



**BOND**

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CALALLEN ISD 2023

**BOND COMMITTEE MEETING #3**

*WEDNESDAY, JANUARY 25, 2023 | 5:30PM*

# PRESENTERS



**EMILY LORENZ**  
SUPERINTENDENT



**KELSEY RAMOS**  
ASSISTANT SUPERINTENDENT  
OF FINANCE & OPERATIONS

# AGENDA

- BOND FAQ
- BOND CAPACITY
- DETERMINE BOND TAX RATE
- DEVELOP BOND PROJECT LIST
- LOOKING AHEAD



# BOND COMMITTEE PURPOSE

Review Current  
District Financial  
Situation

Review Facility  
Needs and  
Recommendations

Determine Details  
of Next Bond  
Package

Consider and  
Make Bond  
Recommendation  
to the Board

# BOND FAQ



# FUNDING SOURCES AVAILABLE FOR CAPITAL PROJECTS

## **FUND BALANCE**

It would take CISD approximately **28 years** to save sufficient fund balance to pay for \$50M of capital projects.

## **MAINTENANCE TAX NOTES**

Paid for out of the **General Fund**. Borrowing capacity limited to the debt payment capacity of the General Fund. In 2021, CISD could afford \$5M of maintenance tax notes.

## **GRANTS**

**Limited** opportunities, vast majority do not allow capital projects & construction.

## BUILDING NEW VS. REMODELING OLD

- Estimated HS Replacement Value: **\$138M**
- Estimated MS Replacement Value: **\$92M**
- *These estimates do not include demolition, land, ancillary facilities, athletics, furniture, or technology.*
- Required taxable value to support a no tax rate increase bond for \$230M: **\$8.156B (currently at \$2.732B)**
- Required tax rate to support a \$230M bond with current taxable values: **64.5 cents = \$705.51 tax increase on avg home (cap at 50.0 cents or \$143.925M)**

## HOW DID ADMINISTRATION COMPILE THIS LIST?

1. Postponed Projects from Previous Bond Elections
2. Campus and Department Walk-throughs with Principals and Department Heads
3. Outstanding Deferred Maintenance Requests
4. Community, Staff, and Student Recommendations



# ESTIMATES

- Administration interviewed 3 estimating firms and selected RMA Architects
- RMA provided estimates for all proposed projects
- These estimates include 15% for soft costs (architect, engineers, etc.) and 12% for inflation

# PROJECT TIMELINES

- Many variables can impact these timelines, including labor shortages and the global supply chain. Some projects are linked and will require specific sequencing of completion, and others will need to be completed while school is not in session.
- A timeline could only be developed **after final propositions and projects are approved.**
- A \$50M bond, with the proposed potential scope of projects, is an **estimated 3-4 years to completion.**

# PERFORMING ARTS FACILITY LOCATION

## **ARCHITECT REVIEW**

RMA Architects reviewed the possibility of placing the new performing arts facility at the front of CHS facing 624. Due to easements, rights-of-way, driveways, and parking requirements there is not enough room to accommodate this placement.

## **FINE ARTS STAFF**

CHS fine arts staff proposed placing the new performing arts facility adjacent to the existing Band Hall. This is their preferred location, and CHS administration agrees.

