

POTEET ISD BOND STEERING COMMITTEE

Meeting #2 | 11.01.23 | PIC Library



POTEET ISD
BOND
STEERING COMMITTEE

Welcome Back!

Meeting #1 Recap

- ❖ How did we get here?
- ❖ Committee Overview
 - ❖ Guidelines
 - ❖ Norms
- ❖ Defined Consensus
 - ❖ **Our Goal: General Agreement; 80% of voting members can support the recommendation**
- ❖ District Overview

Bond Steering Committee Webpage

**[www.poteetisd.org/public-info/bond
-steering-committee](http://www.poteetisd.org/public-info/bond-steering-committee)**



SCHOOL FINANCE OVERVIEW

Amanda Gonzales
Assistant Superintendent
Business & Administration

Current Financial Status



POTEET ISD
BOND
STEERING COMMITTEE



FIRST 'A' Superior Rating
6 Years in a Row



Fund Balance \$14.7 million

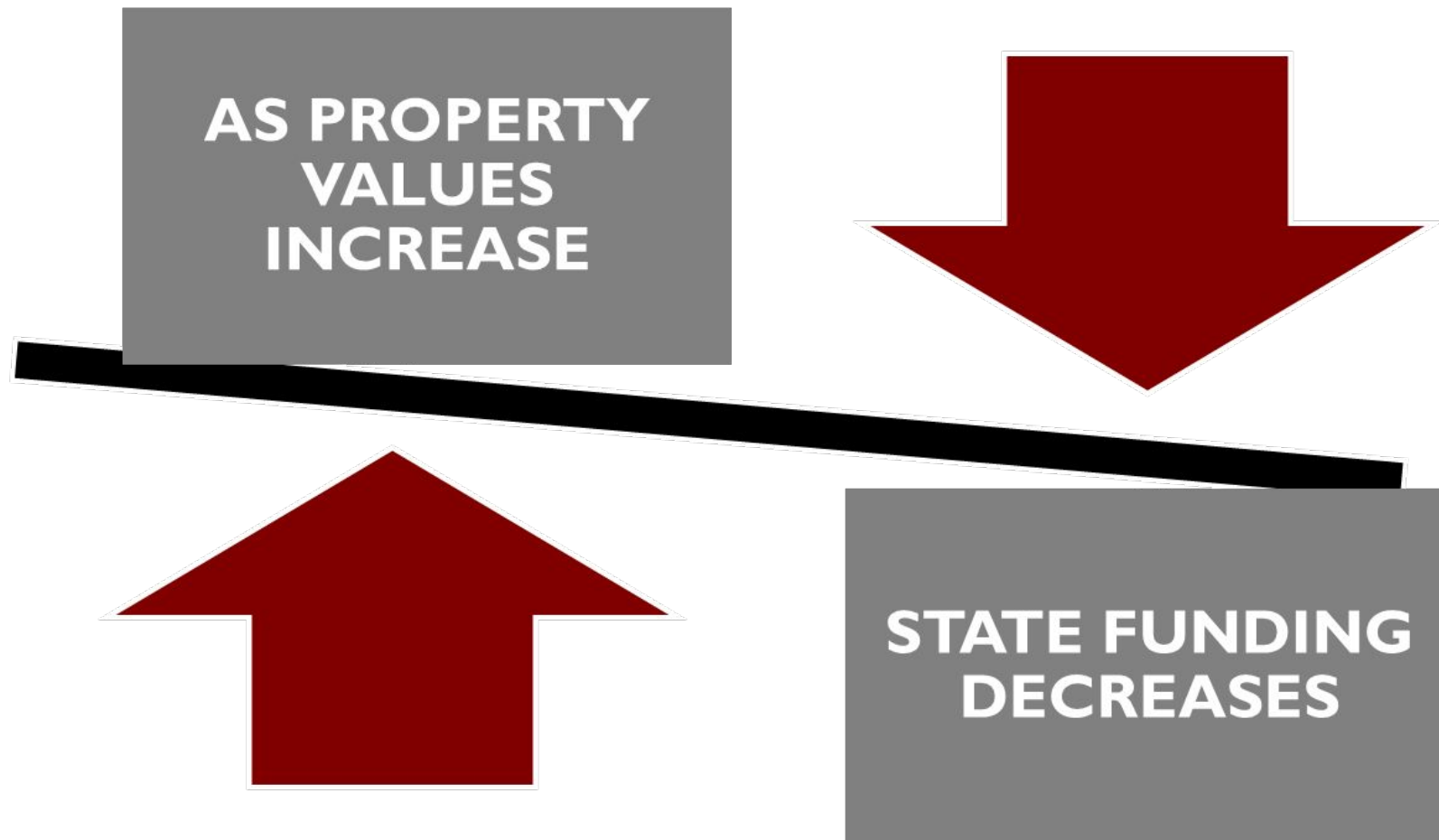
How is Poteet ISD Funded?

Poteet ISD generates revenue from three main funding sources:

- ❖ Local
 - Property Taxes
 - Athletic Ticket Sales
 - Facility Rentals
 - Interest on Investments
- ❖ State
 - Basic Allotment
 - Special Populations
- ❖ Federal
 - Indirect Cost
 - SHARS



A Balancing Act



Budget & Tax Rate

- ❖ School budgets and tax rates are made up of two parts: Maintenance and Operating (M&O) and Interest and Sinking (I&S)
- ❖ The school district's board of trustees sets the local tax rate each year while the county appraisal district determines the market value of property within the district



