



Long Range Facilities Planning Committee

October 24, 2022

WELCOME FROM YOUR SUPERINTENDENT

Dr. Celina Estrada Thomas
Superintendent



AGENDA

- WELCOME
- PROCESS REVIEW
- FINANCIAL ADVISOR
- PROJECT PRIORITY WORKSHEET
- CLOSING



TRANSCEND⁴

Collaboration | Communication | Critical Thinking | Creativity

Dr. Lizzy Johnson

Facilitator

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940.595.0251

CHARGE TO THE COMMITTEE

The Hutto ISD Long Range Facilities Planning Committee is charged by the Board of Trustees to, in support of Goal 7 of the Strategic Plan (*Address facility needs to accommodate growth and maximize efficiency through innovation in support of student success.*):

- prioritize the needs of ALL HISD students and make decisions that will enable students to receive a premier education;
- represent the expectations and values of the community;
- consider projects that will provide a safe and secure educational setting for students and staff; and
- make recommendations that enhance the District's capacity to provide conditions for quality teaching and learning within the parameters of fiscal capacity and responsibility.

HOUSEKEEPING

- All relevant materials and information will be distributed to you as handouts.
- Due to time constraints, no breaks have been scheduled. Please take care of your personal needs on your own.
- The Hutto ISD Leadership Team is here to serve you and to be a resource. Ask questions.
- Your attendance at every meeting will help yield optimum results for this committee and your community.

GROUND RULES



- Only one speaker at a time
- Respect the person who is speaking
- Listen with a desire to contribute & learn
- Engage in the ENTIRE meeting

Q&A PROCESS

- Each table will discuss the information presented and select one question to ask.
- Unanswered questions or concerns will be placed on the 'parking lot' to be answered later via email or website post.

MEETING OVERVIEW

Meeting #1

Process, timeline, vision, end goal
Charge from Board of Trustees
Gradients of Decision Making Model
Review of projects since prior bond
School Finance 101

Meeting #2

Demographic Report
Facility Needs Assessment

Meeting #3

Facility Tours

Meeting #4

Project Priority Presentation

Meeting #5

Financial Advisor Presentation

Priority Worksheet and Mock Vote

Meeting #6

Bond Package Development with CoVoice
SWOT Analysis regarding potential bond



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Long Range Facilities Master Planning

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[Long Range Facilities Master Planning](#)

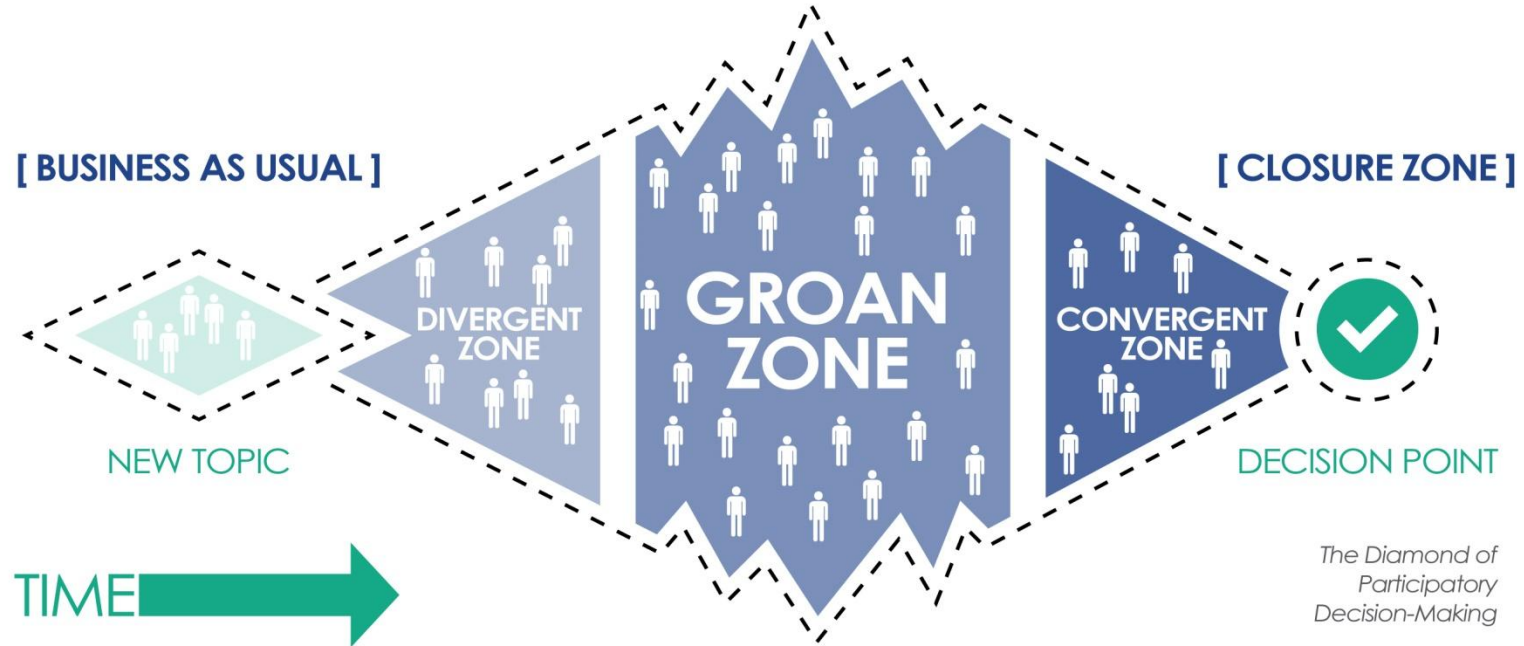
<https://www.hipponation.org/Planning>

CONSENSUS & GRADIENTS OF AGREEMENT

ENDORSEMENT	ENDORSEMENT WITH A MINOR POINT OF CONTENTION	AGREEMENT WITH RESERVATIONS	ABSTAIN	STAND ASIDE	FORMAL DISAGREEMENT, BUT WILLING TO GO WITH THE MAJORITY	FORMAL DISAGREEMENT, WITH REQUEST TO BE ABSOLVED OF RESPONSIBILITY	BLOCK
"I like it."	"Basically, I like it."	"I can live with it."	"I have no opinion."	"I don't like this, but I don't want to hold up the group."	"I want my disagreement noted in writing, but I'll support the decision."	"I don't want to stop anyone else, but I don't want to be involved in implementing it."	"I veto this proposal."

This scale makes it easier for participants to be honest. Using it, members can register less-than-whole hearted support without fearing that their statement will be interpreted as a veto.

