

Bond Advisory Committee Meeting

Wednesday, May 31, 2017

Meeting # 3

Nottingham Elementary School

Attendees Dr. Scott Muri, Dr. Jennifer Blaine, Karen Wilson, Linda Buchman, Tyler Ream, Christina Masick, Travis Stanford, David Bender, Jennifer Parker, Rey Paz, Mark Maxwell, Wes Hargrove along with Ken English, Mel Butler Jill Kurth, Mark Whiteley and Justin Goodman with AECOM and Bond Advisory Committee Members (please see attached list)

Welcome Lewis Gissel and David Slattery, the Bond Advisory Committee co-chairs welcomed committee members and reviewed the Bond Advisory Committee charge, reminding committee members that they will be developing a proposed bond package recommendation to be submitted to the Board of Trustees by June 30th. Committee members viewed photos and results of the previous meeting's priorities' exercise.

How Much Do Things Cost? (Panel Discussion)

David Slattery and Lewis Gissell introduced the following individuals on the panel to speak and give insight as to the needs in each area of the vision framework:

- | | |
|-------------------------------|------------------|
| • Sherri Lawson | Transportation |
| • Ken English/Travis Stanford | Facilities Needs |
| • Tyler Ream | Instruction |
| • Christina Masick | Technology |

Sherri Lawson presented data regarding the total number of buses in the district i.e. how many students they serve, what they are used for and the estimated cost. The District's goal is to replace buses at 15 years of age.

Ken English with AECOM presented the components that were assessed in the Facility Assessment i.e. Facility Condition Assessment, Educational Suitability Assessment, Child Nutrition Services Assessment and Technology Cabling Assessment.

Travis Stanford discussed more in-depth the subcategories of the assessments and what is included i.e. building envelope, MEP, parking, exterior doors and its relationship to safety and security as well as a summary of the estimated costs for the items above, noting that a large variety of items make up the total cost.

Tyler Ream presented the areas of need within instruction such as the need for new training equipment within the Career and Technology (CTE) program, software licenses that will allow high quality digital learning in the classroom across all content areas, innovative media centers/libraries that will improve student engagement, encourage collaboration, and foster critical thinking, instructional materials within the science, humanities, fine arts and health fitness departments along with their associated costs. In addition to the areas above, instructional materials for the Advanced Academic and Early Childhood programs are needed along with better screening equipment for the school nurses to be able to identify student challenges at a much earlier age which impacts learning.

Christina Masick presented technology needs within the district noting that technology has multiple funding sources; however, with these funding sources, there are certain restrictions. Purchases for technology through bond funds tend to be the most flexible for approved district use. Areas under technology to include software licenses, technology cabling, FF&E, 24/7 accessibility, tools for kids and teachers, and infrastructure were defined and examples were given in each area. For example, it was explained that infrastructure is critical in that it includes all of the connections and supporting equipment i.e. internet, wifi, security cameras, etc. ..) that allows communication between students, schools, sites and employees to keep the district efficient, safe and secure. It was also presented that when new hardware is purchased, it is necessary to periodically upgrade the software that goes with it. In terms of Tools for Kids and Teachers, it is suggested that ActiveBoards and Bright Lite projectors be in all classrooms with specialized technology such as 3D printers and photo journaling devices be placed in the library and/or media centers. In conclusion, the associated costs were presented for each area defined.

Committee members addressed questions or comments to the members of the panel to include the following:

Q&A:

Q - Can the purchase of maintenance or police vehicles be purchased through bond funds?

A. - Yes

Q - Do we already have 24/7 access through its learning?

A. - Yes, *but it is limited.*

Q. - Under the Instruction component in reference to CTE, what makes up the cost of \$33M?

A. – *The need for highly specialized equipment.*

Q. - Are there other alternatives to get access to the necessary equipment?

A.- *Yes, the District currently has some partnerships; however, there is still a need for classroom space that is equipped with specialized equipment for students to learn and receive instruction.*

Q. – In reference to Technology, what were significant upgrades from the previous bond? 2007 Bond?

A.- *The wifi was upgraded and 304 servers were replaced.*

Q. – How do we communicate to our business leaders to encourage giving back to the schools i.e. donate wheelchairs, noting that campuses do have this equipment but some of it is extremely outdated. Have we approached our community for some of these items?

A. – *There are people in the community who would love to help.*

Comments and/or Statements:

In reference to infrastructure, software is included in the total (6.4M + 25.5M for infrastructure).

Community partners could help build out various programs to cut costs i.e. the Firefighter program.

Unfortunately, there is not a lot of salvage value or repurposing. For example, the security cameras are used 6 years beyond their expected life of 4 years due to exceptional maintenance.

In reference to band instruments, the district purchases instruments for students to lease or use while they are taking the course but in most cases, it is the larger percussion instruments that are leased such as tubas, etc...that need to stay at the campus. Students usually purchase or lease elsewhere other than the District for smaller instruments.

- 1) It was asked, "How do we communicate to our area business leaders to encourage giving back to the schools i.e. donate wheelchairs, noting that the campuses have this equipment but some of it is extremely outdated. There are people in the community who would love to help. "Have we approached our community for some of these items?"