M & O - General Fund Revenue

◆ **Local**

\$5,249,959

◆ **State**

\$15,022,609

◆ **Federal**

\$616,942

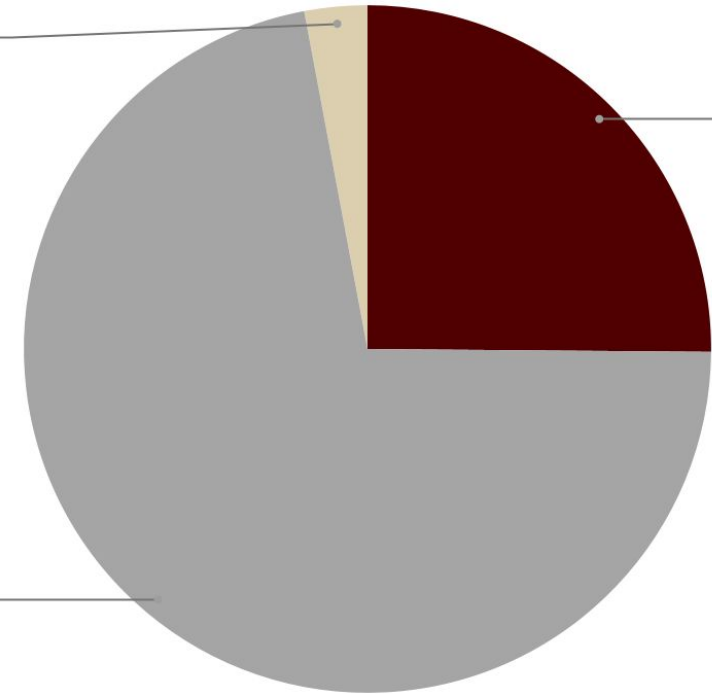
TOTAL

\$20,889,510

Federal
3.0%

Local
25.1%

State
71.9%



M & O - General Fund Expenditures

Funds the day-to-day operations of the district
(\$21,369,582)

- ❖ Employee Salaries and Benefits
Approximately 72% of the district's budget
- ❖ Student Educational Resources
- ❖ Transportation Services
- ❖ Maintenance of Facilities
- ❖ District Utilities



For the average citizen
this is similar to:

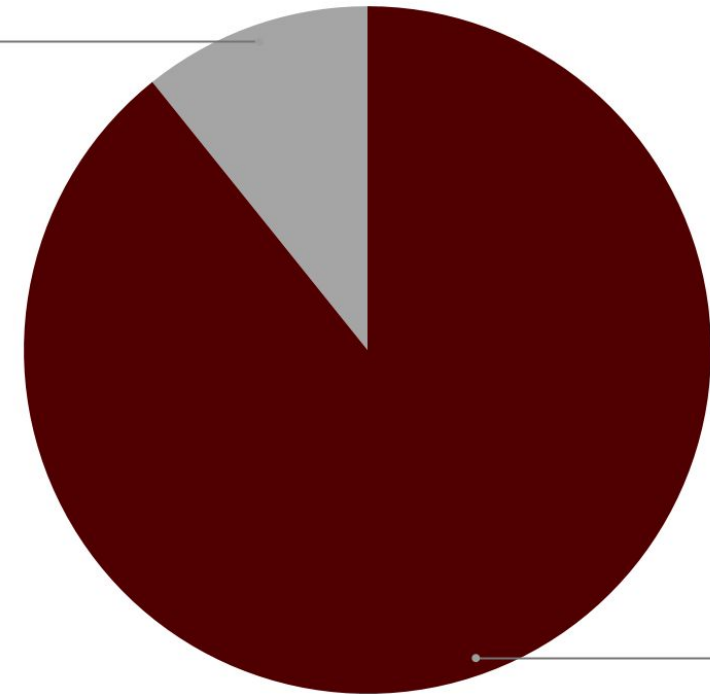
- ✓ House repairs
- ✓ Car fuel
- ✓ Routine services
- ✓ Groceries
- ✓ Cleaning Supplies
- ✓ Utilities

I & S - Debt Service Revenue

◆ Local	\$2,825,969
◆ State	\$341,101
◆ Federal	\$0

TOTAL **\$3,167,070**

State
10.8%



Local
89.2%

I & S - Debt Service Expenditures

Funds debt repayment for “big ticket” items:

- ❖ New building construction
- ❖ Existing building renovations
- ❖ Land purchases
- ❖ Program-specific equipment
- ❖ Technology
- ❖ School buses



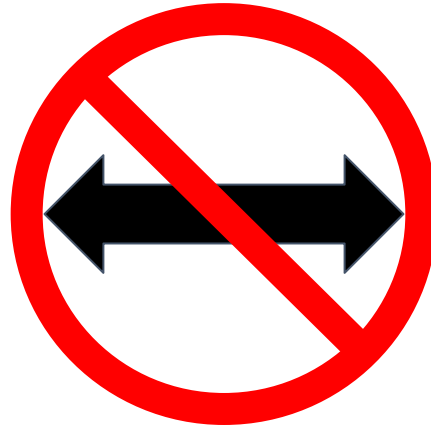
For the average citizen
this is similar to:

- ✓ *New home purchase*
- ✓ *House renovations*
- ✓ *Land for a home*
- ✓ *New appliances*
- ✓ *New home computer*
- ✓ *New car*

