

Agenda

- Welcome & Introductions
- Bond Advisory Committee Kick-Off
- BAC Engagement
- Overview of Initiatives/Scope To-Date
- Bond Planning & Bond Capacity
- District Scope/Needs
- BAC Homework





Welcome & Introductions

- Scott Muri, Ed.D. Superintendent of Schools
- Pam Goodson Vice President, Board of Trustees
- David Slattery Bond Advisory Committee Co-Chair david.slattery@slatterytackett.com
- Lewis Gissel Bond Advisory Committee Co-Chair Igissel3@gmail.com



Bond Advisory Committee Charge

The Bond Advisory Committee (BAC) is an *ad hoc* committee representing the various geographic areas, prior bond committees, and various program interests within the school district. As such, the committee is constituted for a defined purpose and time and holds no statutory authority. However the Board of Trustees recognizes the very important and necessary role of the BAC in reflecting through its work the various perspectives of the Spring Branch ISD community.

The Bond Advisory Committee is **charged** by the Board of Trustees with the responsibility for working collaboratively and cooperatively with the superintendent and his administrative designees and resource personnel **in developing a bond proposal package for recommendation to the Board of Trustees**. As such the BAC is expected to call upon the expertise of District professional staff and to utilize and respect previous, current and/or related documents. Additionally, the BAC shall utilize and respect related actions and documents adopted and /or approved by the Board of Trustees that are relevant to this task.

Bond Advisory Committee Charge

The BAC is charged with working within the framework of the SBISD District-Wide Facility Assessment, Long-Range Facilities Plan, the SBISD Financial Analysis/Debt Capacity Analysis, the SBISD Technology Plan, the SBISD Demographic and Capacity Studies, The SBISD Strategic Plan (The Learner's Journey), and/or other significant primary and authoritative sources of District information.

In developing the bond proposal package, the BAC should focus on existing District facilities in the areas of renovation and/or replacement of major systems, additions to accommodate projected enrollment, changes in programs, renovations to meet District standards and educational specifications, and transformation/replacement of aging facilities. The Bond Advisory Committee may also focus on District technology needs (educational, operational and infrastructure-related) and District vehicle needs.

Areas of focus from which the BAC should refrain include recommendations regarding specific design of schools or district facilities, location(s) of schools or district facilities, boundaries of district facilities, closure of district facilities, instructional arrangements and/or educational pedagogy and district policy.

Bond Advisory Committee Charge

The BAC is charged with beginning its work in **May**, **2017**, with the development of a proposed bond package recommendation to be submitted to the Board of Trustees no later than **June 30**, **2017**.

The Board of Trustees may act upon the recommendations presented by the committee by approving, amending, altering, or not approving all or any part of the final report.