# BOND CAPACITY

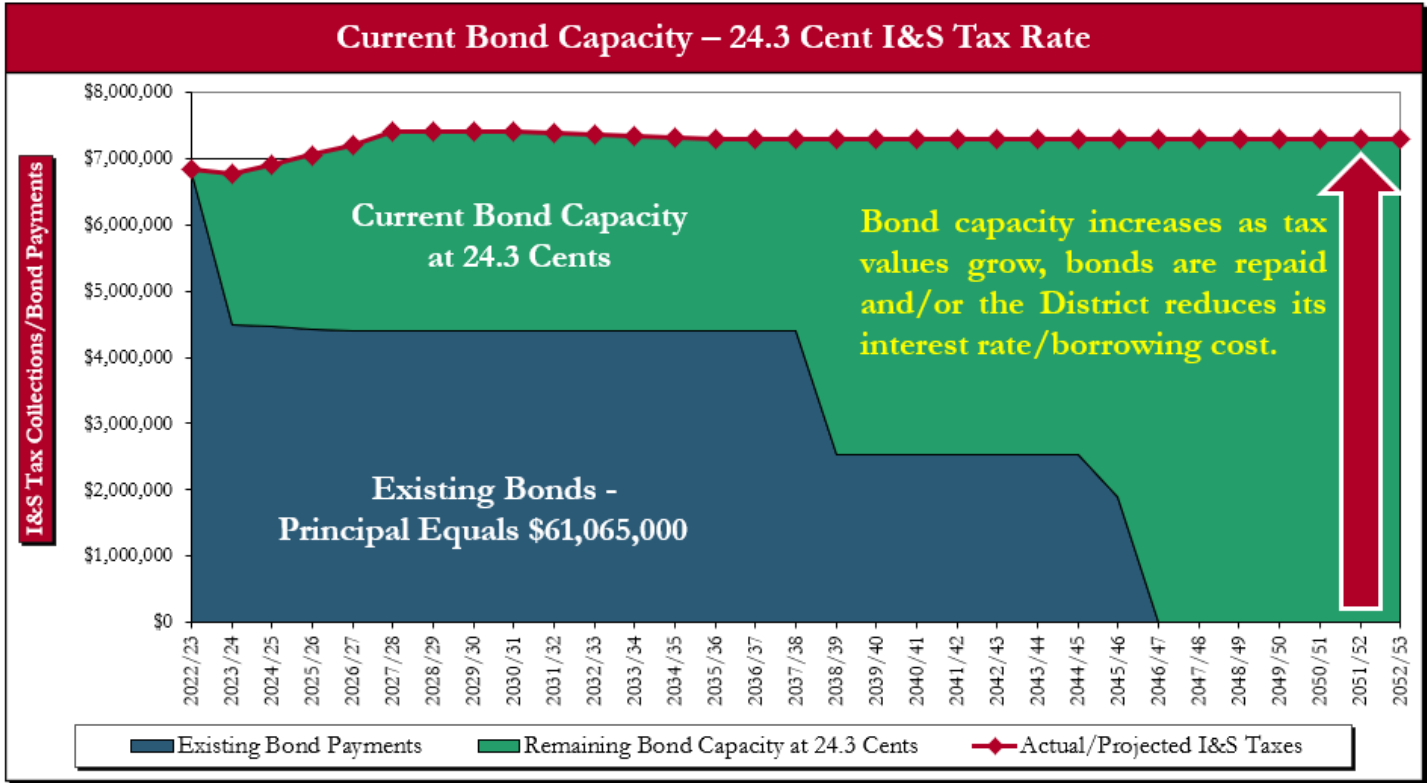
*Information provided by:  
BOK Financial Advisors*





# What is Bond Capacity?

- ❑ Bond capacity refers to Calallen 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.



**Current Bond Capacity information**





## Savings from District's Debt Management Practices

- Calallen Independent School District ("CISD" 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 \$14.95 million of direct savings since year 2010.