Budget & Tax Rate Overview

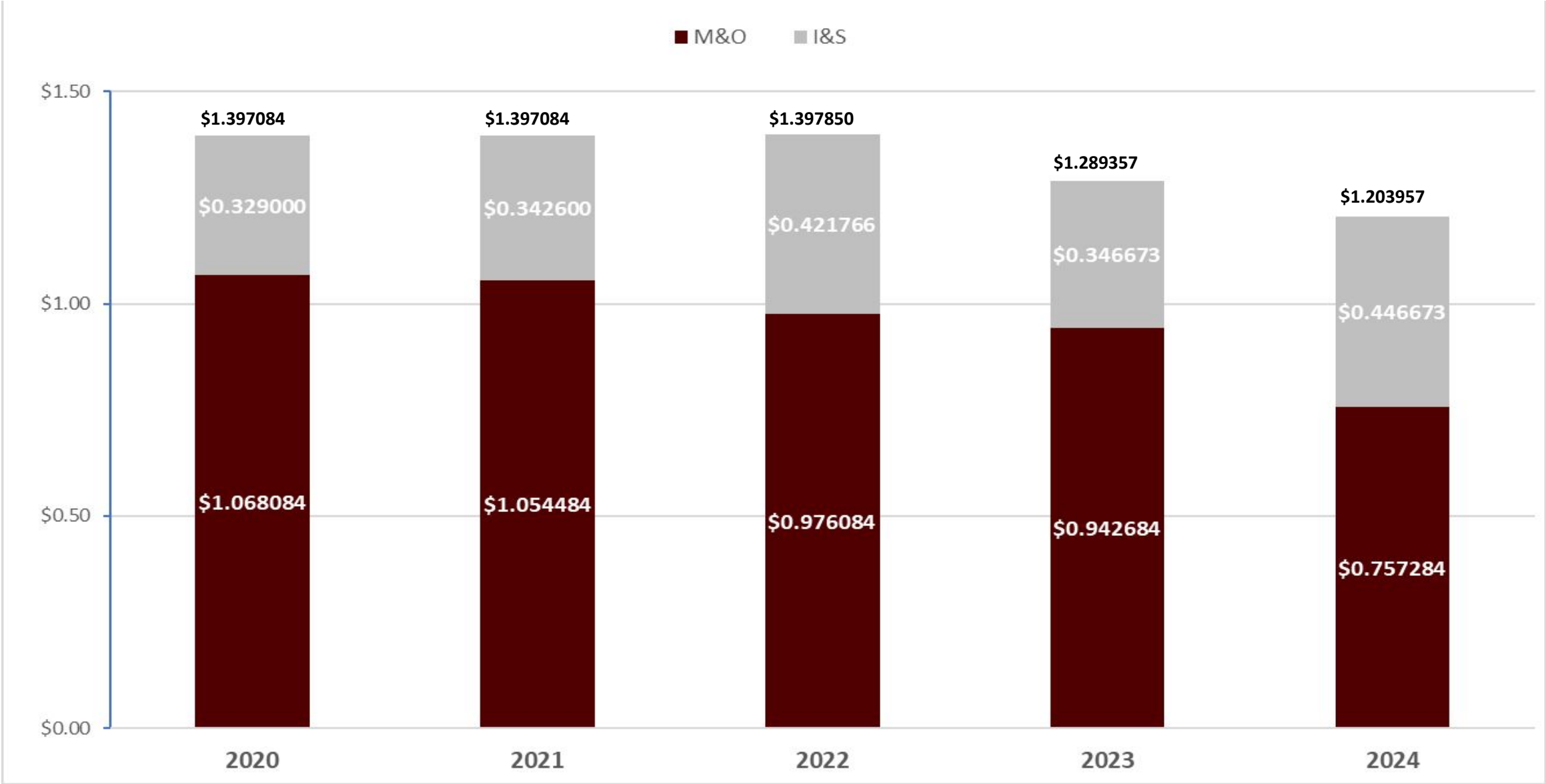


Primarily used for operating the district.



Primarily used to pay off debt.

Tax Rate History



Reflect and Share

**What was your biggest takeaway
from the information shared?**

Discuss at your table | Share with the group

A background image of graduates in caps and gowns, overlaid with a dark red semi-transparent filter. The graduates are smiling and looking towards the camera.

BONDING CAPACITY

Blake Roberts
PFM Financial Advisors



Poteet ISD

Bond Election Discussion

PFM Financial Advisors LLC

November 1, 2023

pfm.com

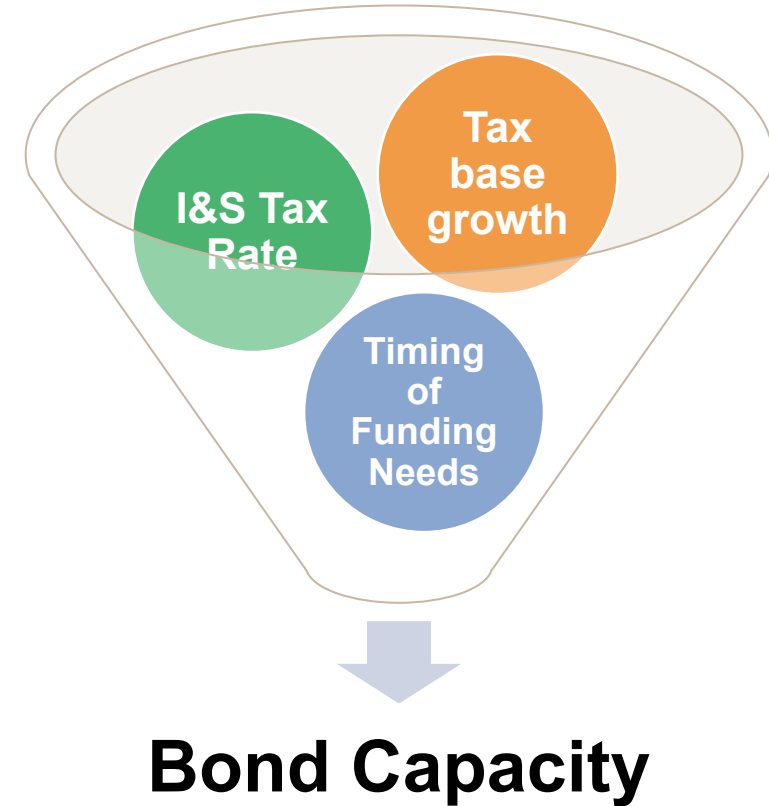
111 Congress Ave
Suite 2150
Austin, TX 78701

P: 512-614-5324
robertsb@pfm.com



Bond capacity informed by a variety of factors

- ◆ Future bonding capacity is subject to a variety of factors, including:
 - Taxable assessed value growth rates
 - Future I&S tax rates
 - Timing of funding needs (full project costs)
 - Future refundings and defeasances with I&S cash
 - Interest rate movement
 - New bond structures