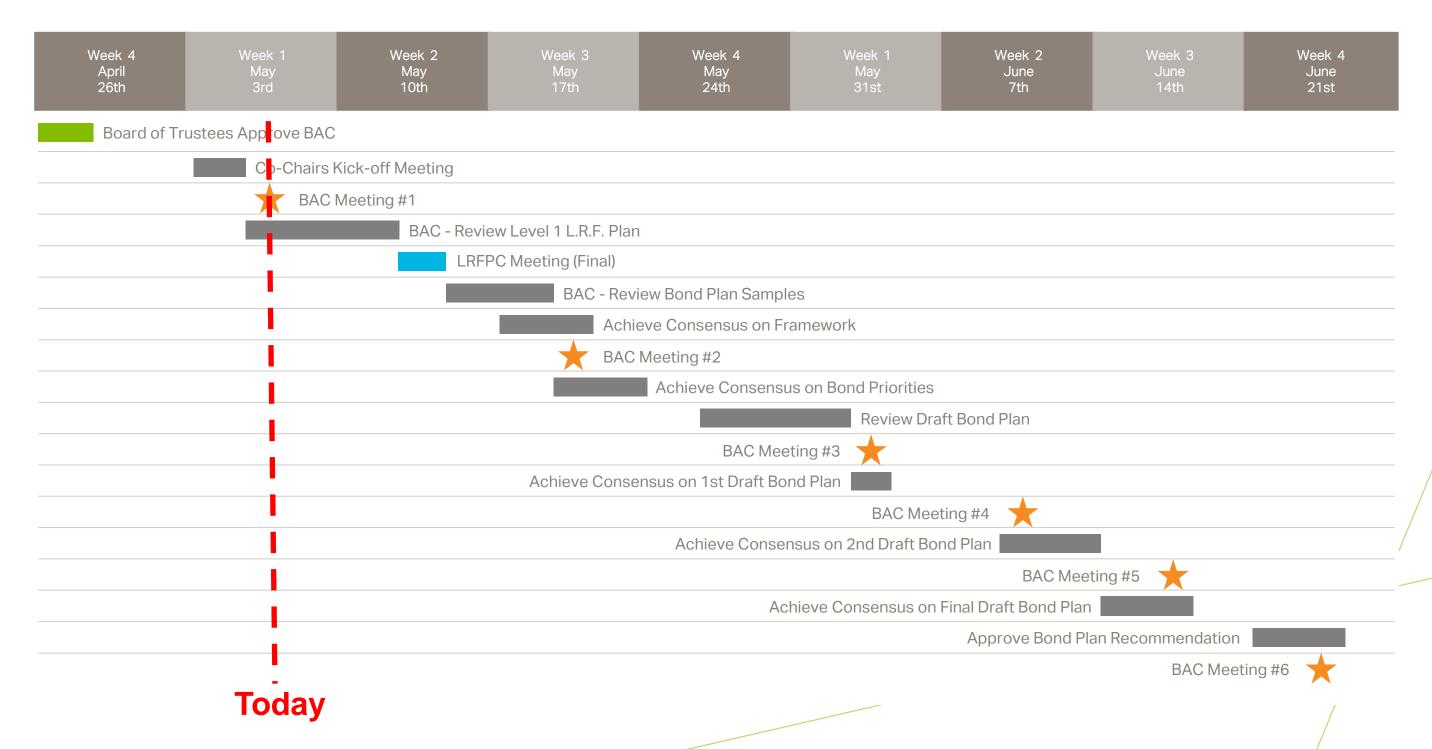
Overview of Committee Make-Up

Committee Member Make Up	Number of:
Parents (1/Campus)	46
Students (1/High School)	7
Additional Parents / Community Members at Large	30
Certified Staff	8
Principals / Assistant Principals	4
Central Administration	6
Trustee – Non-Voting Member	2
Totals	103

Establishing Meeting Norms (Co-Chairs)

- The CHARGE will be our guide
- WE WILL WORK TOGETHER as a Committee that values consensus rather than majority rule.
- WE WILL INVITE AND WELCOME the contributions of every member and listen to each other.
- WE WILL BE ENGAGED to our individual level of comfort.
- OPEN & HONEST DIALOGUE understanding this is a "Work in Progress" until our final recommendation is presented to Board of Trustees. Care should be exercised when discussing information shared at this meeting.

BAC Process & Milestones





Tabletop Exercise

At your tables, discuss the following questions:

- What are you most excited about being on the Bond Advisory Committee?
- What would you like to know more about in the regards to the Bond Advisory Committee or District Facilities?