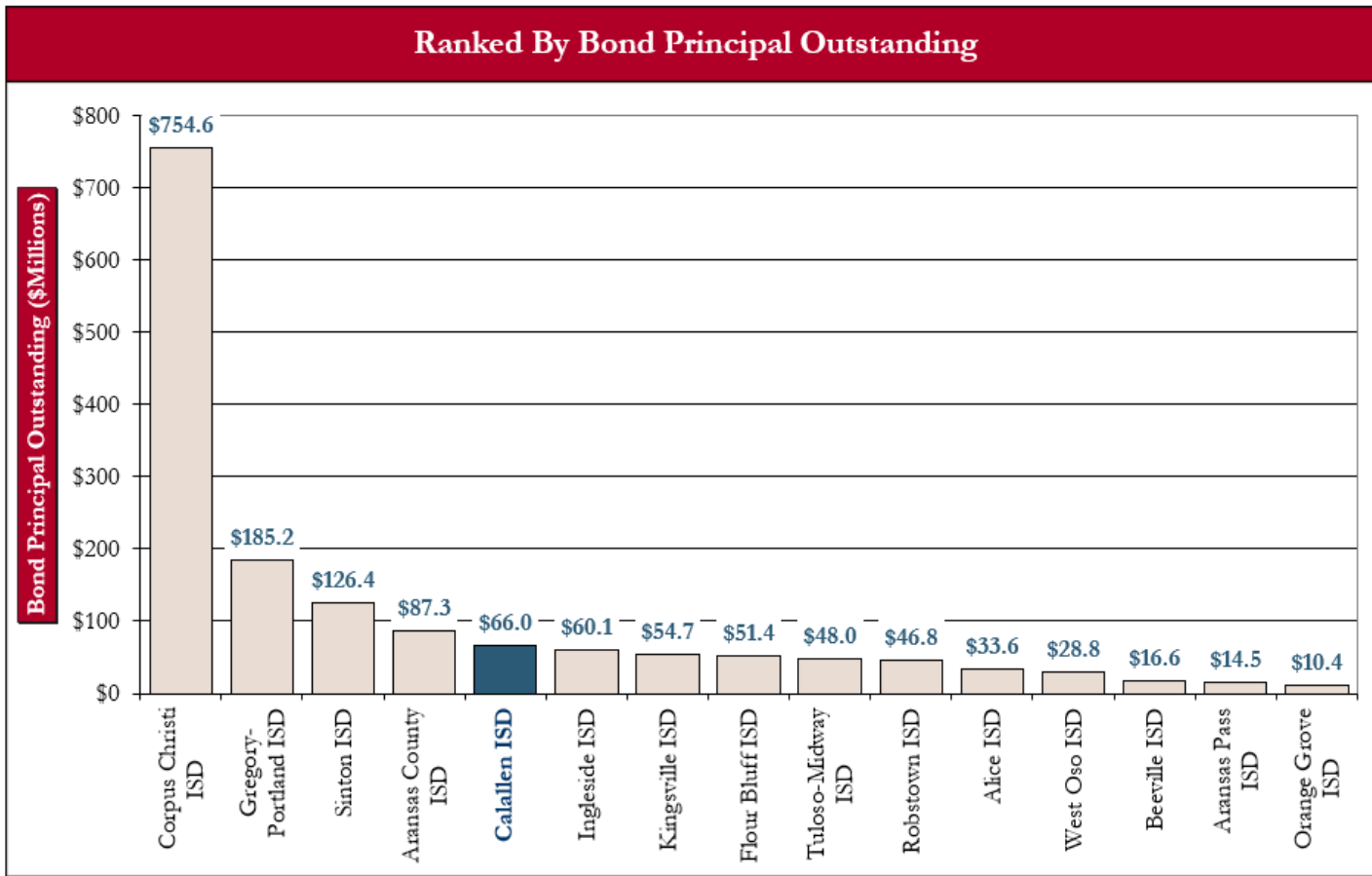
Summary of Interest Cost Savings – Bond Refunding Programs / Prepayment of Bonds			
Issue / Description	Series Refunded / Redeemed	Par Amount Refunded / Redeemed	Total Savings
Unlimited Tax Refunding Bonds, Series 2010	1994, 1998	\$ 3,550,000	\$ 234,836
Unlimited Tax Refunding Bonds, Series 2015	2008	8,700,000	1,481,233
Unlimited Tax Refunding Bonds, Series 2016	2008	8,885,000	1,982,906
Unlimited Tax Refunding Bonds, Series 2017	2008	9,200,000	2,336,083
Unlimited Tax Refunding Bonds, Series 2018-A	2008	9,480,000	1,224,248
<b>Total - Bond Refunding Programs at a Lower Interest Rate</b>	---	<b>\$ 39,815,000</b>	<b>\$ 7,259,306</b>
Prepayment of Series 2008 Bonds - August 2017	2008	\$ 710,000	\$ 710,000
Prepayment of Series 2008 Bonds - February 2018	2008	1,550,000	1,550,000
Prepayment of Series 2018 Bonds - August 2020	2018	775,000	744,485
Prepayment of Series 2018 Bonds - August 2021	2018	1,280,000	1,229,600
Prepayment of Series 2018 Bonds - February 2022	2018	1,675,000	1,541,350
Prepayment of Series 2018 Bonds - February 2023	2018	2,230,000	1,916,356
<b>Total - Prepayment of Bonds Prior to Scheduled Maturity</b>	---	<b>\$ 8,220,000</b>	<b>\$ 7,691,791</b>
<b>Totals</b>	---	<b>\$ 48,035,000</b>	<b>\$ 14,951,097</b>

Total Savings from Refunding and Prepayment of Bonds:

**\$14,951,097**

Source: District records.