DYNAMICS OF GROUP DECISION-MAKING





Review of Current Debt Position and Preliminary Bond Capacity Analysis

Monday, October 24, 2022

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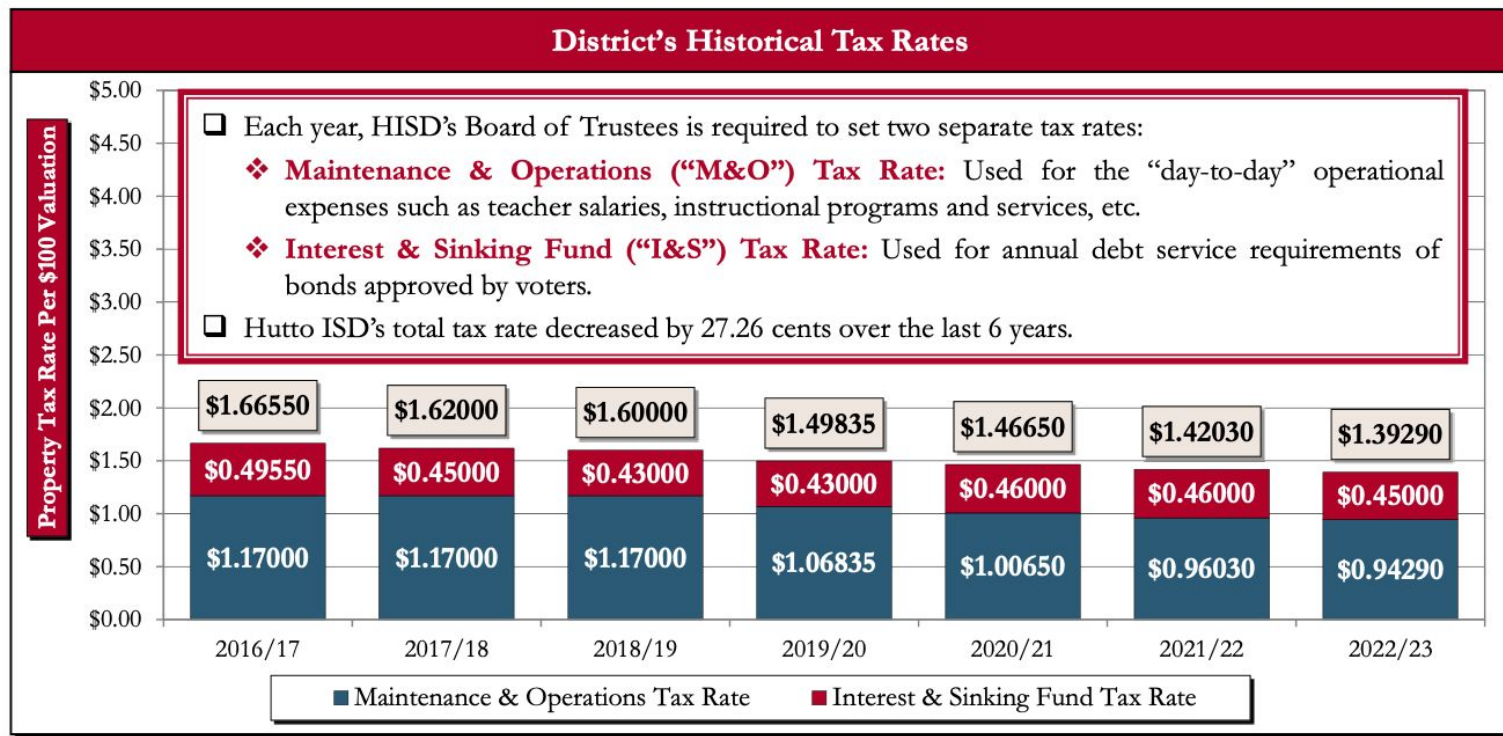
Savings from District's Debt Management Practices

- Hutto Independent School District (“HISD” or the “District”) has actively deployed various debt management practices to lower the borrowing costs of taxpayers. Such actions have provided the District's taxpayers with more than \$69.9 million of direct savings since year 2012!

Summary of Interest Cost Savings Since Year 2012 - Debt Management Strategies / Practices			
Issue / Description	Series Refunded / Redeemed	Principal Amount	Total Savings
Unlimited Tax Refunding Bonds, Series 2012B	2002, 2003, 2005, 2006B	\$ 13,920,000	\$ 1,849,990
Unlimited Tax Refunding Bonds, Series 2013	2003, 2005, 2006B	44,850,000	9,945,431
Unlimited Tax Refunding Bonds, Series 2014A	2004, 2006B, 2007C	7,300,000	1,167,493
Unlimited Tax Refunding Bonds, Series 2014B	2006A	2,075,000	268,112
Unlimited Tax Refunding Bonds, Series 2015A	2007A, 2007C, 2009	79,691,098	17,773,917
Unlimited Tax Refunding Bonds, Series 2016	2007A	7,941,979	2,893,903
Unlimited Tax Refunding Bonds, Series 2021A	2012B	11,155,000	1,908,775
Unlimited Tax Refunding Bonds, Series 2021B	2012A	10,607,833	9,297,688
Unlimited Tax Refunding Bonds, Taxable Series 2021D	2013, 2014A, 2015A	49,345,000	11,631,290
Total - Bond Refunding Programs at a Lower Interest Rate	---	\$ 226,885,910	\$ 56,736,599
Prepayment of Series 2012A & 2013 Bonds - February 2023	2012A, 2013	997,380	7,650,090
Total - Prepayment of Bonds Prior to Scheduled Maturity	---	\$ 997,380	\$ 7,650,090
Strategic Use Of Variable Rate Bonds (1.14% Average Interest Rate)	---	-	5,544,325
Totals	---	\$227,883,290	\$ 69,931,014