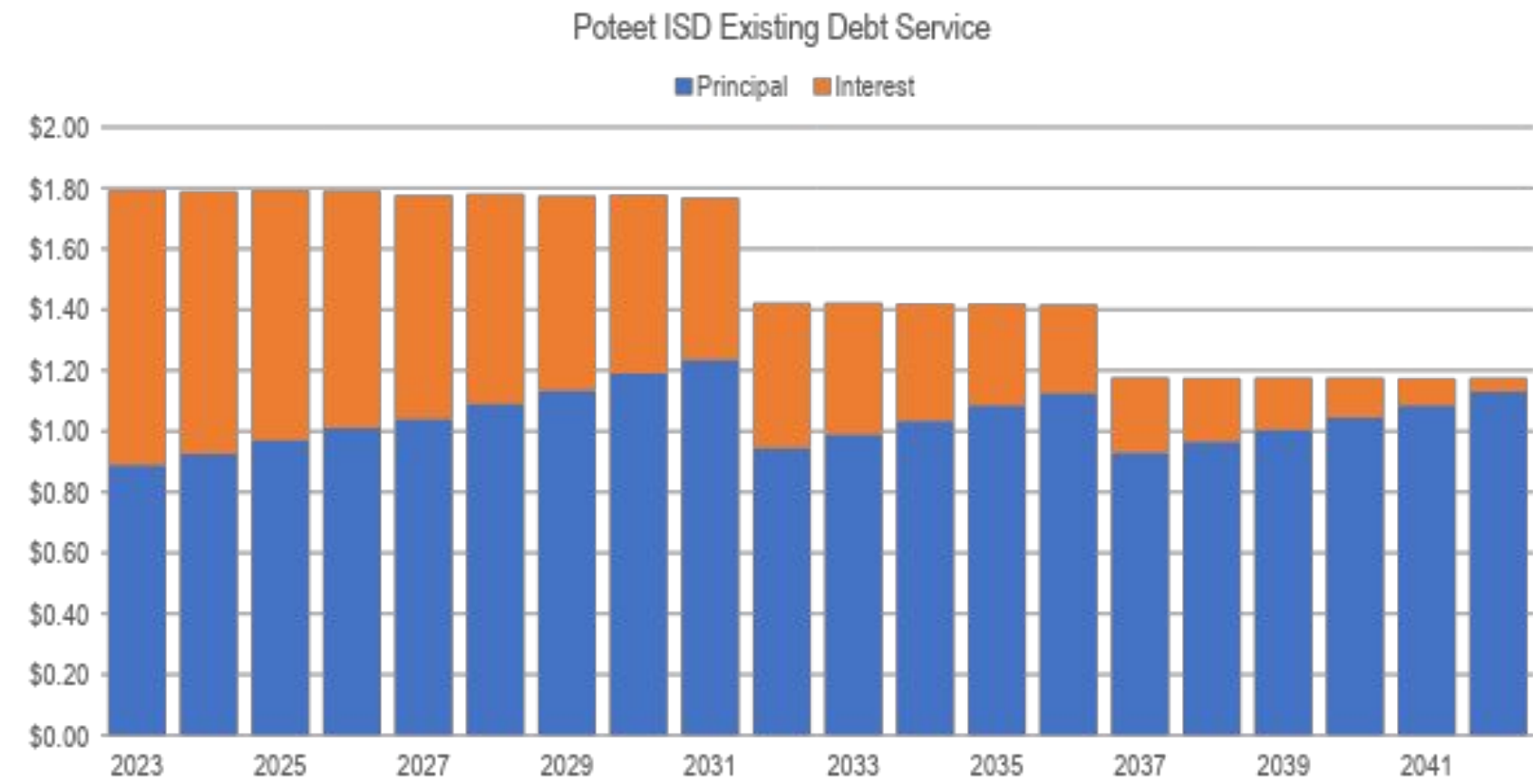
Poteet ISD has history of community support for bond packages

Election Date	Prop	Purpose	Amount (\$000s)	For/Against	Issued (\$000s)	Unissued (\$000s)
2012	Prop 1	School Building	\$23,450	75.2% Approved	\$23,450	--
2002	Prop 1	School Building	\$5,600	95.9% Approved	\$5,600	--
2000	Prop 1	School Building	\$5,600	92.4% Approved	\$5,600	--