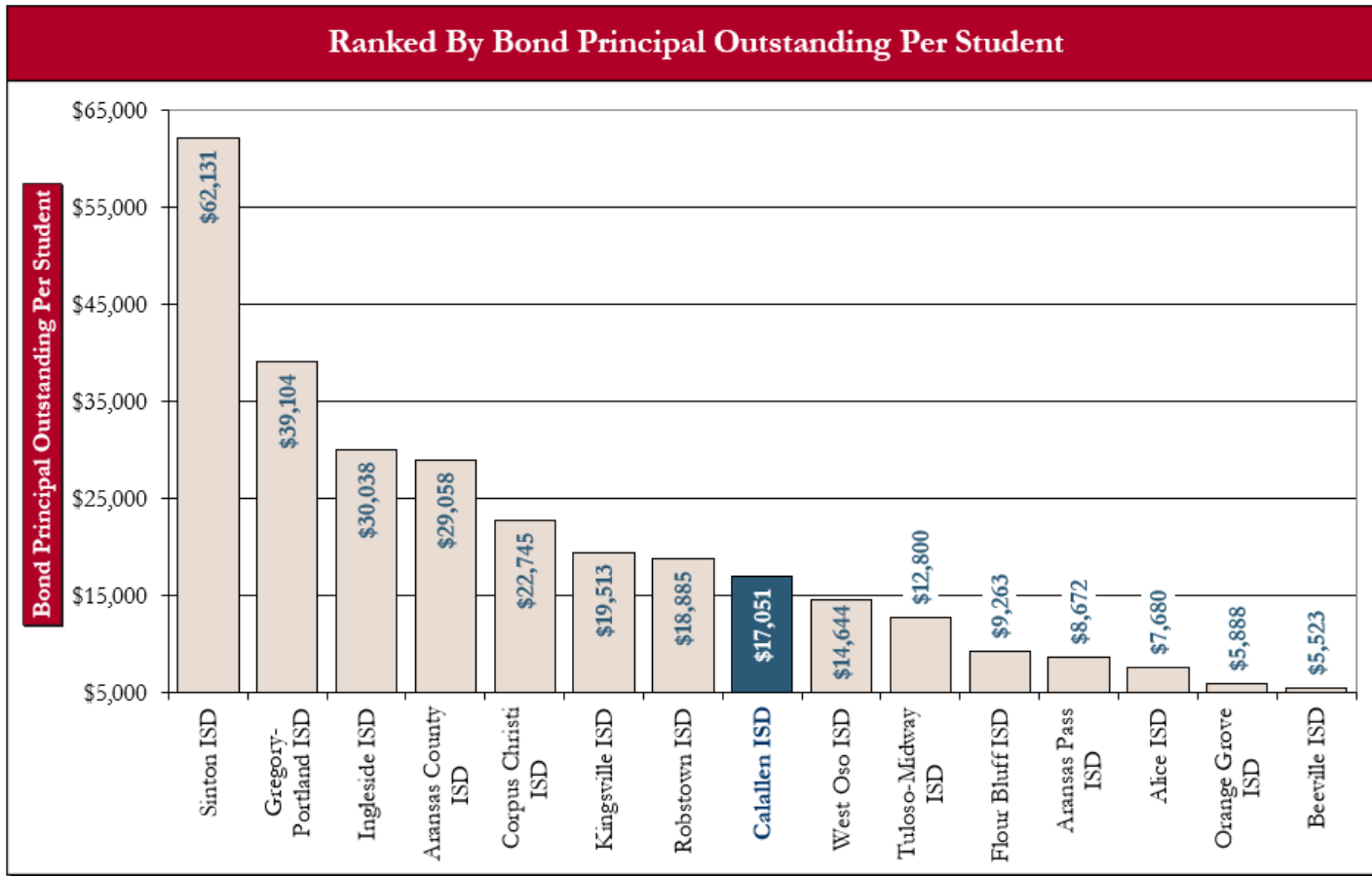
## Comparison of ESC Region 2 School Districts – Enrollment Greater Than 1,500 Students