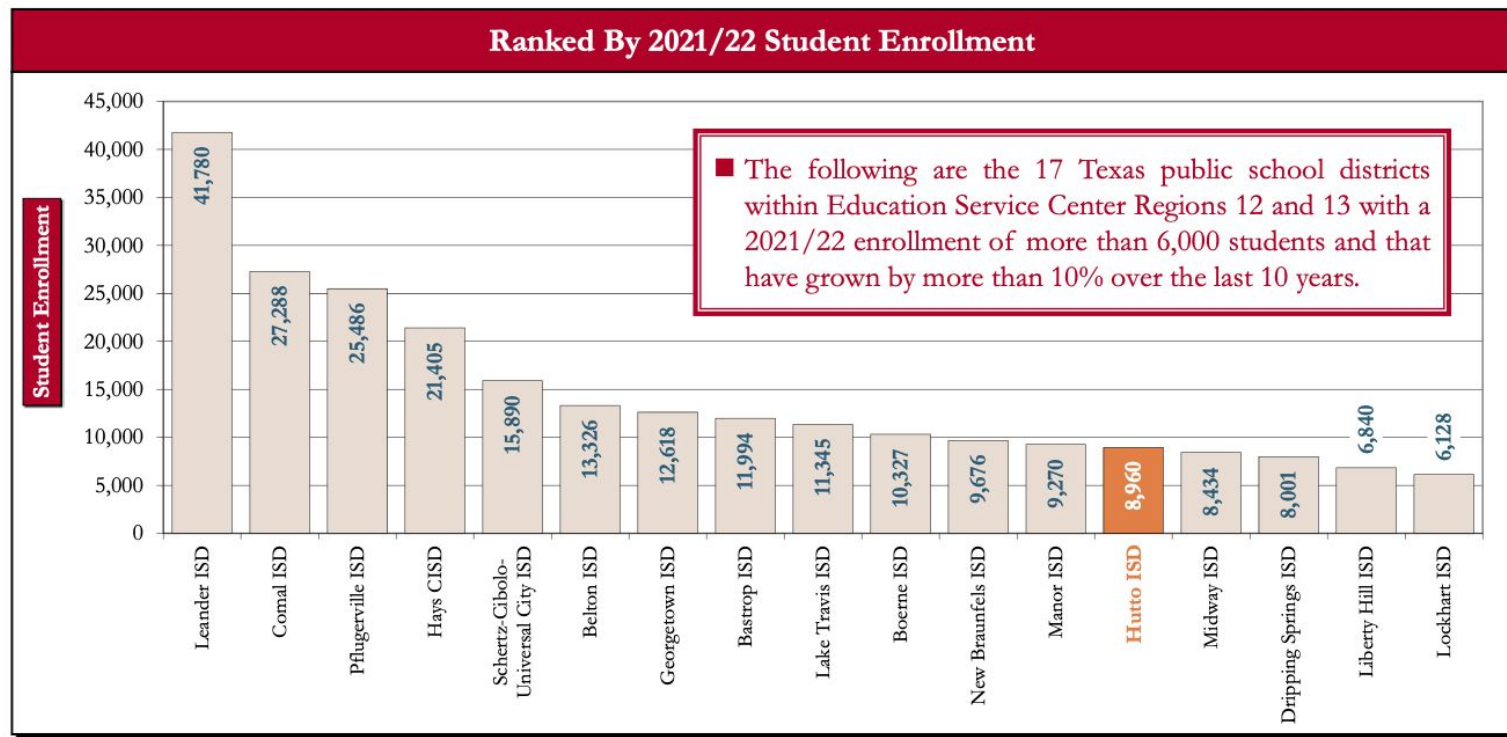


Historical Tax Rates



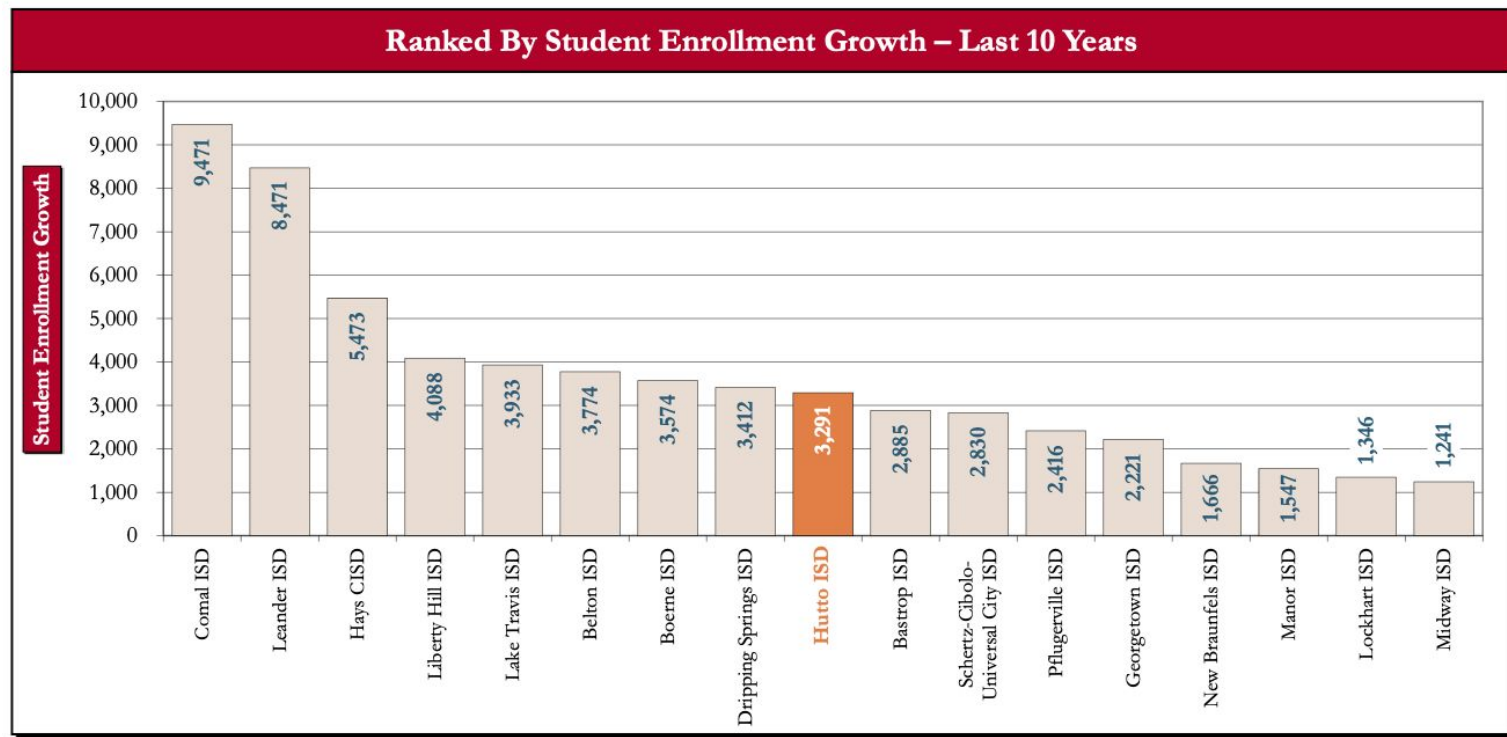


Comparison of ESC Region 12 and 13 Texas School Districts With Enrollment Greater Than 6,000 Students & More Than 10% Growth



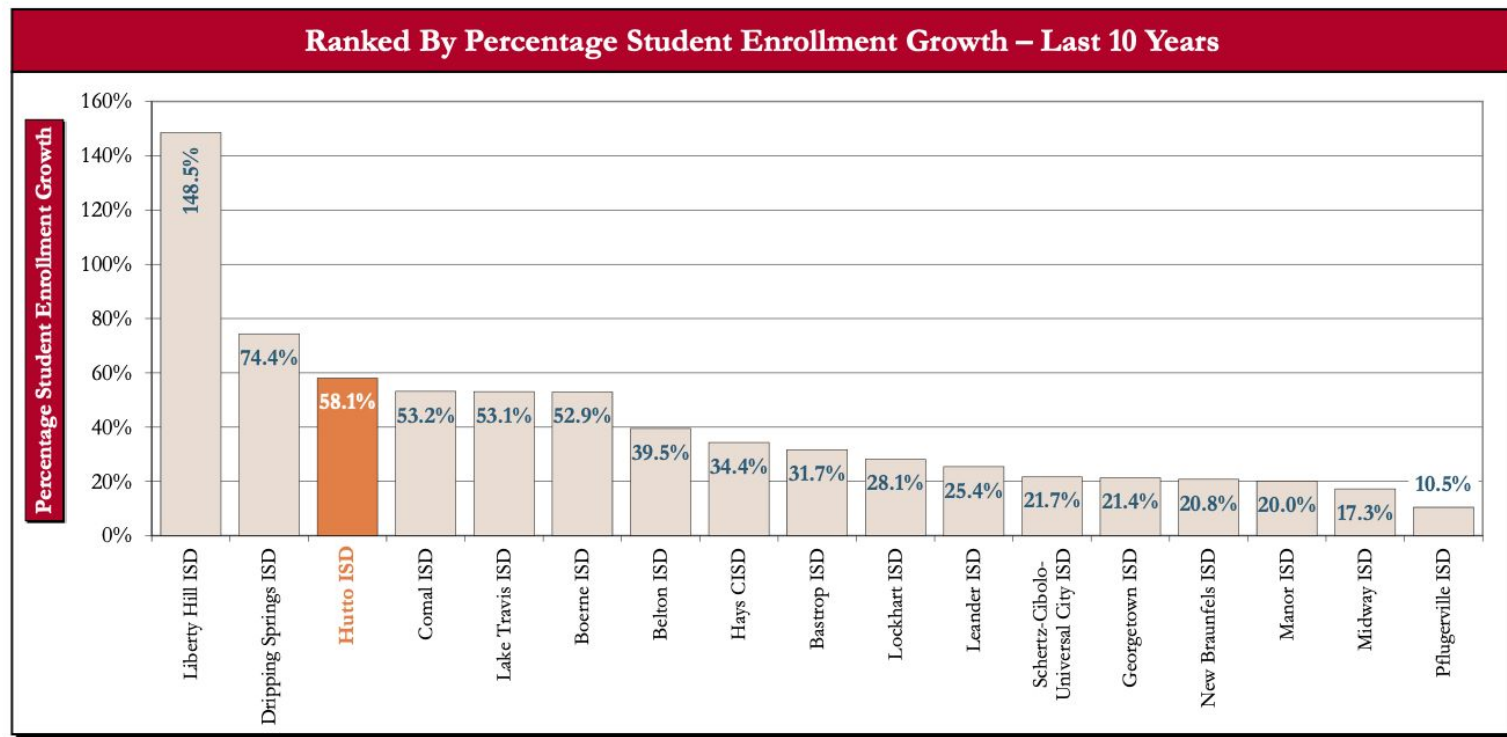


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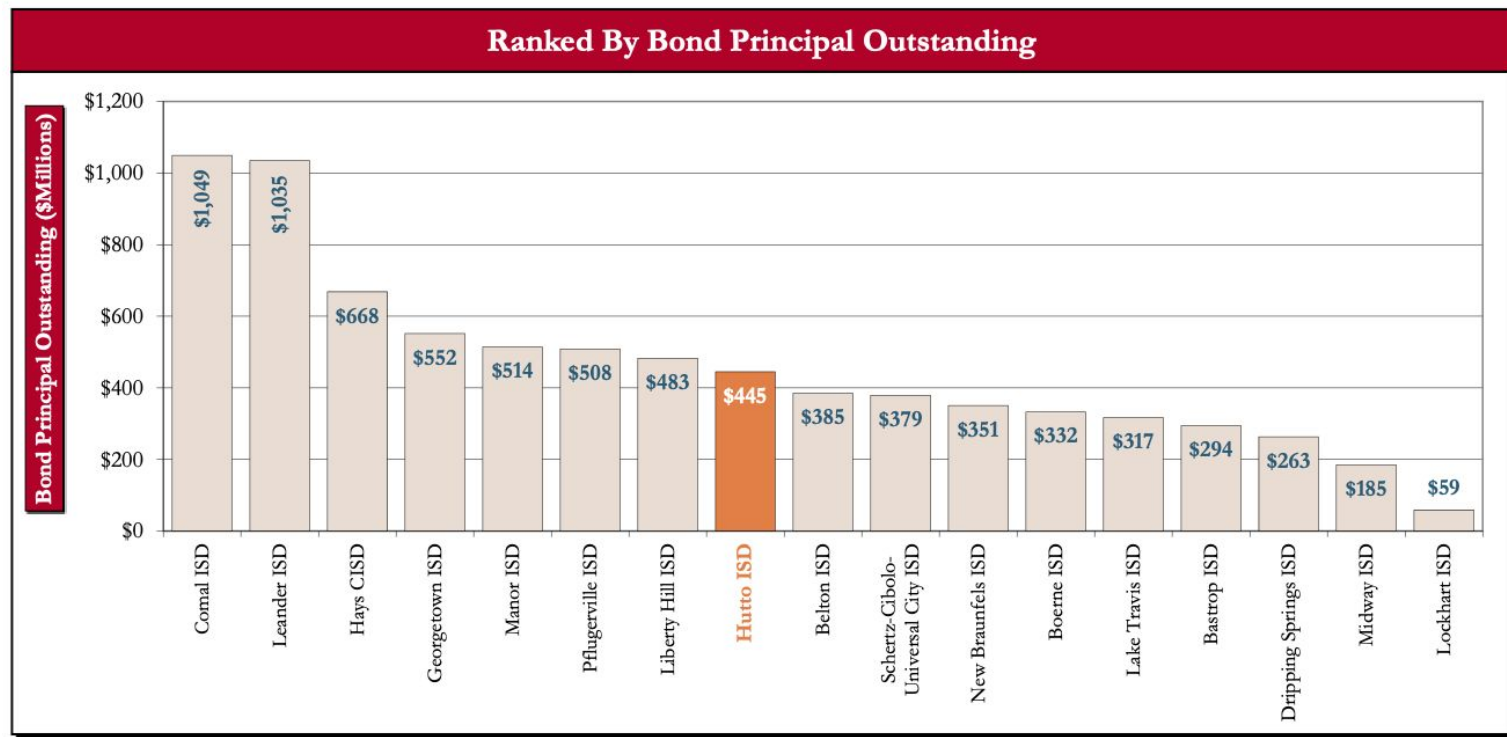
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Source: Texas Education Agency – PEIMS.