Existing debt paid from I&S taxes

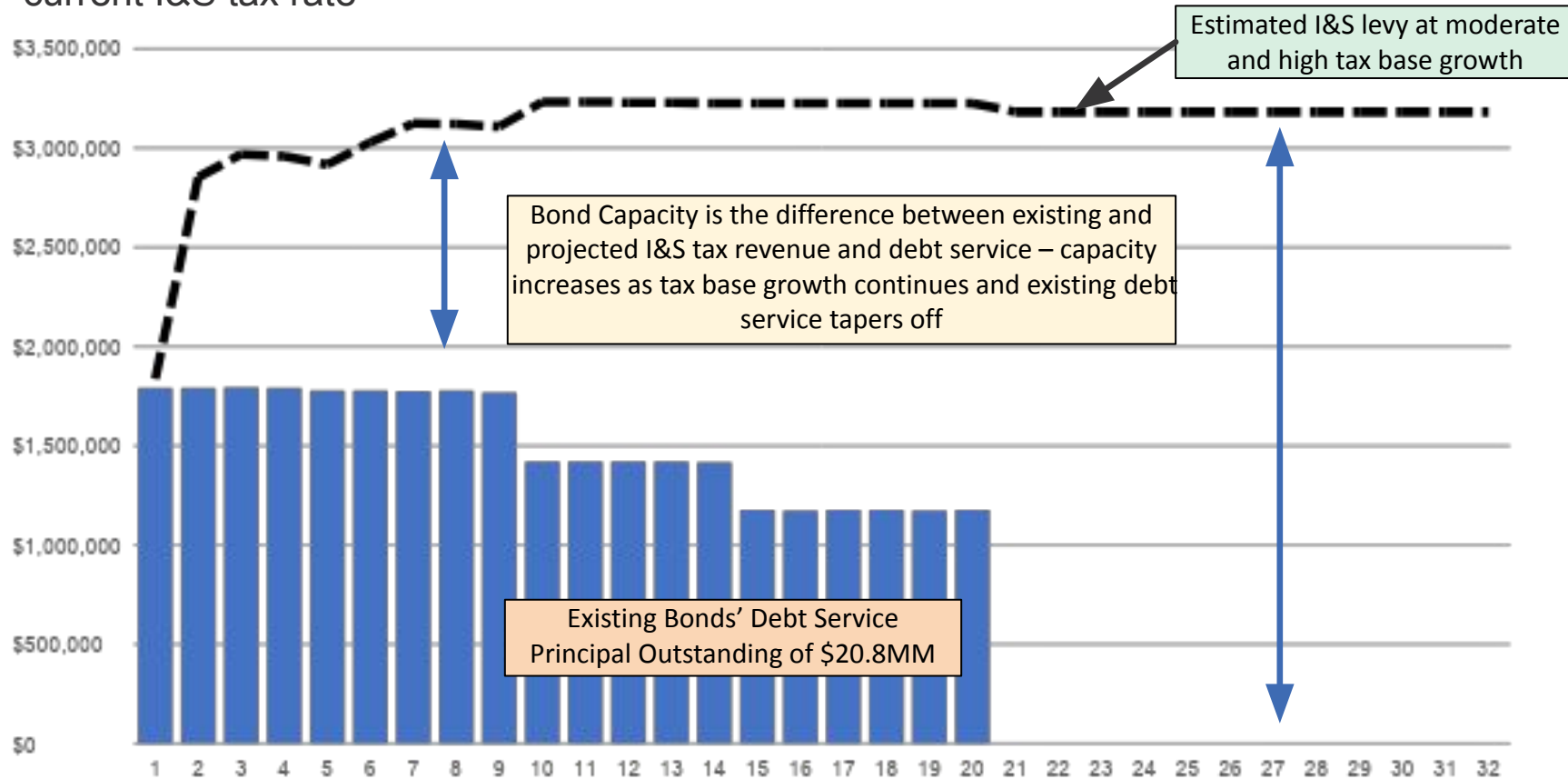
- Poteet ISD has \$21.8 million in debt outstanding, of which \$20.8 million is repaid from the I&S portion of the District's tax rate





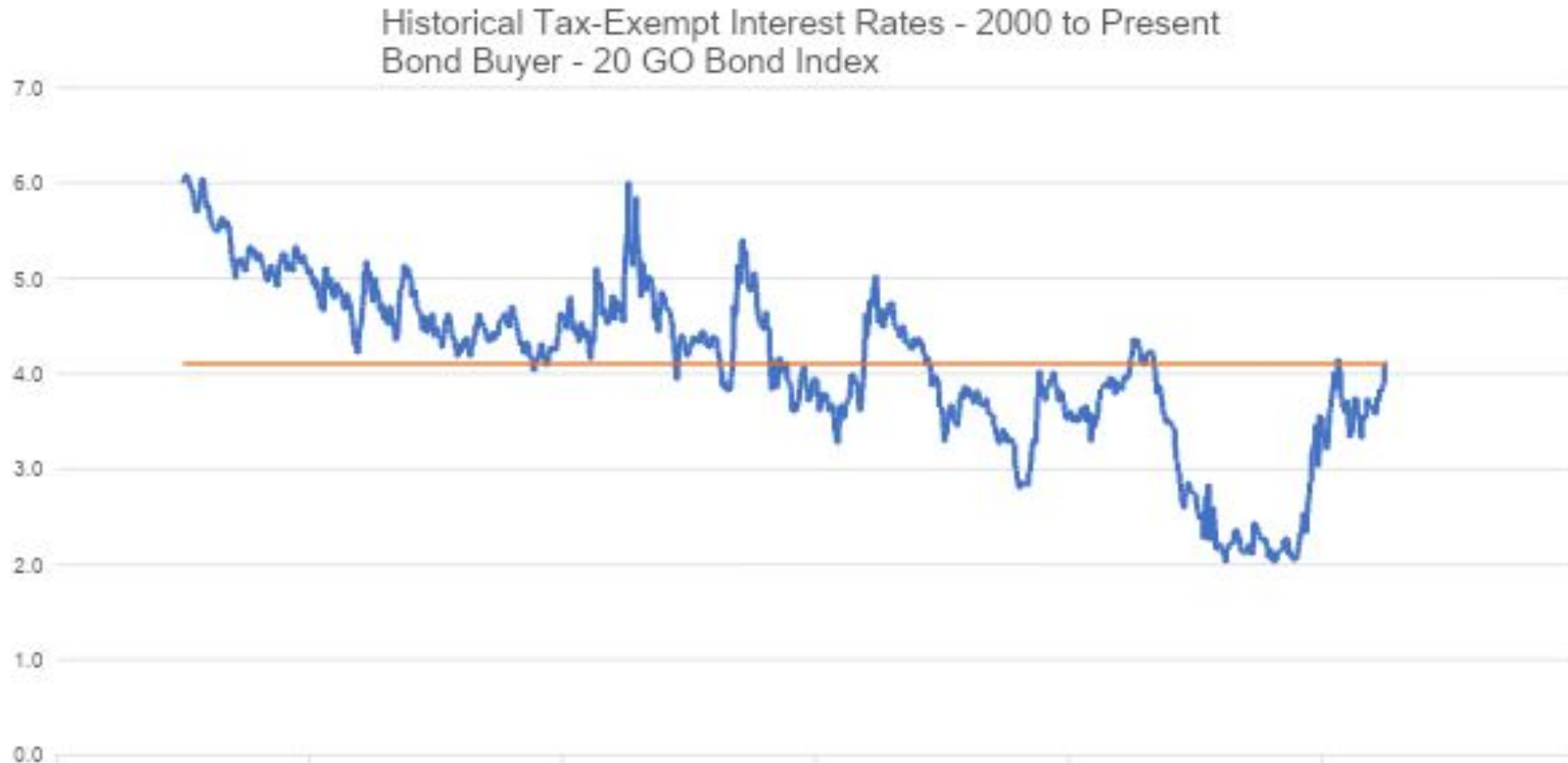
The way we evaluate “bond capacity”...

