

Bond Advisory Committee Meeting

Wednesday, June 7, 2017

Meeting # 4

Sherwood Elementary School

Attendees Dr. Jennifer Blaine, Karen Wilson, Linda Buchman, Christina Masick, Travis Stanford, David Bender, along with Ken English, Mel Butler Jill Kurth, and Mark Whiteley 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 at the June 26th Board Meeting. Committee members viewed photos of the previous meeting's priorities' exercise.

Applying Your Priorities?

David Slattery and Lewis Gissell presented the data from the previous week's exercise noting how each table (tables 1 – 12) chose to allocate the funds in each of the areas (Instruction, Facilities, Technology and Transportation).

Graphs were shown of three bond scenarios (listed below) as well as a breakdown of the average of all of the committee members' tables' prioritizations for each scenario.

- Bond Scenario #1 \$825m
- Bond Scenario #2 \$880m
- Bond Scenario #3 \$1.1b

Examples were presented of Bond Scenario # 1 comparing the BAC allocations to the total cost of the three model schools: Terrace Elementary School, Memorial Middle School and Spring Woods High School.

Q&A:

Q -Last week, we learned that the Transportation needs over the next 10 years are within the \$23M range. Can only 50% of the buses be funded? And, what are the long term consequences if only half of the funds are allocated? If the full amount cannot be allocated, what are the ramifications?

A. – Unfortunately, every category receives something less than what was needed.

Q – How are recapture payments going to affect our bond rating? What should we be spending to meet our payments?

A. – Information will be presented during the Finance segment that may provide a little more insight.

Q – In reference to Spring Woods High School, regarding the application of Bond Scenario #1, is the \$110,522,932 a replacement cost?

A. – No, it is the amount developed to correct the identified deficiencies i.e. Roofing, MEP, etc. . . .

Q. – Isn't there a question about whether or not it is worth it to put a certain amount of money into a campus for renovation vs replacement?

A. – In a moment, Travis Stanford will be providing a perspective from an Operations aspect regarding replacement/minor and major renovation recommendations for a few campuses that had a low FCI rating.

Operations Department Perspective on Facilities Upgrades

Travis Stanford presented data on eleven campuses listed below that scored an "0" FCI rating noting the recommendations from the Operations Department.

- Bunker Hill ES
- Bendwood ES
- Hunters Creek ES
- Memorial Drive ES
- Woodview ES
- Landrum MS
- Spring Branch MS
- Spring Oaks MS
- Spring Woods MS
- Memorial HS
- Westchester (WAIS)

As a reminder, the \$1,315,636,289 includes facility needs and does not include the instruction, technology and transportation needs.

Q. - Did you go through all of the campuses and provide recommendations?

A. – *No, only the campuses that scored a FCI of zero.*

A committee member commented that it would be nice to have access to this information for all of the campuses.

It was also stated that when trying to determine renovations, partial replacements and replacements, there are unknown additional costs to consider such as operational costs. An example would be rebuilding a high school with the students on campus, it could be built over a two year period but construction costs could increase because of the longevity of the project.

Bond Financing Update

Karen Wilson, the District's Associate Superintendent for Finance, addressed some of the committee members' concerns from the last meeting by presenting the taxable values for fiscal YRS 2011 – 2018 noting the percent increase and/or decrease over the years. Also noted were the taxable values (actual and projected) from 2007 through 2014. Committee members had expressed concerns about whether or not the values will not meet the projections. It was stated that the District tries to be conservative in its projections and that bonds are sold throughout the ten year period, instead of all at once at the very beginning.

Other costs related to the bond were presented to include staffing, which incorporates taxes, insurance, workers comp, etc, advertising and community updates regarding the bond program.

Listed below are two future bond capacity scenarios which were presented at the current debt service tax rate of \$0.345/\$100 of value.

- Taxable Value Growth through 2020 – 21 for 3 years of 3% per year – No Tax Rate Increase – Capacity of \$825,000,000
- Taxable Value Growth through 2022 – 23 for 5 years of 5%, 3%, 5%, 3%, 5% – No Tax Rate Increase – Capacity of \$1,025,000,000

The assumptions were reviewed regarding future bond capacity and the results of the Tax Rate Model were displayed noting the tax impact of various election amounts.

BAC Engagement Exercise – Bond Scenarios – Where Do We Draw the Line?

The committee participated in a 30 minute exercise at their tables. Given 3 buckets labeled: green for priority spending; yellow for maximum spending and red for don't spend; Legos representing each facility upgrade strategy with the costs associated and the equivalent of \$1.4B in fake money, the committee members were asked to create their own ideal bond scenarios.

After the exercise, the tables shared the bond scenarios they created.

Some comments included the following:

- “Our table chose \$900 because we thought it best to stay under 1 billion from a political standpoint.”
- “No new taxes.”
- “All of our bricks went in the green bucket.”
- “We chose \$825 and put every school in the bucket.”
- “We chose \$1.025 – the 5 year growth plan and put all our bricks in the green bucket.”

Q. - Why don't we poll the general community?

A. – *That is planned for the month of July.*

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.

- ✓ Review Draft Plan
- ✓ Refine Elemental costs and overall budget

Next meeting scheduled for Wednesday, June 14th at Spring Oaks Middle School at 2150 Shadowdale, 77043

Members in Attendance

Barry Abrams
Diana Alexander
Marci Baker
Melanie Bash
Carter Breed
Patricia Cabrera
Robert Carbajal
Gary Card
Jack Carlson
Laurie Cerda
Jennifer Cobb
Shikonya Cureton
Jarad Davis
Mano DeAyala
Thomas DeBesse
Teresa Dolan
Jen Espey
Lewis Gissel
DaShawn Glover
Pam Goodson
Devin Hall
Tammy Hampton
Carroll Harkins
Paige Hershey
Mary Hoffman
Jed Howard
William Jensen
Alan Johnston
Steven Johnston
Karen Justl
Gina Keith
Greg Kieschnick

Julia Klein
Mary Grace Landrum
Sherri Lawson
Scott LeMaire
Kristian Lendermann
Joanne Lim
Sasha Luther
Susan Matthews
Warren Matthews
Ted Mohle
Brian Muecke
John Murphy
Kendra O'Keefe
Jen Perroni
Jeanine Piskurick
Jarrett Price
Michele Rennick
Lindy Robertson
Shirley Rouse
Chuck Russell
James Schaddix
Wayne Schaper, Jr.
Wayne Schaper, Sr.
Susan Schwartz
Karen Simpson
Ray Sinkiewiez
David Slattery
Robye Snyder
Kristi Thibaut
Anne Marie Thomeer
Lisa Weir
John Wright