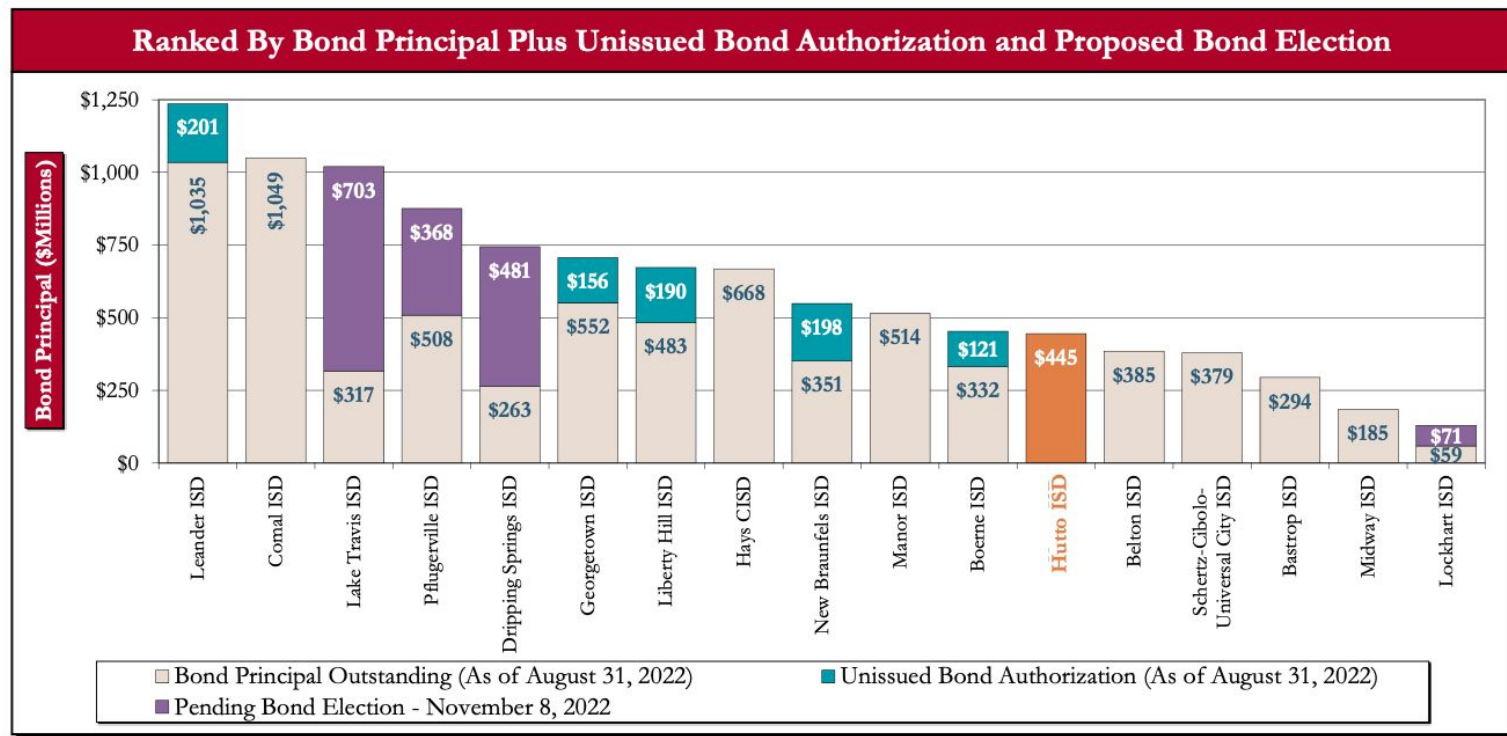
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Source: The Municipal Advisory Council of Texas – As of August 31, 2022. Includes Voted & M&O debt.



