0718	172,275	37,225	96,550	\$ 31,594			1,039,669	0.1063
2026	1,027,516,733	3.00%	815,000	123,630	938,630	(226,394)	712,237	0.0707	174,050	41,494	99,713	26,125	\$ 22,000		1,075,618	0.1068
2027	1,058,342,235	3.00%	840,000	97,397	937,397	(230,744)	706,653	0.0681	170,750	40,681	97,788	30,656	21,600		1,068,128	0.1030
2028	1,090,092,502	3.00%	845,000	71,985	916,985	(239,694)	677,291	0.0634	172,375	39,869	95,863	35,000	21,200		1,041,597	0.0975
2029	1,122,795,277	3.00%	835,000	48,874	883,874	(229,019)	654,855	0.0595	173,850	39,056	98,850	34,250	20,800		1,021,662	0.0928
2030	1,122,795,277		405,000	33,729	438,729	(125,494)	313,235	0.0285	170,250	38,244	96,750	33,500	20,400		672,379	0.0611
2031	1,122,795,277		370,000	26,045	396,045	(123,494)	272,552	0.0248	171,575	37,431	99,563	32,750	24,900		638,770	0.0581
2032	1,122,795,277		100,000	21,494	121,494	(121,494)			172,750	41,538	97,288	32,000	24,300		367,875	0.0334
2033	1,122,795,277		105,000	19,444	124,444	(124,444)			173,775	40,563	95,013	31,250	23,700		364,300	0.0331
2034	1,122,795,277		105,000	17,344	122,344	(122,344)			174,650	39,588	97,650	30,500	23,100		365,488	0.0332
2035	1,122,795,277		110,000	15,194	125,194	(125,194)			170,450	38,613	95,200	34,656	22,500		361,419	0.0328
2036	1,122,795,277		110,000	12,994	122,994	(122,994)			171,175	37,638	97,663	33,719	21,900		362,094	0.0329
2037	1,122,795,277		110,000	10,794	120,794	(120,794)			171,750	41,581	99,950	32,781	21,300		367,363	0.0334
2038	1,122,795,277		115,000	8,544	123,544	(123,544)			172,175	40,444	97,150	31,844	20,700		362,313	0.0329
2039	1,122,795,277		115,000	6,172	121,172	(121,172)			172,450	39,306	99,263	30,906	20,100		362,025	0.0329
2040	1,122,795,277		120,000	3,675	123,675	(123,675)			172,575	38,169	96,288	29,969	24,400		361,400	0.0328
2041	1,122,795,277		120,000	1,200	121,200	(121,200)			172,550	41,950	98,225	33,938	23,600		370,263	0.0336
2042	1,122,795,277									40,650	99,988	32,813	22,800		196,250	0.0178
2043	1,122,795,277										96,663	31,688	22,000		150,350	0.0137
2044	1,122,795,277											30,563	21,200		51,763	0.0047
2045	1,122,795,277												20,400		20,400	0.0019
2046	1,122,795,277														-	0.0000
			\$ 9,506,000	\$ 1,791,414	\$ 11,297,414	\$ (3,509,445)	\$ 7,787,969		\$ 3,444,400	\$ 790,438	\$ 1,953,713	\$ 640,500	\$ 442,900		\$ 15,059,919	

(1) 2020 and 2021 TAV as provided by Denton County Appraisal District; growth projections as supplied by Town.

(2) Based on an assumed collection rate of 98%. Tax Rates for 2020 and 2021 are actual.



**Town of Argyle, Texas**  
**Existing and Pro-forma Debt Service**

Assumes I&S Tax Rate Maximum of \$0.0878 (M&O Tax Rate Decline to \$0.2715 for total tax rate of \$0.3593)