Spring Branch – District-Wide Initiatives

- Development of Design & Construction Standards
- Development of Educational Specifications
- 10 Year Demographic Study
- Facility Conditions Assessment
 - Facilities
 - Educational Suitability
 - Child Nutrition Services
 - Technology Infrastructure
- Long Range Facilities Planning Committee
- Capacity Assessment and Study

District-Wide Demographic Study

- Houston annual job growth has slowed to below 1%, but shows signs
 of resurgence as energy p ices are expected to climb slightly in 2017.
- In 2016, roughly 12% of district home sales were of new homes.
- The district's average new home sale price is currently more than \$570,000.
- District experienced a decrease in "Out of District" transfers of approximately 237 students.
- The district has more than 1,300 lots available to build on, and more than 900 future single family lots in various stages of development.
- Spring Branch ISD is expected to add 550 students in the next 5 years, for a fall 2021 enrollment of 35,656

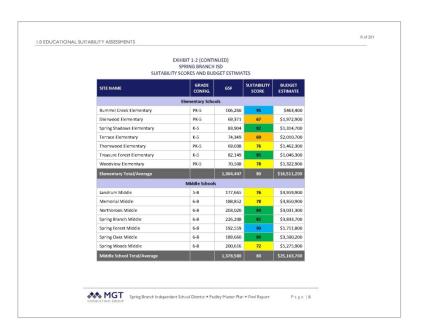
Overview of Main Components



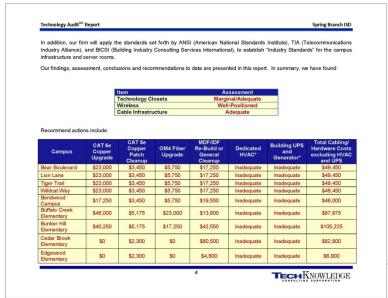
Facility Condition
Assessment



Child Nutrition Services



Educational Suitability



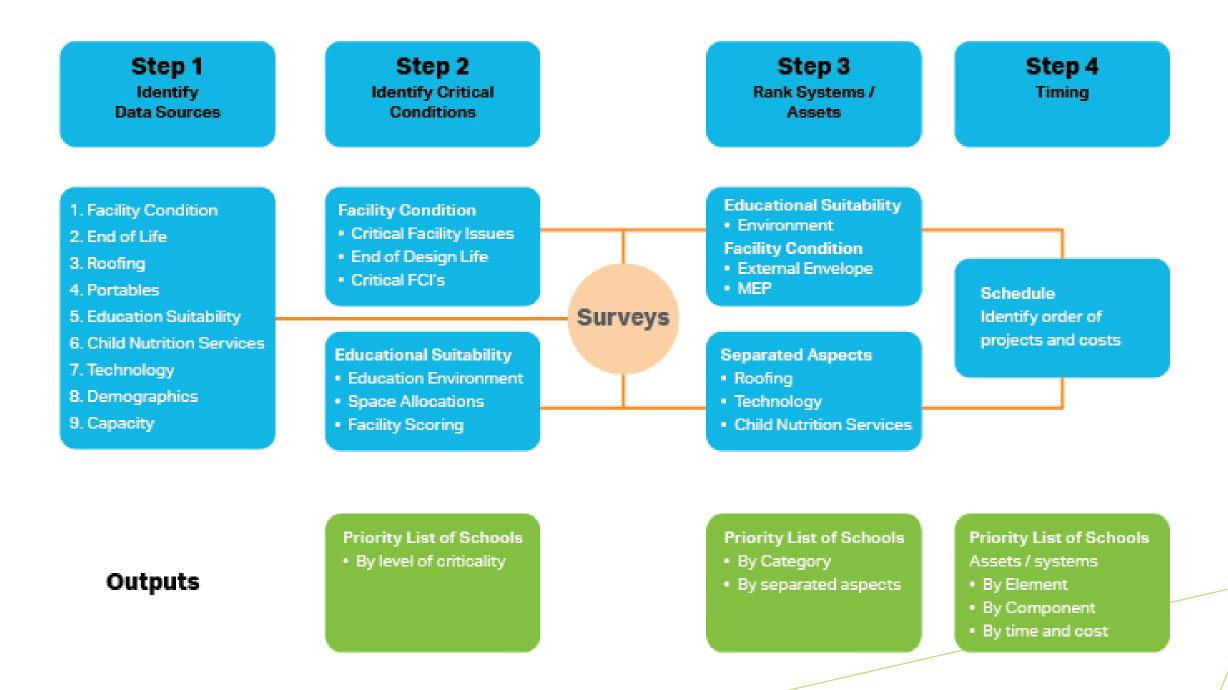
Technology

Level 1 Long Range Plan Development

Total of 9 LRFP Committee Meetings were held to date including:

- Date Meeting #1 LRFP Committee Kick-off
- Feb. 22, 2017 the Committee provided its ranking of the four FCA Categories – Facility Condition, Educational Suitability, Child Nutrition Services, and Technology.
- March 8, 2017 the Committee engaged in a collaborative exercise to define the official and adopted terminology – "Critical, Moderate, & Non-Critical".
- April 19, 2017 the Committee provided its rankings and prioritized the Elements within the Building Envelope and the Mechanical, Electrical, Plumbing Categories.

LRFP Process



Long Range Facility Plan – Level 1 Cost Summary

Facility Type	Area (SF)	Facility System/ Deficiency Costs	Total Site Deficiency Costs	Educational Suitability	Child Nutrition Services	Technology	Total Cost
Elementary Schools	2,435,977	\$210,426,382	\$49,179,425	\$18,198,300	\$7,216,654	\$1,676,125	\$286,696,886
Middle Schools	1,801,609	\$414,106,761	\$41,557,329	\$36,938,000	\$6,450,000	\$1,495,000	\$500,547,090
High Schools	1,528,457	\$324,534,232	\$34,261,252	\$ 34,630,200	\$ 4,604,079	\$1,058,000	\$ 399,087,763
Support	392,668	\$82,483,600	\$45,152,945	0	\$830,000	\$840,650	\$129,307,195
Totals	6,158,711	\$1,031,550,974	\$170,150,951	\$89,766,500	\$19,100,733	\$5,069,775	\$1,315,638,933

District-Wide Capacity Study

A Capacity Study enables the district to assess how best to efficiently deploy its instructional program within its educational facilities.

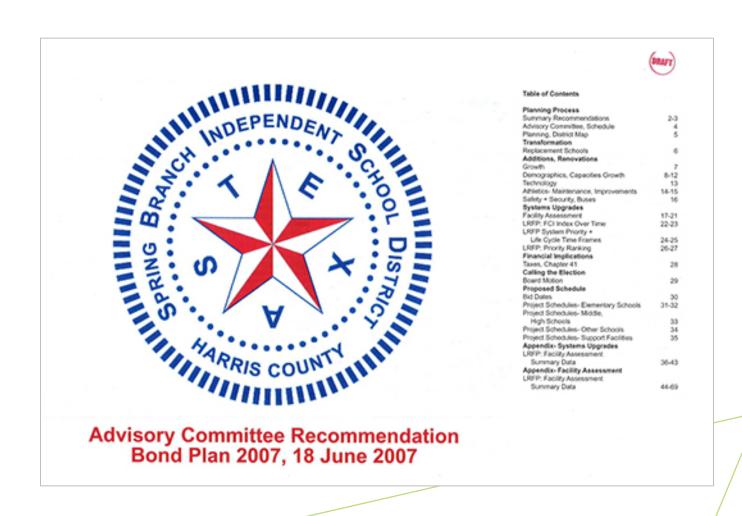
A Capacity Study typically has several components:

- Operational: Total number of students each school can reasonably accommodate based on educational program + class size policy
- **Programmatic:** Assessment of the number, square footage size and the program delivery use of rooms in building as compared to district standards
- Functional: Flexibility factor that allows for changes in enrollment and/or additional program offerings
- Original: Represents the total number of students the school and site was designed to accommodate



2007 Bond Planning & Execution

- David Slattery Bond Advisory Committee Co-Chair
 - Overall Experience / Process
 - Key Take-Aways



School Finance Topics

- How are school districts funded?
- How are projects funded?
- How can bond proceeds be spent?
- What is the district's current debt picture?
- What is the district's capacity to sell bonds?