- **Existing Bond Capacity** – What the District can afford to bond for today, with known taxable value and high confidence level in near-term (2-3 years) taxable values at current I&S tax rate





Interest rates from an historical perspective



Source: The Bond Buyer. The 20-Bond Index consists of 20 general obligation bonds that mature in 20 years. The average rating of the 20 bonds is roughly equivalent to Moody's Investors Service's Aa2 rating and Standard & Poor's Corp.'s AA.



Poteet ISD's tax rates

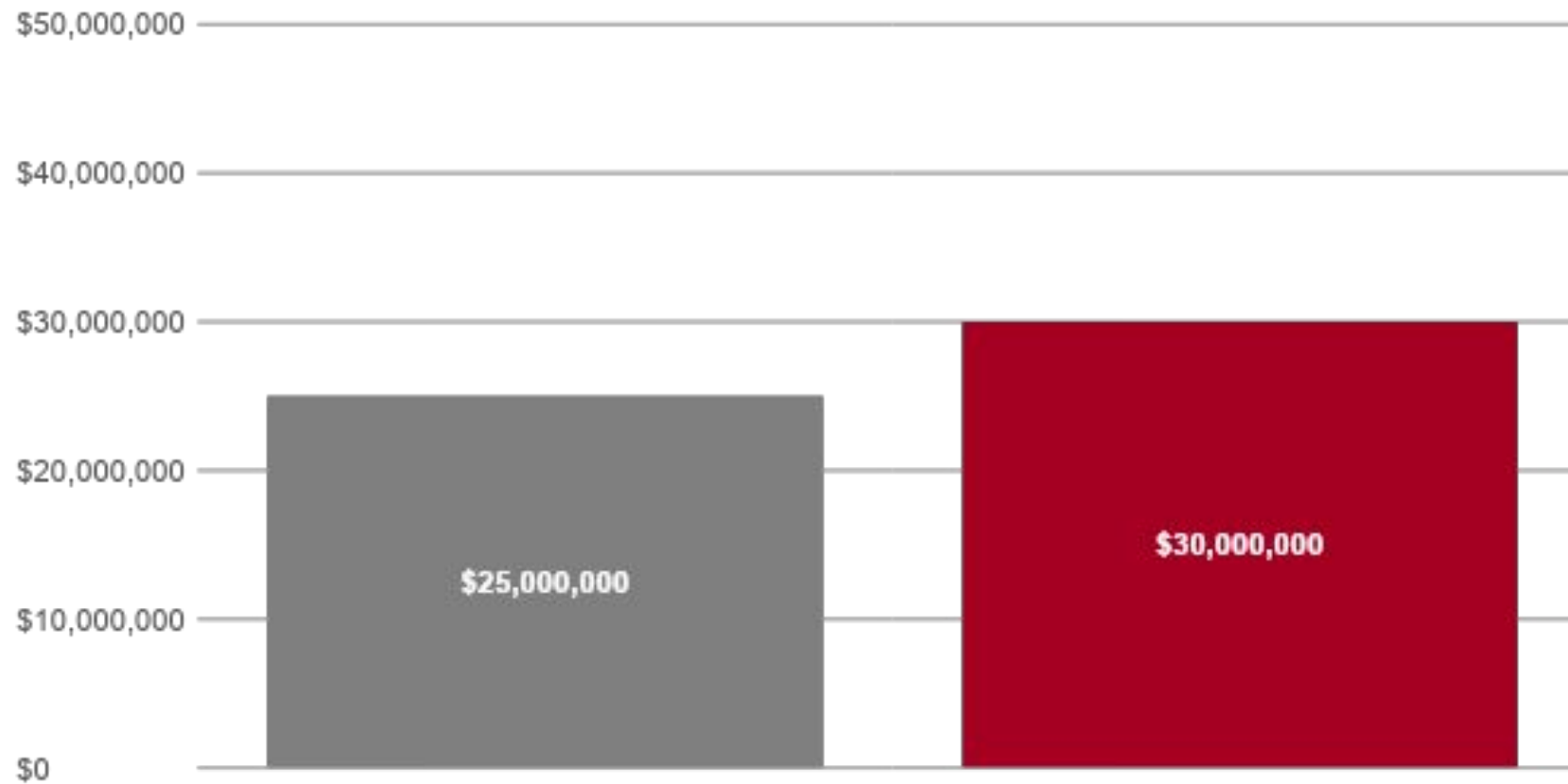
- ◆ The District adopts a total tax rate and, within the total tax rate, two separate tax rates for operations (“M&O”) and debt service (“I&S”)
- ◆ The Board will approve the FY 2024 tax rate in conjunction with the upcoming budget approval process
- ◆ Tax rates shown are per \$100 of taxable assessed value





Indicative Bond Capacity = \$25 to \$30 million at 44.67-cent I&S tax rate

- ◆ Bond capacity at 44.6-cent I&S tax rate is between \$25 and \$30 million
- ◆ Ultimate bonding capacity determined by future FY 2025 tax base growth





Indicative Bond Proforma - \$25MM Bond Program

Poteet Independent School District
Tax Rate Impact Model - May 2024 Bond Election
Prepared by PFM Financial Advisors LLC as of October 31, 2023