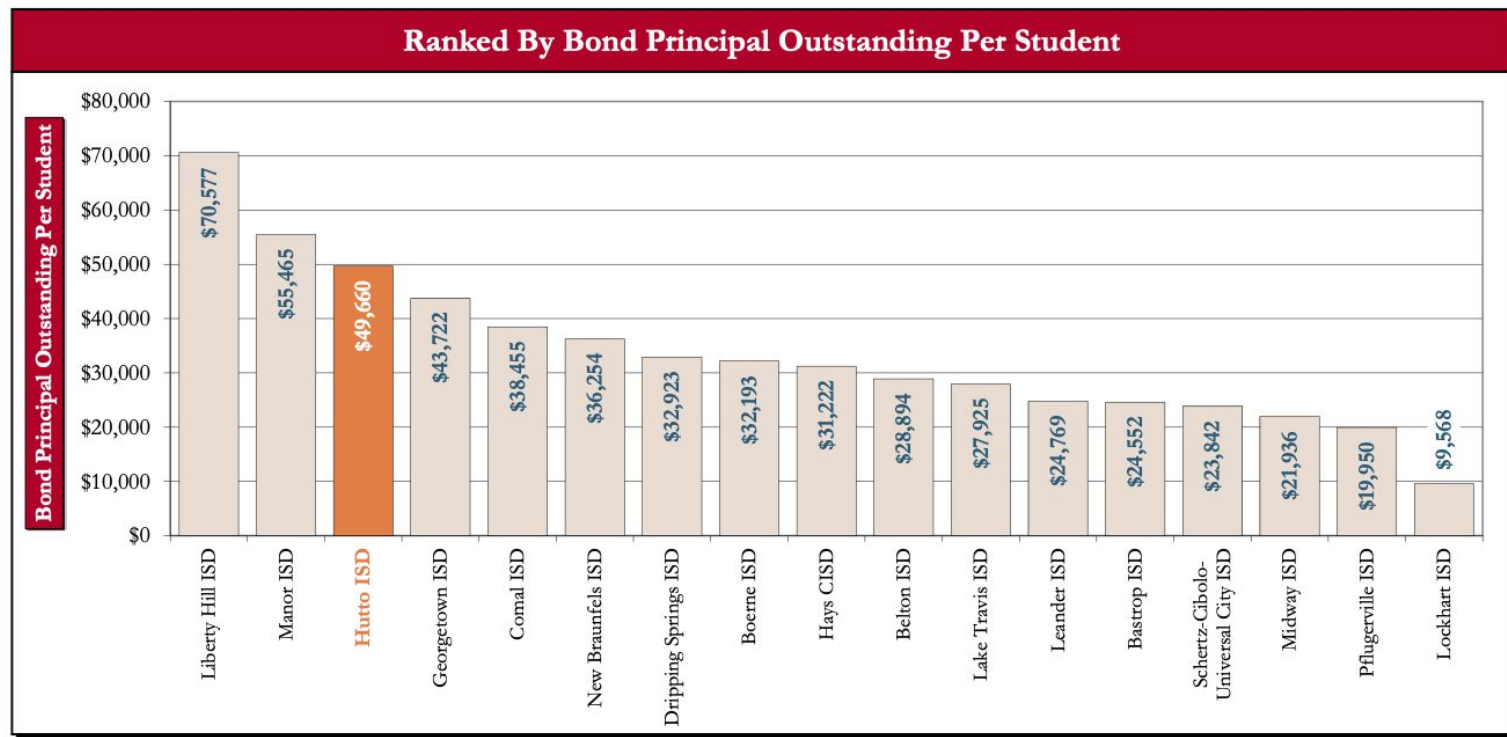
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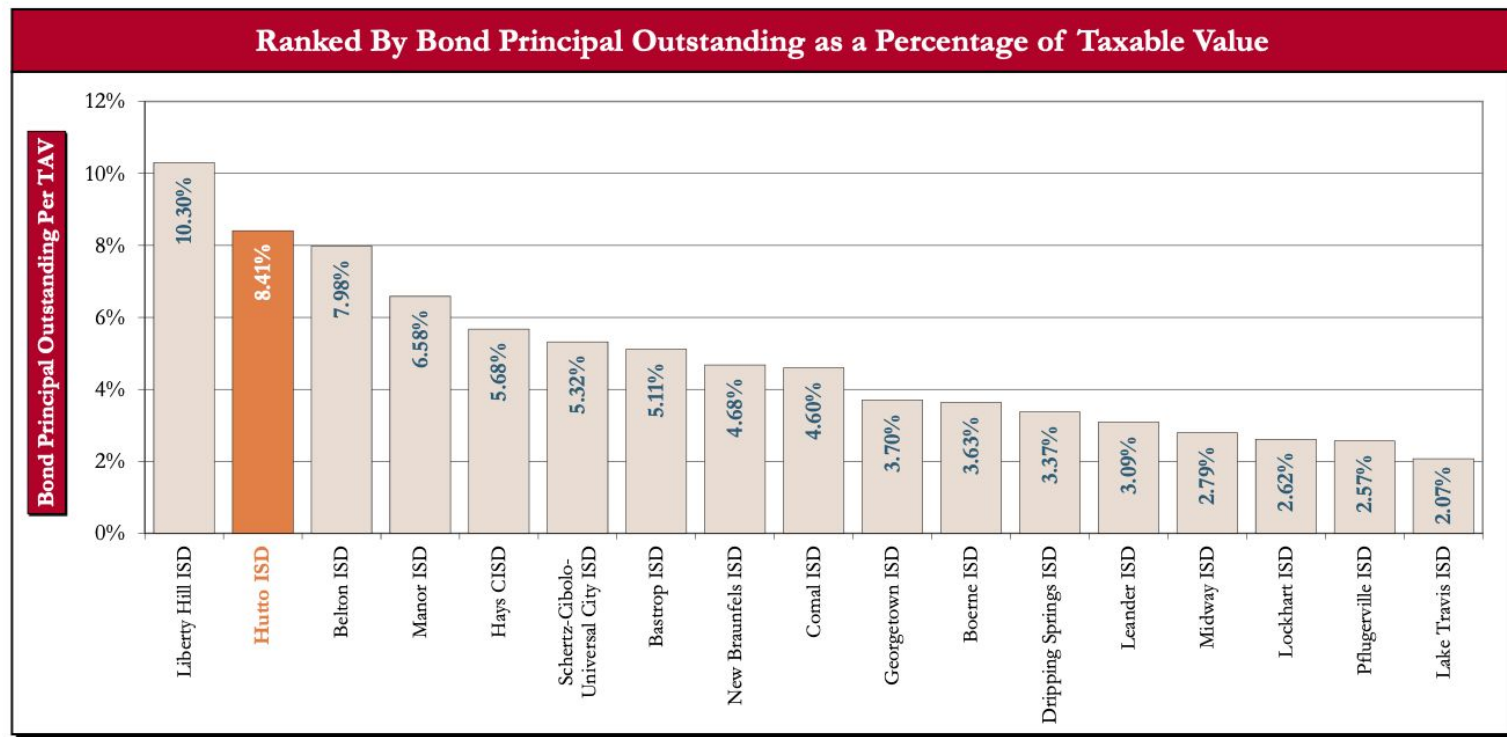
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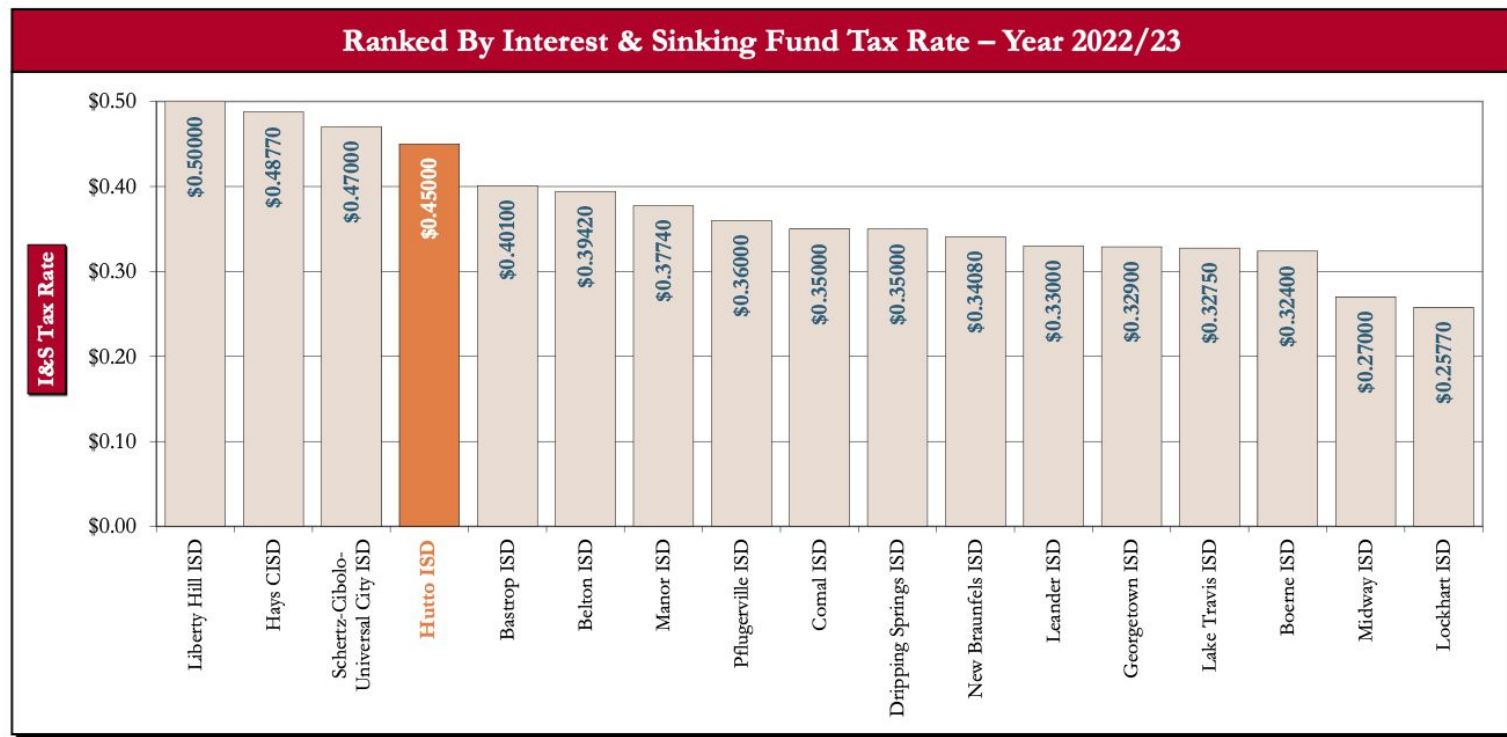
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Source: Texas Comptroller of Public Accounts and The Municipal Advisory Council of Texas – As of August 31, 2022. Includes Voted & M&O debt.