School Finance - Funding

- Two Tax Supported Funds
 - General Fund
 - Called M&O Maintenance and Operations
 - Primary revenue from local tax dollars and state funding formula
 - Tax Rate \$1.09
 - No inflation factors
 - Subject to State Recapture (Robin Hood)
 - Pays for main functions of a school district
 - Salaries
 - Utilities
 - Supplies

- Debt Service Fund
 - Also called I&S Interest and Sinking
 - Primary revenue from local tax dollars
 - Tax Rate \$0.3045
 - Not subject to State Recapture
 - Pays for the Principal and Interest on bonds sold for capital projects
 - Interest payments usually due in February and August
 - Similar to a mortgage note

- Bond Funds
 - Bonds are a financing method which require voter approval
 - Voters are providing Authorization to sell bonds
 - Frequently sold in tranches to fund upcoming projects (not all sold at once)
 - Bonds are purchased by investors as a part of an investment portfolio
 - Long term debt
 - Paid by taxes from the I&S fund
 - District receives the financing needed for capital projects

- Capital Projects
 - Projects are defined as
 - Expenditures with average life greater than 1 year
 - Furnish and equipping new schools
 - Buses
 - Technology
 - Land, Buildings and Infrastructure
 - Major Renovations and repairs
 - Costs include standard accounting guidelines related to putting an item into service
 - Term of the bonds cannot exceed the average life
 - Bonds can be sold with varying maturity dates
 - Bonds for shorter term assets are paid off more quickly

- Why purchase capital items from bonds/debt
 - The M&O revenue funds are limited
 - Taxpayer dollars are subject to Recapture (sent to Austin)
 - I&S taxpayer dollars stay in the district 100%



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Spring Branch Independent School District

Restrictions / Limitations of Debt Issuance

- Maintenance Tax Limitations: The maximum voted M&O tax rate for the District is \$2.00 per \$100 of assessed valuation as approved by the voters at an election held on July 18, 1953 pursuant to Article 2784g, Texas Revised Civil Statues Annotated, as amended ("Article 2784g"). The maximum M&O tax rate per \$100 of assessed valuation that may be adopted by the District may not exceed the lesser of (A) \$2.00 (its maximum voted M&O rate), and (B) the sum of (1) the rate of \$0.17, and (2) the product of the "state compression percentage" multiplied by the District's 2005 maintenance tax rate, \$1.5750. The State Compression Percentage has been set at 66.67%. Based on the above, the District's compressed tax rate is \$1.05. School districts are permitted, however, to generate additional local funds by raising their M&O tax rate by up to \$0.04 above the compressed tax rate without voter approval. Therefore, the District's maximum M&O Tax Rate is \$1.09/\$100 without an additional election.
- Debt Tax Limitations: Section 45.0031 of the Texas Education Code requires the district to demonstrate to the Texas Attorney General that it has the prospective ability to pay its maximum annual debt service on a proposed issue of bonds and all previously issued bonds from a tax levied at a rate of \$0.50 per \$100 of assessed valuation before bonds may be issued.



Spring Branch ISD Tax Rate History

Historical Tax Rate (\$/100)

		-	-
Year	M&O Rate	I&S Rate	Total
2012	1.0900	0.3045	1.3945
2013	1.0900	0.3045	1.3945
2014	1.0900	0.3045	1.3945
2015	1.0900	0.3045	1.3945
2016	1.0900	0.3045	1.3945