1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17
FY	Freeze Adj. Net Taxable Assessed Value	Growth Rate	Existing Debt Service Feb/Aug Pymts	Less: 2024 Cash Defeasance	PROJECTED \$25,000,000 Project Fund Deposit - 5.25% TIC				PROJECTED		Current Tax Levy	Frozen Levy	Penalty & Interest	Investment Earnings	State I&S	
					Principal	Interest	Debt Service	Less: Cap-I	Future Debt Service	Assumed I&S Tax Rate					Hold Harmless Funds	Total I&S Revenue
2024	578,253,198	-	1,789,900	(929,891)	-	618,007	618,007	(618,007)	2,719,791	0.44673	2,505,734	150,362	20,000	10,000	320,288	3,006,384
2025	607,165,858	5.000%	1,794,125	206,400	100,000	1,356,600	1,456,600		3,044,325	0.44673	2,631,020	150,362	20,000	10,000	321,044	3,132,426
2026	637,524,151	5.000%	1,791,375	209,600	100,000	1,351,350	1,451,350		3,033,125	0.44673	2,762,571	150,362	20,000	10,000	320,552	3,263,485
2027	650,274,634	2.000%	1,776,800	482,400	350,000	1,346,100	1,696,100		2,990,500	0.44673	2,817,823	150,362	20,000	10,000	317,944	3,316,129
2028	663,280,126	2.000%	1,779,400	104,000	100,000	1,327,725	1,427,725		3,103,125	0.44673	2,874,179	150,362	20,000	10,000	318,409	3,372,950
2029	663,280,126	0.000%	1,774,650		100,000	1,322,475	1,422,475		3,197,125	0.44673	2,874,179	150,362	20,000	10,000	317,559	3,372,100
2030	663,280,126	0.000%	1,777,850		100,000	1,317,225	1,417,225		3,195,075	0.44673	2,874,179	150,362	20,000	10,000	318,132	3,372,673
2031	663,280,126	0.000%	1,768,500		100,000	1,311,975	1,411,975		3,180,475	0.44673	2,874,179	150,362	20,000	10,000	316,459	3,371,000
2032	663,280,126	0.000%	1,422,000		580,000	1,306,725	1,886,725		3,308,725	0.44673	2,874,179	150,362	20,000	10,000	254,455	3,308,996
2033	663,280,126	0.000%	1,421,800		615,000	1,276,275	1,891,275		3,313,075	0.44673	2,874,179	150,362	20,000	10,000	254,420	3,308,961
2034	663,280,126	0.000%	1,419,400		645,000	1,243,988	1,888,988		3,308,388	0.44673	2,874,179	150,362	20,000	10,000	253,990	3,308,531
2035	663,280,126	0.000%	1,419,800		680,000	1,210,125	1,890,125		3,309,925	0.44673	2,874,179	150,362	20,000	10,000	254,062	3,308,603
2036	663,280,126	0.000%	1,416,400		715,000	1,174,425	1,889,425		3,305,825	0.44673	2,874,179	150,362	20,000	10,000	253,453	3,307,994
2037	663,280,126	0.000%	1,176,400		750,000	1,136,888	1,886,888		3,063,288	0.44673	2,874,179	150,362	20,000	10,000	210,507	3,265,048
2038	663,280,126	0.000%	1,174,200		790,000	1,097,513	1,887,513		3,061,713	0.44673	2,874,179	150,362	20,000	10,000	210,114	3,264,655
2039	663,280,126	0.000%	1,175,600		835,000	1,056,038	1,891,038		3,066,638	0.44673	2,874,179	150,362	20,000	10,000	210,364	3,264,905
2040	663,280,126	0.000%	1,175,400		875,000	1,012,200	1,887,200		3,062,600	0.44673	2,874,179	150,362	20,000	10,000	210,328	3,264,869
2041	663,280,126	0.000%	1,173,600		925,000	966,263	1,891,263		3,064,863	0.44673	2,874,179	150,362	20,000	10,000	210,006	3,264,547
2042	663,280,126	0.000%	1,175,200		975,000	917,700	1,892,700		3,067,900	0.44673	2,874,179	150,362	20,000	10,000	210,292	3,264,834
2043	663,280,126	0.000%	-		1,020,000	866,513	1,886,513		1,886,513	0.44673	2,874,179	150,362	20,000	10,000	-	3,054,541
2044	663,280,126	0.000%	-		1,075,000	812,963	1,887,963		1,887,963	0.44673	2,874,179	150,362	20,000	10,000	-	3,054,541
2045	663,280,126	0.000%	-		1,130,000	756,525	1,886,525		1,886,525	0.44673	2,874,179	150,362	20,000	10,000	-	3,054,541
2046	663,280,126	0.000%	-		1,190,000	697,200	1,887,200		1,887,200	0.44673	2,874,179	150,362	20,000	10,000	-	3,054,541
2047	663,280,126	0.000%	-		1,255,000	634,725	1,889,725		1,889,725	0.44673	2,874,179	150,362	20,000	10,000	-	3,054,541
2048	663,280,126	0.000%	-		1,320,000	568,838	1,888,838		1,888,838	0.44673	2,874,179	150,362	20,000	10,000	-	3,054,541
2049	663,280,126	0.000%	-		1,390,000	499,538	1,889,538		1,889,538	0.44673	2,874,179	150,362	20,000	10,000	-	3,054,541
2050	663,280,126	0.000%	-		1,460,000	426,563	1,886,563		1,886,563	0.44673	2,874,179	150,362	20,000	10,000	-	3,054,541
2051	663,280,126	0.000%	-		1,540,000	349,913	1,889,913		1,889,913	0.44673	2,874,179	150,362	20,000	10,000	-	3,054,541
2052	663,280,126	0.000%	-		1,620,000	269,063	1,889,063		1,889,063	0.44673	2,874,179	150,362	20,000	10,000	-	3,054,541
2053	663,280,126	0.000%	-		1,710,000	184,013	1,894,013		1,894,013	0.44673	2,874,179	150,362	20,000	10,000	-	3,054,541
2054	663,280,126	0.000%	-		1,795,000	94,238	1,889,238		1,889,238	0.44673	2,874,179	150,362	20,000	10,000	-	3,054,541
			\$ 28,402,400	\$ 72,509	25,840,000	28,509,682	54,349,682	(618,007)	82,061,566							



Bond election ballot considerations

- ◆ Sample general election language for school buildings:

“constructing, acquiring, renovating, improving and equipping school buildings of the District and the purchase of necessary sites therefor, and acquiring school buses”

- ◆ Future elections subject to new legislation requiring separate propositions for certain capital initiatives, as follows.

