



To: Pojoaque Valley Public Schools
From: RBC Capital Markets
Re: Debt Service Tax Rate
Date: November 11, 2017

Dr. Morgan,

In 2013 voters authorized issuance of \$6,000,000 GO Bonds with an estimated tax rate of \$9.50 which was communicated to voters during the time of the election. The average tax rate for the District has been at this tax rate level for the past 10 years. When 2015 bonds were sold RBC was made aware of potential pending litigation regarding right of way access that was impacting a portion of district's tax base. At the time the bonds were sold the County confirmed the issue but couldn't determine the impact to the assessed value. The county assessed reduced the values of the properties and the District's overall assessed value. The debt was structured to avoid any debt service tax rates increase that was communicated to voters when they authorized the bonds in 2013. The actual impact of decline was not as severe as anticipated and therefore the tax rate fell. Since the District had no authorized but unissued bonds there was no way to manage the debt service tax rate. The districts long term plan of finance has always assumed a tax rate of \$9.50. The district's current tax rate is consistent with its historical planning tax rate. The chart below outlines District's tax rates over the last five years.

| Tax Year | Operational | | Two Mill Levy | | Debt | Total | |
|----------|-------------|------------|---------------|------------|---------|--------|------------|
| | Resid. | Non-Resid. | Resid. | Non-Resid. | Service | Resid. | Non-Resid. |
| 2012 | 0.176 | 0.500 | 2.000 | 2.000 | 9.549 | 11.725 | 12.049 |
| 2013 | 0.180 | 0.500 | 2.000 | 2.000 | 9.522 | 11.702 | 12.022 |
| 2014 | 0.183 | 0.498 | 2.000 | 1.993 | 9.464 | 11.647 | 11.955 |
| 2015 | 0.193 | 0.500 | 2.000 | 2.000 | 9.434 | 11.627 | 11.934 |
| 2016 | 0.207 | 0.500 | 2.000 | 2.000 | 6.106 | 8.313 | 8.606 |
| 2017 | 0.208 | 0.500 | 2.000 | 2.000 | 9.324 | 11.532 | 11.824 |

Source: New Mexico Department of Finance & Administration.

Sincerely,
Erik Harrigan