Bond Financing

Karen Wilson, the District's Associate Superintendent for Finance, presented to the group an overview of school finance as to how the District receives funding and the primary costs, noting that the salaries are a large portion of the primary costs. A breakdown of the total costs and the percentage of the budget was also presented as to how the general funds are allocated from classroom payroll costs to recapture expenses noting how each dollar is spent. Revenues and expenditures were compared for amended YR 2017 to the preliminary budget for YR 2018 noting that the amount of recaptured funds has increased. Tax distribution in the District was displayed by noting the current local tax collections remaining in the District in contrast to the recapture and/or local tax dollars to the state. 96% of our school district funding is through the local tax collection and 4% is from state funding. It was also noted that Recapture only applies to the operating fund and debt service tax collections are not subject to Recapture and all debt service dollars remain in the district. Spring Branch ISD's 2016 tax rates were compared with other surrounding school districts noting that the District's tax rate total was below the average and just above HISD at \$1.3945.

Due to the pressure on the general funds, bond funds are currently used for the following: new construction, renovation, roofs, HVAC, repairs and parts over \$20K, buses, technology and FF&E for new and existing schools. It was noted that it is important to do what can be done with the bond funds to save money in the general funds. It was also noted that bond funds are not sold all at once but a few at a time over a period of time. Match debt principal with shorter lived assets.

Terrell Palmer with Hilltop Securities shared by showing an example of the Interest and Sinking rate of the 2007 Bond Election noting the bond amounts sold, date sold and the average borrowing rates as well as noting the I & S tax rates depending upon the dollar amount of the capacity i.e. no tax increase for \$825,000,000; 1.00 cent for \$880,000,000 and 5.00 cents for \$1,100,000,000.

Committee members addressed questions or comments to Ms. Wilson and Mr. Palmer.

Q&A

Q. - What caused the drop in state funding?

A. - *There was not one specific item. In the previous legislative session, there was a change in the way the IMA funds were distributed pertaining to textbook adoption and the change in the way the funds were allocated impacts Chapter 41 districts in a negative way.*

Q. - Has it been determined what level of a bond package we could fund?

A. - *\$825,000,000 with no tax increase*

Q. - With Recapture increasing, will we run out of money?

A. - *Bonds will have a AAA rating; will try to get the lowest rates on the bonds.*

Q. - How is the formula for recapture based?

A. - *Recapture is a mechanism in state funding formulas that ensures that a district's property wealth per student does not exceed certain levels known as equalized wealth levels.*

Q. - What would the negative property growth do for our district?

A. - *A certain percentage will be built in to give room for unforeseen ups and downs as well as strategically plan when selling debt.*

BAC Lego Exercise – How We Allocate Our Investment?

The committee participated in an exercise at their tables. Each table had a 16 square game board representing the categories and their associated costs listed below for use as a reference:

- CTE Opportunities \$34M
- Software License \$5M
- Instructional Material \$13M
- System MEP \$348M
- System Building Envelope \$254M
- Asset Deficiencies \$316M
- Roofing \$75M
- Technology Cabling \$5
- FF&E \$25M
- Education Suitability \$89M

- Capacity + Demographics \$50M
- Child Nutrition Services \$19M
- 24/7 Access \$40M
- Tools for Kids + Teachers \$136M
- Infrastructure \$33M
- Buses \$23M

The tables were also provided with various colored lego blocks which represented the categories with the matching associated costs as well as three buckets: #1 bucket represented \$825,000,000; #2 bucket represented \$880,000,000 and #3 bucket represented \$1,100,000,000. Members were asked to prioritize how they would allocate spending on each category to fill their buckets.

Upon completion, members had the opportunity to share the results from their table.

Some commonalities and comments included the following:

- Members share that they tried starting with the red bucket to get to the green bucket;
- Had to make tough decisions
- Had lots of discussions regarding buses
- Needed more time
- Lots of discussion on how many schools these decisions touch
- Need bigger buckets and more legos. . .

BAC Closing

In closing, David Slattery and Lewis Gissel, committee co-chairs shared some of the topics that will be covered in the next meeting.

It was asked if the committee will be able to receive some political feedback from the SBISD voters before the BAC submits its proposed bond package recommendation by the end of June.

The District will have a consultant to do polling but it will be in the month of July.

Next meeting scheduled for Wednesday, June 7th at Sherwood Elementary School at 1700 Sherwood Forest.

Members in Attendance

Barry Abrams
Diana Alexander
Marci Baker
Melanie Bash
Carter Breed
Patricia Cabrera
Minda Caesar
Robert Carbajal
Gary Card
Jack Carlson
Laurie Cerda
Jennifer Cobb
Shikonya Cureton
Matt Daniel
Jarad Davis
Frazer Dealy
Thomas DeBesse
Teresa Dolan
Carin Domann
Jen Espey
Pam Ferworn
Regina Garceau
Lewis Gissel
DaShawn Glover
Pam Goodson
Kathy Goss
Devin Hall
Tammy Hampton
Caroll Harkins
Paige Hershey
Mary Hoffman
Jed Howard
William Jensen

Steven Johnston
Greg Kieschnick
Mary Grace Landrum
Sherri Lawson
Kristian Lendermann
Joanne Lim
Jacob Lipp
Warren Matthews
Alec Miller
Ted Mohle
John Murphy
Kendra O'Keefe
Jen Perroni
Jeanine Piskurick
Michele Rennick
Lindy Robertson
Shirley Rouse
Chuck Russell
Wayne Schaper, Jr.
Wayne Schaper, Sr.
Terry Schweitzer
James Schaddix
Karen Simpson
Ray Sinkiewiez
David Slattery
Robye Snyder
Pam Stone
Jay Sutherland
Kristi Thibaut
Anne Marie Thomeer
Ed Valicek
John Wright