A	B	C	D	E	F	G	H	I	J	K	L	M	N	O	P	
Fiscal Year Ended 9/30	Taxable Assessed Valuation <sup>(1)</sup>	Actual/ Assumed Growth Rates	Existing Debt Service Information						Projected 5 Year Capacity of \$2,590,000					Combined Totals		
			Existing Outstanding Debt			Less: System Self-Supporting Sewer Debt Requirements	Net Tax-Supported Debt Requirements	Existing Debt Estimated I&S Tax Rate <sup>(2)</sup>	Series 2021 3.00%- 8/15/2021	Series 2022 3.25% - 8/15/2022	Series 2023 3.50% - 8/15/2023	Series 2024 3.75% - 8/15/2024	Series 2025 4.00% - 8/15/2025	Total Debt Service Paid from Property Taxes	Total Estimated I&S Tax Rate <sup>(2)</sup>	
			Principal	Interest	Total											Total D/S
2020	744,745,913	10.43%	556,000	303,420	859,420	(100,750)	758,670	0.0954							758,670	0.0954
2021	814,132,786	9.32%	650,000	230,549	880,549	(126,004)	754,545	0.0796							754,545	0.0796
2022	895,546,065	10.00%	758,000	220,741	978,741	(215,919)	762,822	0.0869							762,822	0.0869
2023	940,323,368	5.00%	792,000	196,708	988,708	(221,644)	767,064	0.0832		\$ 38,525					805,589	0.0874
2024	968,533,069	3.00%	755,000	172,763	927,763	(221,744)	706,020	0.0744		37,875	\$ 88,138				832,032	0.0877
2025	997,589,061	3.00%	775,000	148,719	923,719	(221,694)	702,025	0.0718		37,225	86,563	\$ 31,594			857,407	0.0877
2026	1,027,516,733	3.00%	815,000	123,630	938,630	(226,394)	712,237	0.0707		41,494	84,988	26,125	\$ 22,000		886,843	0.0881
2027	1,058,342,235	3.00%	840,000	97,397	937,397	(230,744)	706,653	0.0681		40,681	88,325	30,656	21,600		887,916	0.0856
2028	1,090,092,502	3.00%	845,000	71,985	916,985	(239,694)	677,291	0.0634		39,869	86,575	35,000	21,200		859,935	0.0805
2029	1,122,795,277	3.00%	835,000	48,874	883,874	(229,019)	654,855	0.0595		39,056	89,738	34,250	20,800		838,699	0.0762
2030	1,122,795,277		405,000	33,729	438,729	(125,494)	313,235	0.0285		38,244	87,813	33,500	20,400		493,191	0.0448
2031	1,122,795,277		370,000	26,045	396,045	(123,494)	272,552	0.0248		37,431	85,888	32,750	24,900		453,520	0.0412
2032	1,122,795,277		100,000	21,494	121,494	(121,494)				41,538	88,875	32,000	24,300		186,713	0.0170
2033	1,122,795,277		105,000	19,444	124,444	(124,444)				40,563	86,775	31,250	23,700		182,288	0.0166
2034	1,122,795,277		105,000	17,344	122,344	(122,344)				39,588	89,588	30,500	23,100		182,775	0.0166
2035	1,122,795,277		110,000	15,194	125,194	(125,194)				38,613	87,313	34,656	22,500		183,081	0.0166
2036	1,122,795,277		110,000	12,994	122,994	(122,994)				37,638	85,038	33,719	21,900		178,294	0.0162
2037	1,122,795,277		110,000	10,794	120,794	(120,794)				41,581	87,675	32,781	21,300		183,338	0.0167
2038	1,122,795,277		115,000	8,544	123,544	(123,544)				40,444	85,225	31,844	20,700		178,213	0.0162
2039	1,122,795,277		115,000	6,172	121,172	(121,172)				39,306	87,688	30,906	20,100		178,000	0.0162
2040	1,122,795,277		120,000	3,675	123,675	(123,675)				38,169	85,063	29,969	24,400		177,600	0.0161
2041	1,122,795,277		120,000	1,200	121,200	(121,200)				41,950	87,350	33,938	23,600		186,838	0.0170
2042	1,122,795,277									40,650	89,463	32,813	22,800		185,725	0.0169
2043	1,122,795,277										86,488	31,688	22,000		140,175	0.0127
2044	1,122,795,277											30,563	21,200		51,763	0.0047
2045	1,122,795,277												20,400		20,400	0.0019
2046	1,122,795,277														-	0.0000
			<b>\$ 9,506,000</b>	<b>\$ 1,791,414</b>	<b>\$ 11,297,414</b>	<b>\$ (3,509,445)</b>	<b>\$ 7,787,969</b>		<b>\$ -</b>	<b>\$ 790,438</b>	<b>\$ 1,744,563</b>	<b>\$ 640,500</b>	<b>\$ 442,900</b>	<b>\$ 11,406,369</b>		

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(2) Based on an assumed collection rate of 98%. Tax Rates for 2020 and 2021 are actual.