Comparison of ESC Region 12 and 13 Texas School Districts With Enrollment Greater Than 6,000 Students & More Than 10% Growth

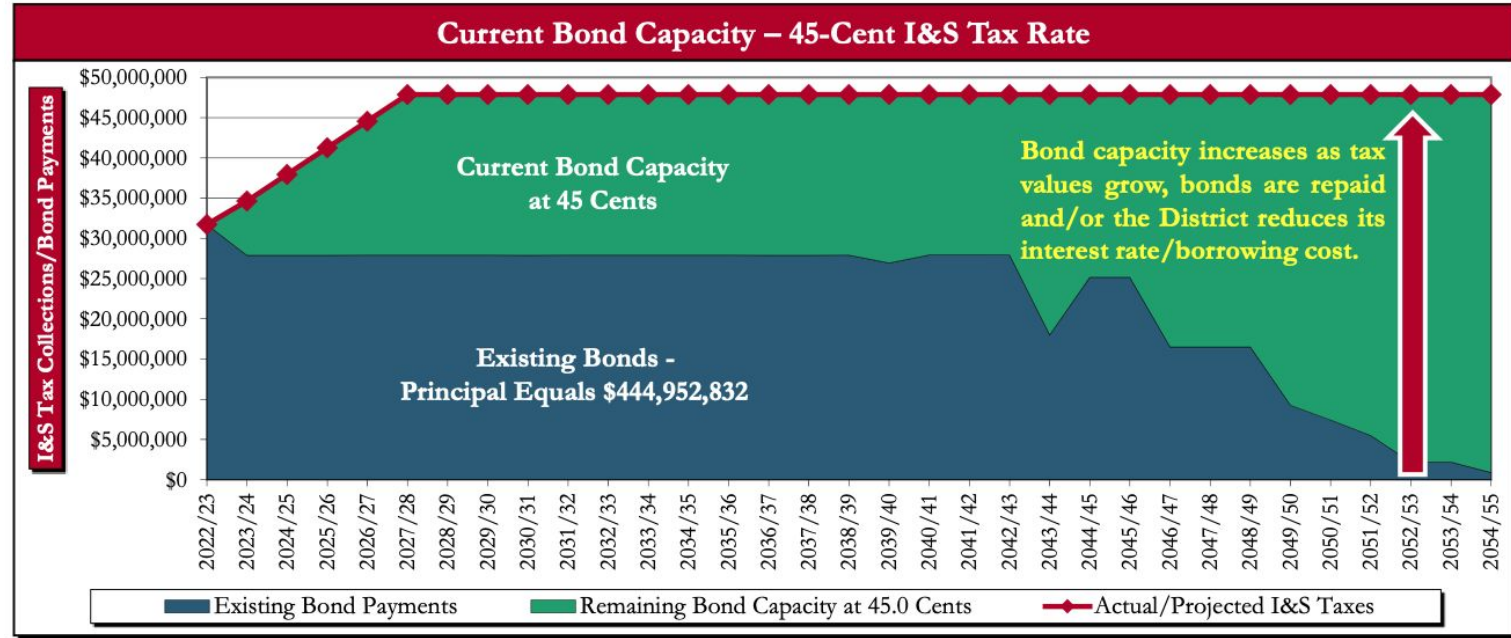


Source: Respective county appraisal districts and school district tax offices.



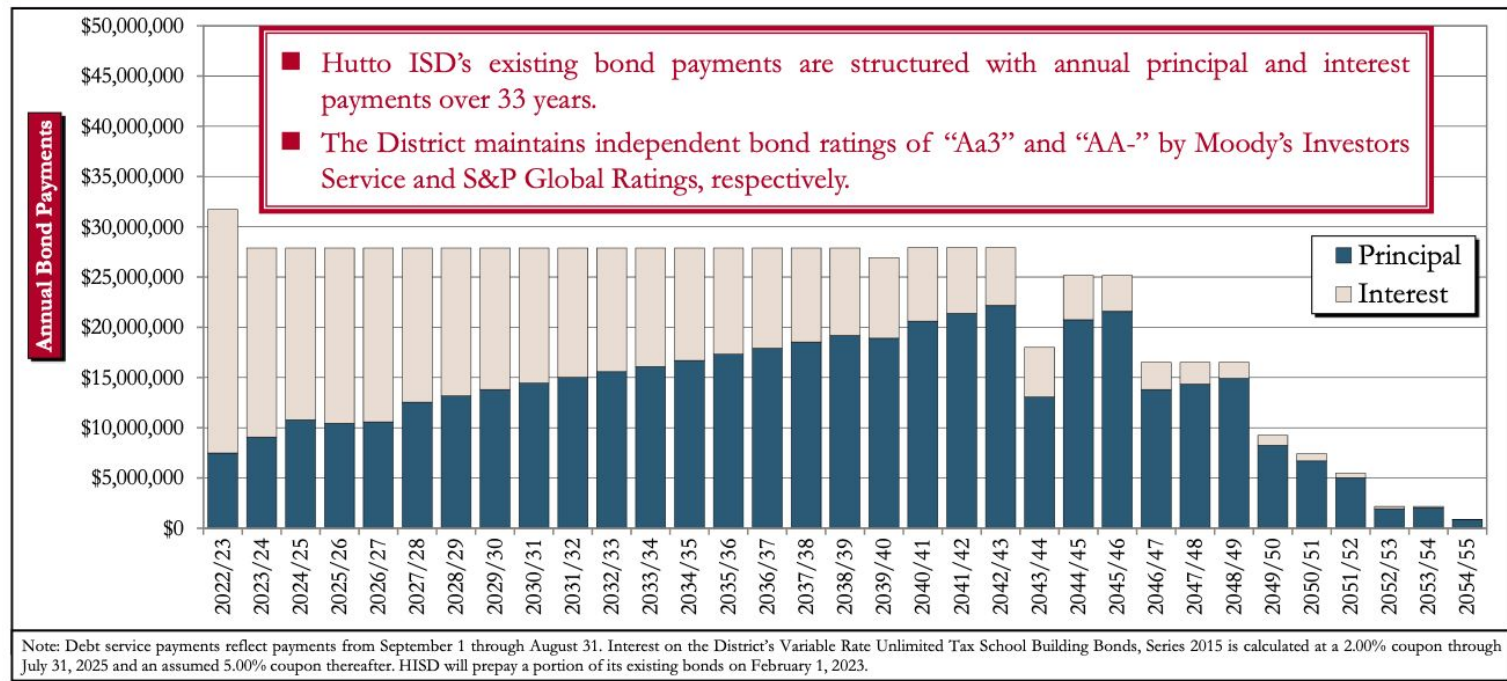
What is Bond Capacity?

- ❑ Bond capacity refers to Hutto ISD's capacity to issue new bonds in light of the limitations imposed by the State mandated "50-Cent Debt Test" and the District's I&S tax rate.





Bond Capacity Factors: Dollar Amount and Structure of District's Existing Bonds

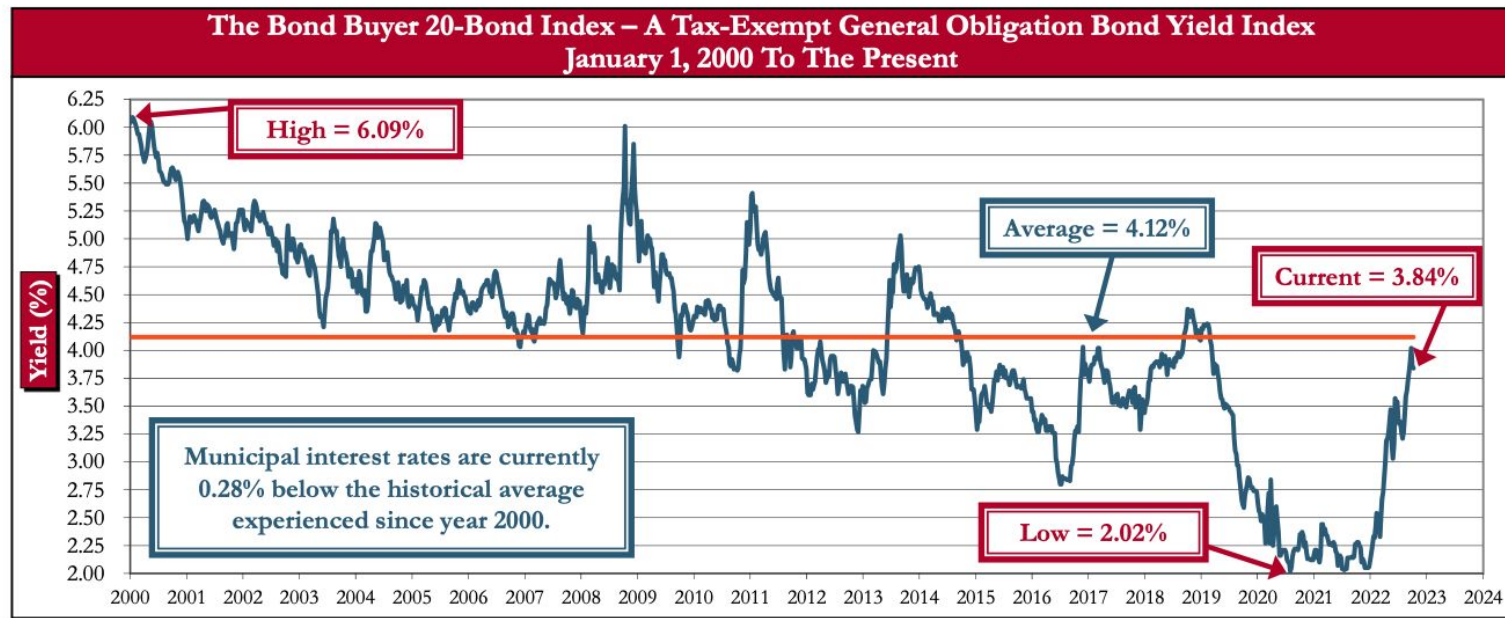


Hutto ISD has a total principal amount of existing bonds equal to \$444,952,832 as of August 31, 2022.



