

**Tomball Independent School District
Finance Subcommittee Meeting
December 6, 2012**

Minutes

Jim Ross opened the meeting at 8:35 am. Attendees were John Robuck (Texas Public Finance, BOSC, Inc.), John Neubauer, Rick Pritchett, Kit Pfeiffer, Kristi Goodman, Susan Cline, and SueAnne Wake.

Mr. Ross discussed growth in Tomball ISD and the tax base, with several large companies recently being added to the tax rolls.

Mr. John Robuck presented information on the tax rate implications of four different bond scenarios, with assessed valuation growth rates provided by Mr. Ross. The bond is structured as 30-year debt with the last payment in 2043. It is assumed there will be no interest income in the first 2 years and a 100% tax collection rate.

Each scenario was discussed in detail, showing the tax rate increases over the coming years as the bonds are sold.

There was discussion regarding the history of the last bond passed in TISD. We had a total increase of \$.08 in the first year to \$0.35; however, this did not impact the public due to state funding formulas reducing the total tax rate at that time. The current bond sale could have an impact on the public and so the question asked is how much of a tax rate increase would taxpayers be willing to accept. It was noted that the Lone Star College district will also likely propose a tax increase in the near future, and there is concern over upcoming federal tax increases.

Mr. Robuck noted that bond elections across the state experienced an 85% success rate last November. Mr. Ross noted that Districts can ask also for a tax rate election to raise operating revenue; however, this has not been necessary in TISD nor is it foreseen to be necessary in the future. The average home value is \$185K, after exemptions, and is rising rapidly due to new home construction. Mr. Robuck calculated that the proposed bond scenario of a \$0.07 tax increase would cost the average homeowner \$130/year, or \$11/month.

Mr. Ross reiterated that any tax rate increase due to bond sales would continue for the taxpayers year after year. Under the scenarios presented, the bond payment tax rate cannot be lowered till 2017. If interest rates stay low the tax rate could be lowered, but this is not likely. There was discussion of whether we can pass any bond, and the consensus was positive.

There was further discussion regarding continued growth in Tomball due to completion of major highways in the area. It was suggested that we need to limit the tax increase to \$.07/\$100 valuation and promote the bond proposal that way. Mr. Robuck will provide a report showing more detailed increments, so that the committee can see implications of those numbers.

The committee's job is to make a recommendation to the steering committee based on what we believe we can successfully pass.

The next meeting of this committee will be Wednesday, 12/12/12, at 4:00 pm in the Finance Department conference room.

The Steering Committee will meet on Monday, 12/17/12, at 6:30 pm in the LGI. Each sub-committee will present its recommendations and be ready to discuss where to cut its "wish list" to accommodate a reduced bond amount.

The meeting adjourned at 9:45 am.



Tomball Independent School District

May 2013 Bond Program Tax Rate Impact Analysis

<u>Sale Dates</u>	\$150,000,000	\$180,000,000	\$200,000,000	\$220,000,000
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	25,000,000	40,000,000	40,000,000	40,000,000
April 2017	25,000,000	40,000,000	30,000,000	40,000,000
April 2018			30,000,000	40,000,000
<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	0.4200
2016	0.4173	0.4200	0.4225	0.4250
2017	0.3888	0.4200	0.4225	0.4250
2018	0.3634	0.3920	0.4060	0.4250
2019	0.3445	0.3634	0.3803	0.3967
2020	0.3265	0.3444	0.3605	0.3736
2021	0.3095	0.3265	0.3417	0.3541
2022	0.2934	0.3095	0.3239	0.3357
2023	0.2781	0.2933	0.3070	0.3182
2024	0.2636	0.2780	0.2910	0.3016
Rate Increase	0.0700	0.0700	0.0725	0.0750
Minimum Fund Balance	\$1,973,609 in 2013	\$1,973,609 in 2013	\$1,973,609 in 2013	\$1,973,609 in 2013

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%
 100% Tax Collection Rate

TOMBALL ISD

ESTIMATED ASSESSED TAXABLE VALUES

<u>School Year</u>	<u>Estimated Assessed Taxable Value</u>	<u>% Change in Assessed Taxable Value</u>
2003-2004	2,767,724,062	
2004-2005	3,099,980,180	12.00%
2005-2006	3,264,072,071	5.29%
2006-2007	3,664,923,873	12.28%
2007-2008	4,108,368,641	12.10%
2008-2009	4,662,989,485	13.50%
2009-2010	4,956,210,147	6.29%
2010-2011	5,100,646,624	2.91%
2011-2012	5,485,021,691	7.54%
2012-2013	5,745,911,083	4.76%
2013-2014	6,176,854,414	7.50%
2014-2015	6,609,234,223	7.00%
2015-2016	7,038,834,448	6.50%
2016-2017	7,601,941,204	8.00%
2017-2018	8,172,086,794	7.50%
2018-2019	8,744,132,869	7.00%
2019-2020	9,225,060,177	5.50%
2020-2021	9,732,438,487	5.50%
2021-2022	10,267,722,604	5.50%
2022-2023	10,832,447,347	5.50%
2023-2024	11,428,231,951	5.50%
2024-2025	12,056,784,708	5.50%
2025-2026	12,659,623,944	5.00%
2026-2027	13,292,605,141	5.00%
2027-2028	13,957,235,398	5.00%
2028-2029	14,655,097,168	5.00%
2029-2030	15,387,852,026	5.00%
2030-2031	16,003,366,107	4.00%
2031-2032	16,643,500,752	4.00%
2032-2033	17,309,240,782	4.00%
2033-2034	18,001,610,413	4.00%
2034-2035	18,721,674,829	4.00%
2035-2036	19,283,325,074	3.00%
2036-2037	19,861,824,827	3.00%
2037-2038	20,457,679,571	3.00%
2038-2039	21,071,409,958	3.00%
2039-2040	21,703,552,257	3.00%
2040-2041	22,354,658,825	3.00%
2041-2042	23,025,298,590	3.00%