Tax Rates of Area School Districts

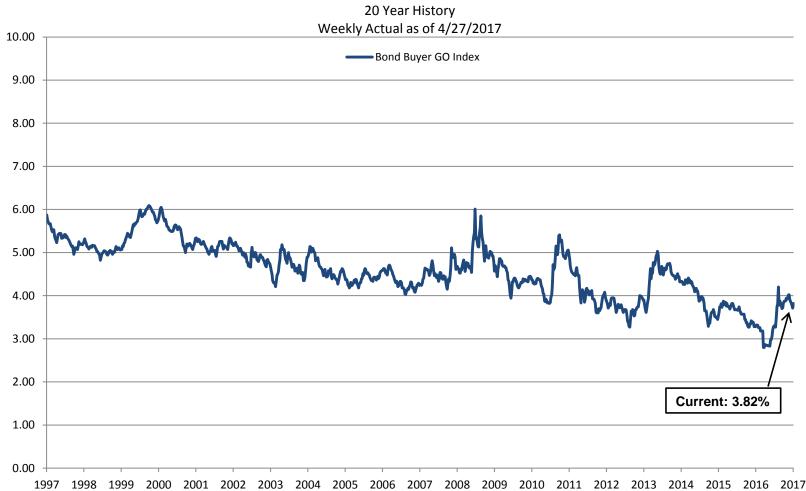
2016 Tax Rate Comparison

			-	
	M&O Rate	I&S Rate	Total	Homestead Exemption
Humble ISD	1.1700	0.3500	1.5200	0%
Katy ISD	1.1266	0.3900	1.5166	0%
Cypress-Fairbanks ISD	1.0400	0.4000	1.4400	20%
Spring Branch ISD	1.0900	0.3045	1.3945	20%
Lamar CISD	1.0401	0.3500	1.3901	0%
Houston ISD	1.0267	0.1800	1.2067	20%



Historical 20 Year GO Rates

Bond Buyer GO Index



This graph depicts historical interest rates and their respective relationships. Future interest rates are dependent upon many factors such as, but not limited to, interest rate trends, tax rates, the supply and demand of short term securities, changes in laws, rules and regulations, as well as changes in credit quality and rating agency considerations. The effect of changes in such factors individually or in any combination could materially affect the relationships and effective interest rates. These results should be viewed with these potential changes in mind as well as the understanding that there may be interruptions in the short term market or no market may exist at all.



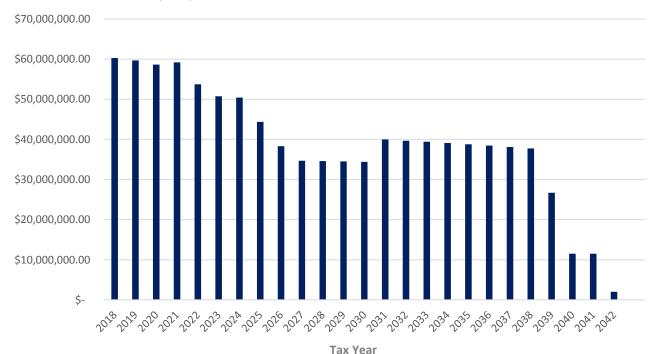
Results of Recent Refundings

	Limited Tax Series 2010	Limited Tax Series 2014	Limited Tax Series 2015A	Unlimited Tax Series 2015B	Combined
Refunded Bonds:					
Principal Amount	\$42,700,000	\$74,770,000	\$74,415,000	\$160,200,000	\$352,085,000
Average Interest Rate	5.04%	4.61%	4.40%	5.21%	
Refunding Bonds:					
Principal Amount	\$37,910,000	\$63,520,000	\$65,795,000	\$153,550,000	\$320,775,000
All-In True Interest Cost	1.80%	2.00%	1.64%	3.30%	
Average Life (years)	5.24	5.47	4.88	13.65	
Savings Summary:					
Total Debt Service Savings	\$5,133,752	\$8,642,985	\$10,899,563	\$35,358,025	\$60,034,325
Present Value Savings	\$4,716,110	\$7,276,386	\$8,614,147	\$24,691,507	\$45,298,150
PV Savings to Refunded Principal	11.04%	9.73%	11.58%	15.41%	12.87%



Outstanding Debt

- \$619,385,000 Tax-Supported Bonds
 - Financed the construction and equipping of school buildings
 - \$60.2 million payment for Tax Year 2017/2018
 - Average Coupon Rate is 4.27%
 - Final maturity in 2042
 - FY 2016/17 debt service (I&S) tax rate of \$0.3045/\$100.