Bond Capacity Factors: Current Market, Fixed Rates of Interest

- As demonstrated by the Bond Buyer 20-Bond Index below, municipal fixed rates of interest remain below their historical averages, but higher due to inflationary concerns. Generally speaking, the lower the interest rate, the more borrowing capacity available to the District.

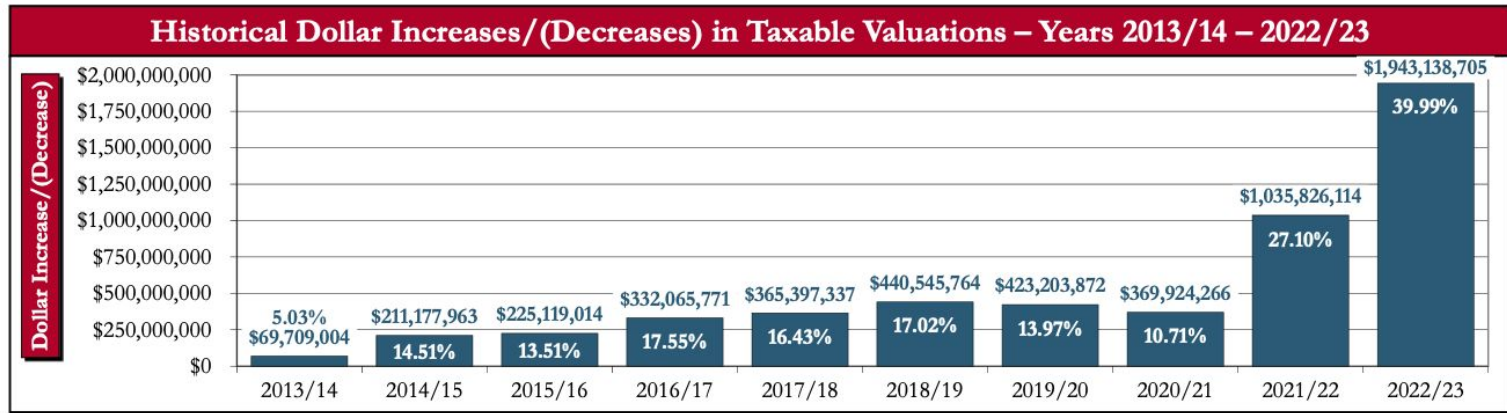


Source: The Bond Buyer.



Bond Capacity Factors: District's Historical Taxable Assessed Valuation

- ❑ The value of Hutto ISD's tax base is the primary factor impacting HISD's bond capacity, as this determines the annual revenues generated from the District's I&S tax rate.
- ❑ HISD's taxable assessed valuation (net of frozen values) is \$6,801,696,430 for fiscal year 2022/23.
- ❑ The following summarizes certain taxable value growth statistics over the last decade:
 - Maximum tax base increase occurred in Year 2022/23: \$1,943,138,705 or 39.99%;
 - Average tax base increase last 10 years: \$541,610,781 or 17.25%; and
 - Average tax base increase last 5 years: \$842,527,744 or 21.31%.



Source: Williamson Central Appraisal District. Represents 100% of the certified tax values plus 90% of the tax values under ARB protest.



Preliminary Bond Capacity Analysis

This Preliminary Bond Capacity Analysis is based upon the assumptions summarized herein. To the extent the District's actual results differ from the assumptions herein, the financial impact to Hutto ISD will correspondingly change.

□ Scenarios Presented

- Determine Hutto ISD's projected bond capacity for a May 2023 bond election at an I&S tax rate of **45 cents** (i.e. no tax rate increase) and **50 cents** (i.e. maximum allowable under State law) assuming:
 - ❖ **Scenario 1:** Taxable values increase by \$500 million in each of the next 5 years and remain constant thereafter;
 - ❖ **Scenario 2:** Taxable values increase by \$750 million in each of the next 5 years and remain constant thereafter;
 - ❖ **Scenario 3:** Taxable values increase by \$1.00 billion in each of the next 5 years and remain constant thereafter;
 - ❖ **Scenario 4:** Taxable values increase by \$1.25 billion in each of the next 5 years and remain constant thereafter; and
 - ❖ **Scenario 5:** Taxable values increase by \$1.50 billion in each of the next 5 years and remain constant thereafter.
- Note: While Hutto ISD's taxable values may increase in future years, the projected current bond capacity only utilizes 5 years of growth to permit "future growth to fund future bond sales for capital improvements."



Preliminary Bond Capacity Analysis

□ Assumptions

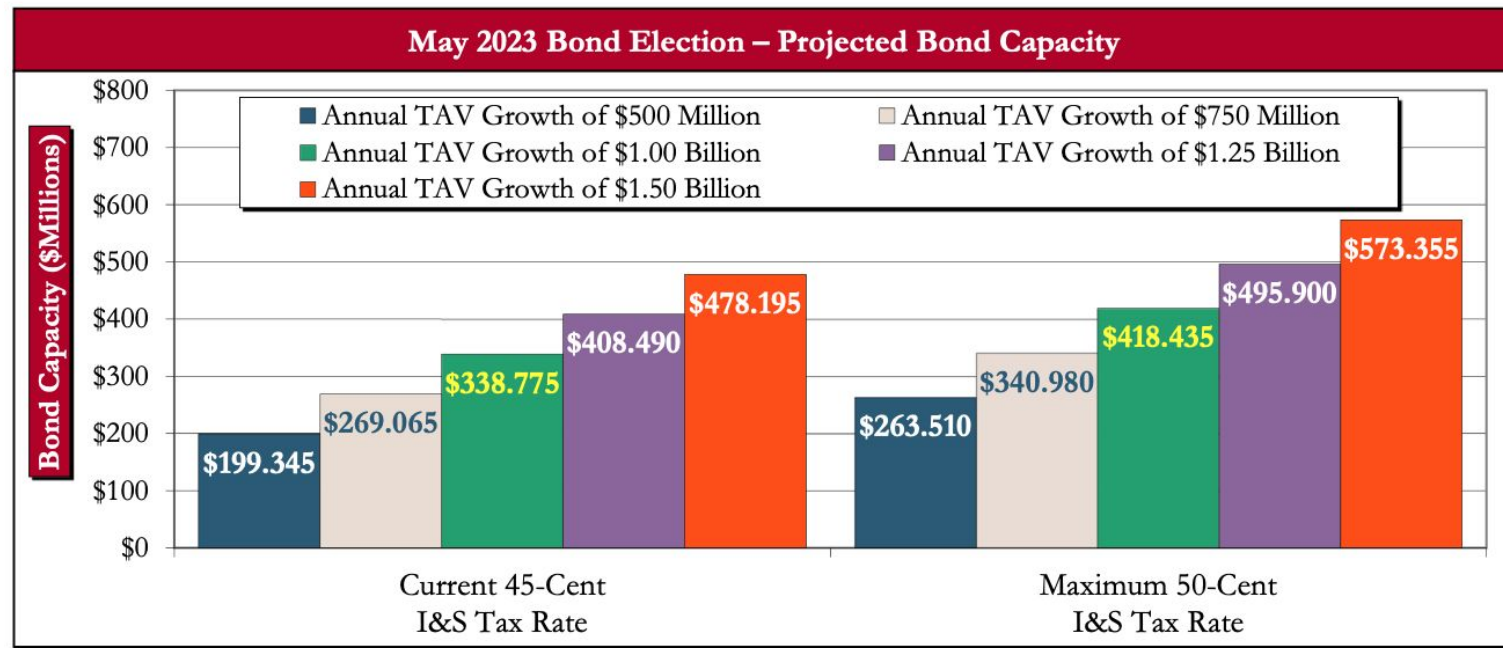
- The new bond program is sold in August 2023 at an interest rate of 5.50% (current market rates of interest are approximately 4.60%).
- The new bond program will initially be structured with annual principal payments over the next 30 years (i.e. final maturity of August 1, 2053). However, the District will have the flexibility to prepay the bonds prior to scheduled maturity, without penalty.
- **Short-Term Projects:** Fully repay bonds issued for certain short-term projects over their useful lives (e.g. devices – 5 years and infrastructure, buses, etc. – 10 years).
- Hutto ISD will not receive any State assistance for the repayment of bonds.
- Tax collection rate of 98.0%.

