

**Tomball Independent School District
Finance Subcommittee Meeting
December 12, 2012**

Minutes

Jim Ross opened the meeting at 4:05pm. Attendees were John Robuck (Texas Public Finance, BOSC, Inc.), John Neubauer, Kit Pfeiffer, Rick Pritchett, Kristi Goodman, Susan Cline, and SueAnne Wake.

Mr. Ross reviewed the committee's desire to see scenarios of tax rate implications for a bond sale of \$180M to \$200M. Mr. Robuck presented four scenarios of tax rate implications for sales of \$180M, \$190M, \$198M and \$200M.

There was discussion among the members regarding the four options. The district is looking at building schools immediately, so the cost will be higher in the first few years. We need to be fiscally responsible and not ask for more than we need so that we will be able to pass the bond. It was suggested that we should keep the request at no more than \$180M. This committee is looking at district needs for the next five years. After that time, needs farther in the future will be more easily assessed. If additional needs are identified then, the tax rate needs to drop before we ask for another bond. We don't know where the interest rate will go in the future; we can only project. We need to decide what we think the community will accept.

We know that Lone Star College will present a bond election at the same time. We cannot afford for this bond election to fail. School buildings will cost \$110M, leaving \$70M for other projects, if we proceed with the \$180M request, but we need to have many of the other recommendations to go along with the growth.

Mr. Ross discussed the board's feeling on the upcoming bond—the range of requested funds, how to increment the tax rate increase, and the maximum tax rate increase they believe to be feasible at this time.

There was additional discussion regarding the Steering committee meeting on 12/17/12. The three committee chairs will present the recommendations and there will be no discussion. We will come back in January to discuss options. Each chairperson should look carefully at what is required and prioritize to develop a list. We will need a firm perspective of our priorities. We can start at \$180M and begin to discuss how to get there. There will be differing opinions on what to cut. There is support and trust for the Board's information on the correct amount to propose to the public.

The next meeting will be the Steering Committee Meeting on Monday, December 17, at 6:30 pm in the Administration Building LGI. Follow-up meetings will be held at 6:30 pm in the LGI on these dates:

Monday, January 7, 2013

Tuesday, January 8, 2013

Thursday, January 10, 2013.

A fourth meeting will be held if necessary on Tuesday, January 15, 2013, at 7:00 pm, after the Board meeting.

The Public Forum will be held on Monday, January 21, 2013, at 7:00 pm in the Tomball High School Auditorium. The purpose of this meeting is to present the recommendations for the bond election to the public for feedback and questions.

A Steering Committee follow-up meeting will be held on January 22, at 6:30 pm in the LGI, if necessary due to input received at the Public Forum. The final recommendations will be presented to the Board on Monday, February 11, 2013, at 5:30 pm.

Mr. Neubauer advised that the Executive Council will be included in the upcoming Steering Committee meetings.

The meeting adjourned at 5:00 pm.



Tomball Independent School District

May 2013 Bond Program Tax Rate Impact Analysis

<u>Sale Dates</u>	\$180,000,000	\$190,000,000	\$198,000,000	\$200,000,000
November 2013	\$55,000,000	\$55,000,000	\$55,000,000	\$55,000,000
April 2015	45,000,000	45,000,000	45,000,000	45,000,000
April 2016	40,000,000	45,000,000	40,000,000	40,000,000
April 2017	40,000,000	45,000,000	30,000,000	30,000,000
April 2018			28,000,000	30,000,000
<u>Tax Year</u>	<u>Tax Rate</u>	<u>Tax Rate</u>	<u>Tax Rate</u>	<u>Tax Rate</u>
2012 (Actual)	0.3500	0.3500	0.3500	0.3500
2013	0.3850	0.3850	0.3850	0.3850
2014	0.4200	0.4200	0.4200	0.4200
2015	0.4200	0.4200	0.4200	0.4225
2016	0.4200	0.4200	0.4200	0.4225
2017	0.4200	0.4200	0.4200	0.4225
2018	0.3920	0.4105	0.4108	0.4060
2019	0.3634	0.3689	0.3791	0.3803
2020	0.3444	0.3497	0.3593	0.3605
2021	0.3265	0.3314	0.3406	0.3417
2022	0.3095	0.3141	0.3228	0.3239
2023	0.2933	0.2978	0.3060	0.3070
2024	0.2780	0.2822	0.2900	0.2910
<u>Rate Increase</u>	<u>0.0700</u>	<u>0.0700</u>	<u>0.0700</u>	<u>0.0725</u>
<u>Minimum Fund Balance</u>	<u>\$1,973,609 in 2013</u>	<u>\$1,973,609 in 2013</u>	<u>\$1,973,609 in 2013</u>	<u>\$1,973,609 in 2013</u>

Assumptions:

Starting Assessed Valuation: \$5,745,911,083 in Tax Year 2012

Assessed Valuation Growth: 7.50% in 2013, 7.00% in 2014, 6.50% in 2015, 8.00% in 2016, 7.50% in 2017, 7.00% in 2018, and 3.00% - 5.50% thereafter.

Starting Debt Service Fund Balance: \$3,200,000 as of August 31, 2012

Interest Rate on Bonds Sales: November 2013 – 4.75%, April 2015 – 5.25%, April 2016 – 5.50%, April 2017 – 5.50%, April 2018 – 5.75%
 Interest Income: 0.00% for 2012 and 2013; 1.50% thereafter
 100% Tax Collection Rate