Impact of I&S Rate of 2007 Bond Election

- I&S Tax Rate increased by \$0.0695 as promised to the voters.
- Average growth in assessed value over 6.83% from 2007 to 2016.
- Average borrowing rate less than 4.00%:

	Bond Amount	Sale Date	All-In TIC
Series 2008	\$194,600,000	2/25/2008	4.95%
Series 2009A	61,720,000	10/2/2009	3.92%
Series 2009B ⁽¹⁾	62,085,000	10/2/2009	3.82% ⁽¹⁾
Series 2010A	25,000,000	11/10/2010	3.73%
Series 2010B ⁽¹⁾	75,000,000	11/10/2010	3.84% ⁽¹⁾
Series 2011	75,000,000	11/15/2011	4.25%
Series 2013 ⁽²⁾	60,990,000	9/17/2013	1.05% ⁽²⁾
Series 2014	31,390,000	11/12/2014	3.64%

⁽¹⁾ Series 2009B and 2010B are taxable Build America Bonds for which the District receives a subsidy from the U.S. Treasury to offset the interest rate.

- Build America Bonds subsidy transferred to M&O fund; ~\$2.6 million per year.
- Current tax rate allows for bond capacity.



⁽²⁾ Series 2013 are variable rate bonds for which the interest rate is fixed until the bonds are remarketed on 6/15/2017.

Future Bond Capacity

Assumptions:

- I&S Tax Rate: \$0.3045/\$100
- Taxable Value of the District for 2017-18: \$32.4 billion
- Growth Rate: 3% through 2020-21
- Tax Collections Rate: 98.5%
- Bond Interest Rate: 4.5%
- Capital Replacement Program: 2 pennies per year for 10 years will fund approximately \$53 million in short average life assets



Results of the Tax Rate Model

Tax Impact of Various Election Amounts			
I&S Tax Rate	Capacity		
No Tax Increase	\$825,000,000		
1.00 Cent	\$880,000,000		
5.00 Cents	\$1,100,000,000		



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District Needs

- District wide Technology scope and estimated cost: currently under development.
- Band Instrument: scope and estimated cost: currently under development
- District Bus needs:
 - 147 Regular Buses and 44 Special Education buses = estimated cost
 - \$25 million dollars (buses without seatbelts)
 - 222 Regular Buses and 44 Special Education buses= estimated cost
 - \$37 million dollars (buses with seatbelts)

(note: estimated cost to install seatbelts into regular buses, 12 thousand dollars per bus – estimated cost 2.5 million dollars)



BAC Homework

- Confirm you have access to the BAC Drop Box
 - (insert web link)
- Review the draft Long Range Facility Plan Level 1
 - A Help Session has been schedule for May 15th 6:00PM 8:00PM @
 SBISD Technology Center

https://sblocker.springbranchisd.com/u/td7qnKre6pin3uqc/Bond Advisory Committee?



Next Steps

- ➤ May 10th, 2017
 - Final Long Range Facility Planning Committee Meeting
- ➤ May 15th, 2017
 - Help Session on the Long Range Facility Plan
- ➤ May 17th, 2017
 - > Achieve consensus on Bond Plan Framework
- > May 31st, 2017
 - Achieve consensus on Bond Priorities
- > June 7th , 2017
 - Achieve consensus on 1st Draft of Bond Plan
- > June 14th, 2017
 - > Achieve consensus on 2nd Draft of Bond Plan
- > June 21st, 2017
 - Approve Bond Plan for Board of Trustees Vote