Note: The State Property Tax Code allows for school property taxes on an individual homestead to be “frozen” at the age of 65. If you are 65 years of age or older and you have filed for the “Over 65 Homestead Exemption,” there is a ceiling on the amount of school taxes to be paid – The only exception is if improvements are made to a home. As such, a tax increase from a new bond program cannot increase the applicable tax ceiling of a taxpayer that has qualified for the “Over 65 Homestead Exemption.”



Preliminary Bond Capacity Analysis

- The following demonstrates Hutto ISD's projected bond capacity for a May 2023 bond election based upon the scenarios and assumptions presented herein.





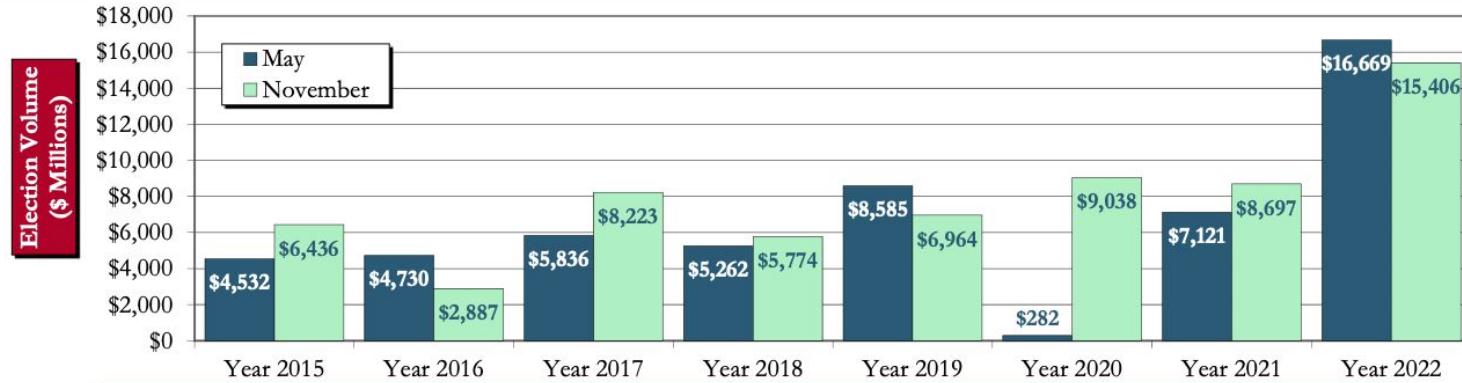
Bond Capacity Considerations

- ☐ Pursuant to State law, Hutto ISD may only issue new bonds to the degree it can demonstrate its I&S tax rate will not exceed 50.0 cents (the so-called State mandated “50-Cent Debt Test”).
- ☐ That said, there is not a limit on the amount of bonds that may be authorized in a bond election.
- ☐ In order to gain flexibility regarding the timing of future bond sales, including taking advantage of optimal market conditions (both interest rates and construction costs), without having to conduct multiple elections, several Texas public school districts have begun to propose long-term growth initiatives (also known as “Growth Bonds”) to their communities.
- ☐ Below are certain examples of recent Growth Bond elections by Texas public school districts:

School District	Election Date	Election Amount	2021/22 Enrollment
Prosper ISD	May 4, 2019	\$ 1,337,000,000	21,780
Forney ISD	May 7, 2022	1,294,000,000	14,349
Anna ISD	November 8, 2022	873,735,000	4,447
Community ISD	May 7, 2022	650,000,000	3,349
Celina ISD	May 4, 2019	600,000,000	3,359
Crandall ISD	May 7, 2022	400,000,000	5,451
Melissa ISD	May 1, 2021	400,000,000	4,874
Aubrey ISD	May 7, 2022	385,900,000	3,112
Van Alstyne ISD	May 1, 2021	325,000,000	2,048



Historical Texas School District Bond Elections Since Year 2015



Year	No. of Elections	Dollar Amount Of Elections	No. of Propositions	Dollar Amount Approved		Propositions Approved	
				Dollar Amount	Percentage	Number	Percentage
2015	126	\$10,968,064,264	139	\$9,644,168,689	87.9%	114	82.0%
2016	110	7,617,304,038	127	6,985,124,038	91.7%	96	75.6%
2017	128	14,058,707,791	145	11,803,977,500	84.0%	99	68.3%
2018	105	11,036,331,959	123	9,988,977,659	90.5%	91	74.0%
2019	128	15,561,804,220	132	11,783,620,085	75.7%	100	75.8%
2020	44	9,320,371,214	80	7,793,163,864	83.6%	51	63.8%
2021	129	15,817,637,080	237	11,821,967,158	74.7%	156	65.8%
May 2022	125	16,668,815,225	207	10,446,980,880	62.7%	104	50.2%
Totals	895	\$101,049,035,791	1,190	\$80,267,979,873	79.4%	811	68.2%

Source: The Municipal Advisory Council of Texas, Texas Bond Review Board, Texas Comptroller of Public Accounts and Various Other Sources.



Notable Changes in Bond Election Laws

❑ House Bill 3 – “Tax” Language on the Ballot

- Requires ballot propositions for school district bond elections to now include the statement: **“THIS IS A PROPERTY TAX INCREASE.”**

❑ Senate Bill 30 – Separate Propositions for Certain Items

- Historically, school districts have been able to use a single ballot proposition for the construction, acquisition and equipment of school buildings, including the purchase of land for school building sites, and the purchase of new school buses.
- Now, should a district conduct an election for any of the purposes described below, each must be stated in a separate proposition:
 - 1) Stadium with seating capacity for more than 1,000 spectators;
 - 2) Natatorium;
 - 3) Another recreational facility other than a gymnasium, playground or play area;
 - 4) Performing arts facility;
 - 5) Teacher housing; and
 - 6) Technology equipment, other than equipment used for school security purposes or technology infrastructure integral to the construction of a facility.



Preliminary Bond Election Timetable – May 6, 2023

Financing Team Members

HISD	---	Hutto Independent School District – Issuer
BOKFS	---	BOK Financial Securities, Inc. – Financial Advisor
NRF	---	Norton Rose Fulbright US LLP – Bond Counsel

Preliminary Bond Election Timetable – May 6, 2023

Date	Action	Responsibility
On or Prior to February 17, 2023 ^(A)	Board Meeting – Board of Trustees Calls the Bond Election	HISD, BOKFS, NRF
April 6 – 26, 2023	Publish Notice of Election	HISD, NRF
Prior to April 17, 2023	Post Notice of Election	HISD, NRF
April 24 – May 2, 2023	Early Voting Period	HISD
May 6, 2023	Bond Election	HISD, BOKFS
May 9 – 17, 2023	Board Meeting – Canvass Election Results	HISD, BOKFS
June 8 – 16, 2023	30-Day Contest Period Ends	N/A
July 2023 or Thereafter	Bond Sale	HISD, BOKFS, NRF
August 2023 or Thereafter	Bond Closing (District Receives Bond Proceeds)	HISD, BOKFS, NRF
^(A) For bond elections held on the May uniform election date, State law requires a bond election to be called by the Board of Trustees at least 78 days prior to the date of the election.		

Table Talk Q&A Process

TELLING THE STORY....



**Offer up any
Likes and
Wishes to
assist us in
improving
each meeting**

NEXT MEETING INFORMATION

Wednesday, November 2nd

5:30pm Dinner
6pm-8pm Meeting

Hutto ISD Ninth Grade Center