- a) Stadium with seating capacity for more than 1,000 spectators;
- b) Natatorium;
- c) Recreational facility other than a gymnasium, playground, or play area;
- d) Performing arts facility; and
- e) Housing for teachers



Example Election Dates – May 2024 Bond Election

Election Timeline

- ◆ **October to January** – Election and capacity planning (Poteet ISD, Bond Committee, Financial Advisor, Bond Counsel)
- ◆ **February 16** – Deadline for Board to adopt an order calling the election
- ◆ **May 4** – Election day

Key Parties

- ◆ **Bond Issuer** – Poteet ISD
- ◆ **Bond Counsel** – McCall, Parkhurst, & Horton, L.L.P.
- ◆ **Financial Advisor** – PFM Financial Advisors LLC



Reflect and Share

**What was your biggest takeaway
from the information shared?**

Discuss at your table | Share with the group

A group of children are sitting on a grassy field. The child in the center is wearing decorative sunglasses and a ribbon. To the left, a large white number '0' is visible. The background shows other children and adults. The text 'WRAP UP' is overlaid in the center.

WRAP UP

Questions & Answers



Exit Ticket 3-2-1

Before you leave, please scan the QR code and tell us:

3

**What are
three things
you
learned?**

2

**What are
two
questions
you still
have?**

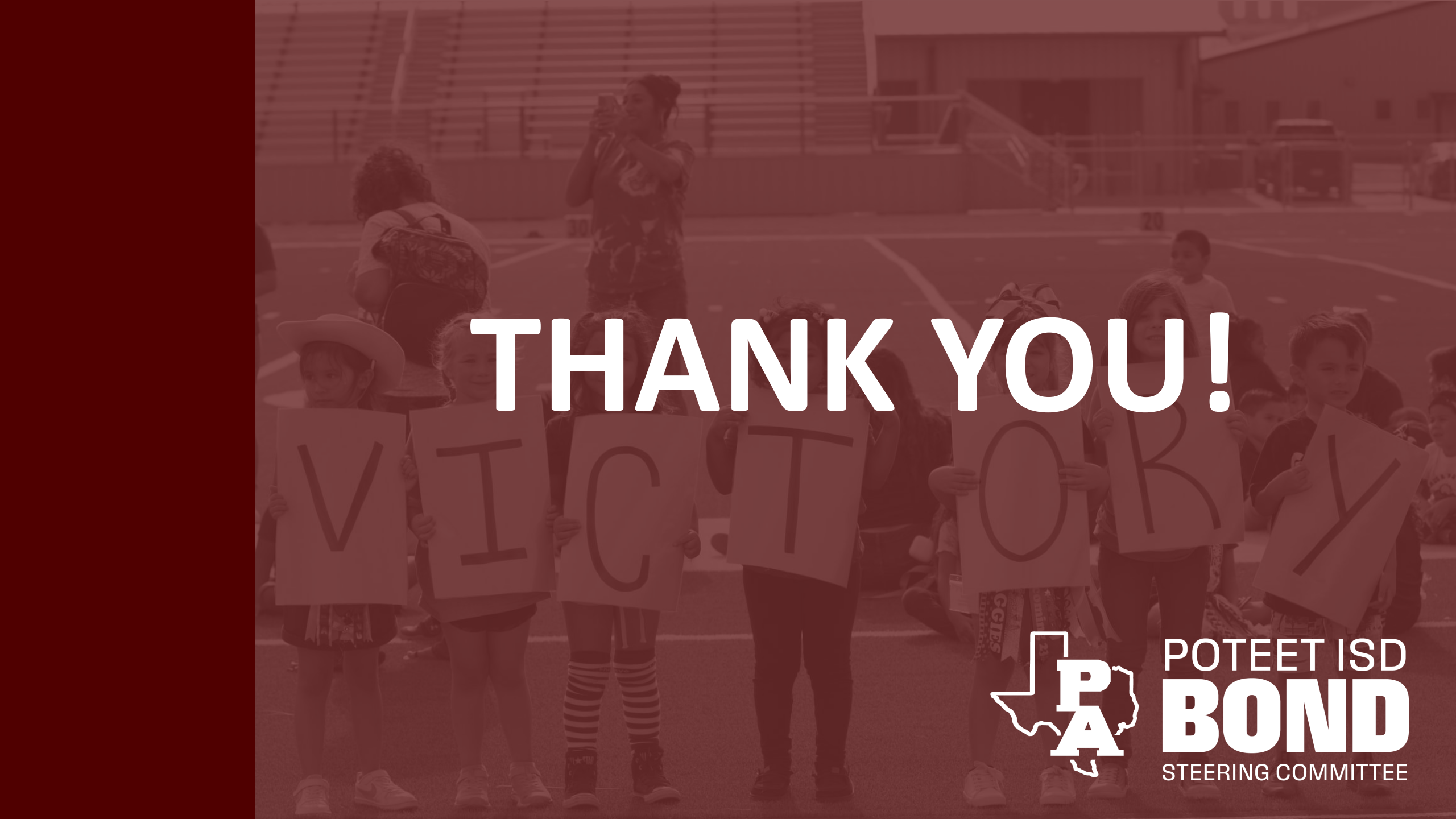
1

**What is one
thing you
want to
learn more
about?**



Next Meeting...

Wednesday, Nov. 15
6:30 p.m.
PLC Library

A background photograph of a group of children in a schoolyard. Several children in the foreground are holding large white signs with black letters that spell out 'VICTORY'. One child on the left is wearing a cowboy hat. In the background, a woman is taking a photo with her phone. The entire image has a semi-transparent dark red overlay.

THANK YOU!



POTEET ISD
BOND
STEERING COMMITTEE