Ranked **5<sup>th</sup>** in the region for **Outstanding Bond Principal**

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

## Comparison of ESC Region 2 School Districts – Enrollment Greater Than 1,500 Students

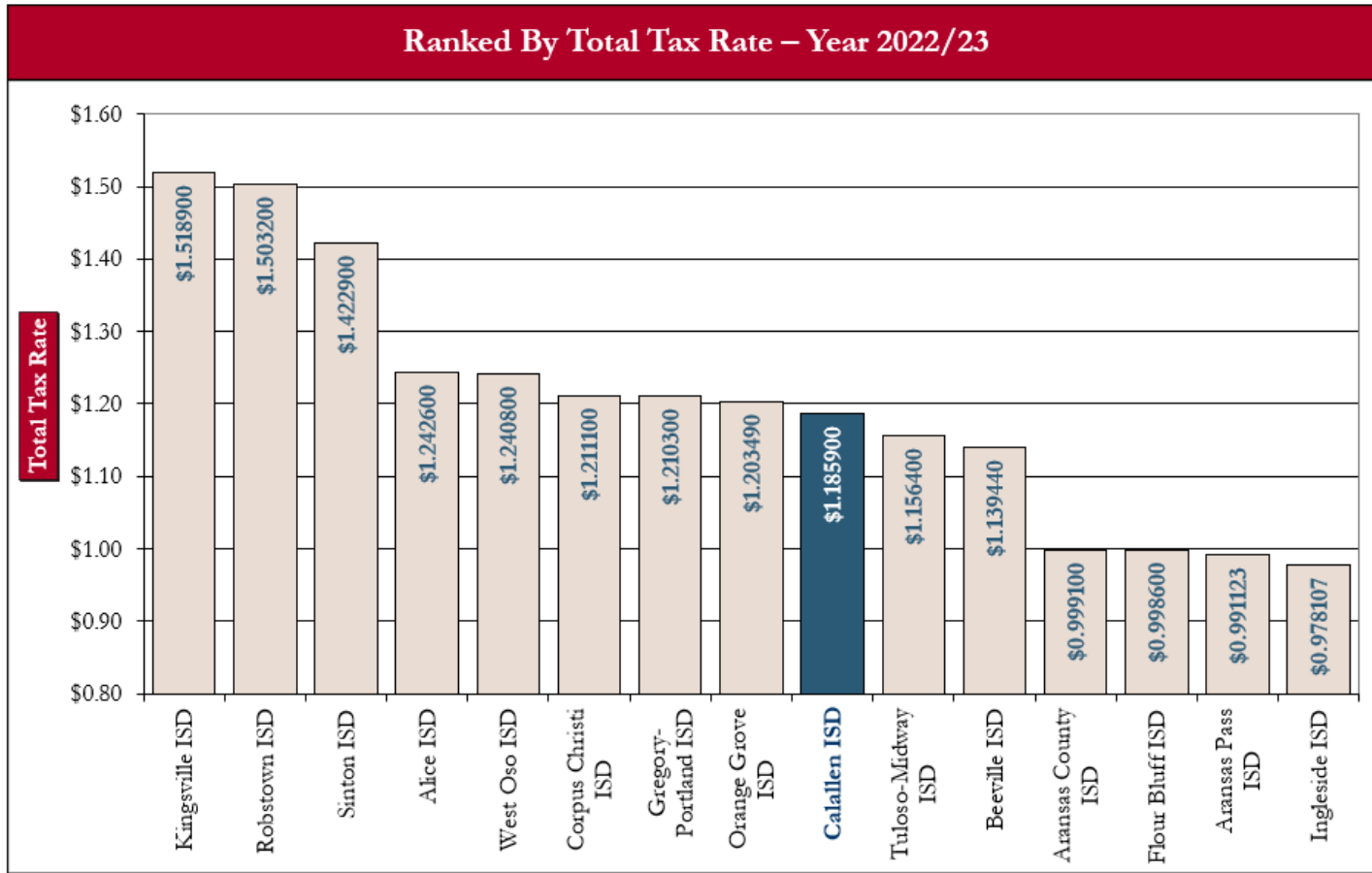


Ranked **8<sup>th</sup>** in the region for **Outstanding Bond Principal per Student**

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



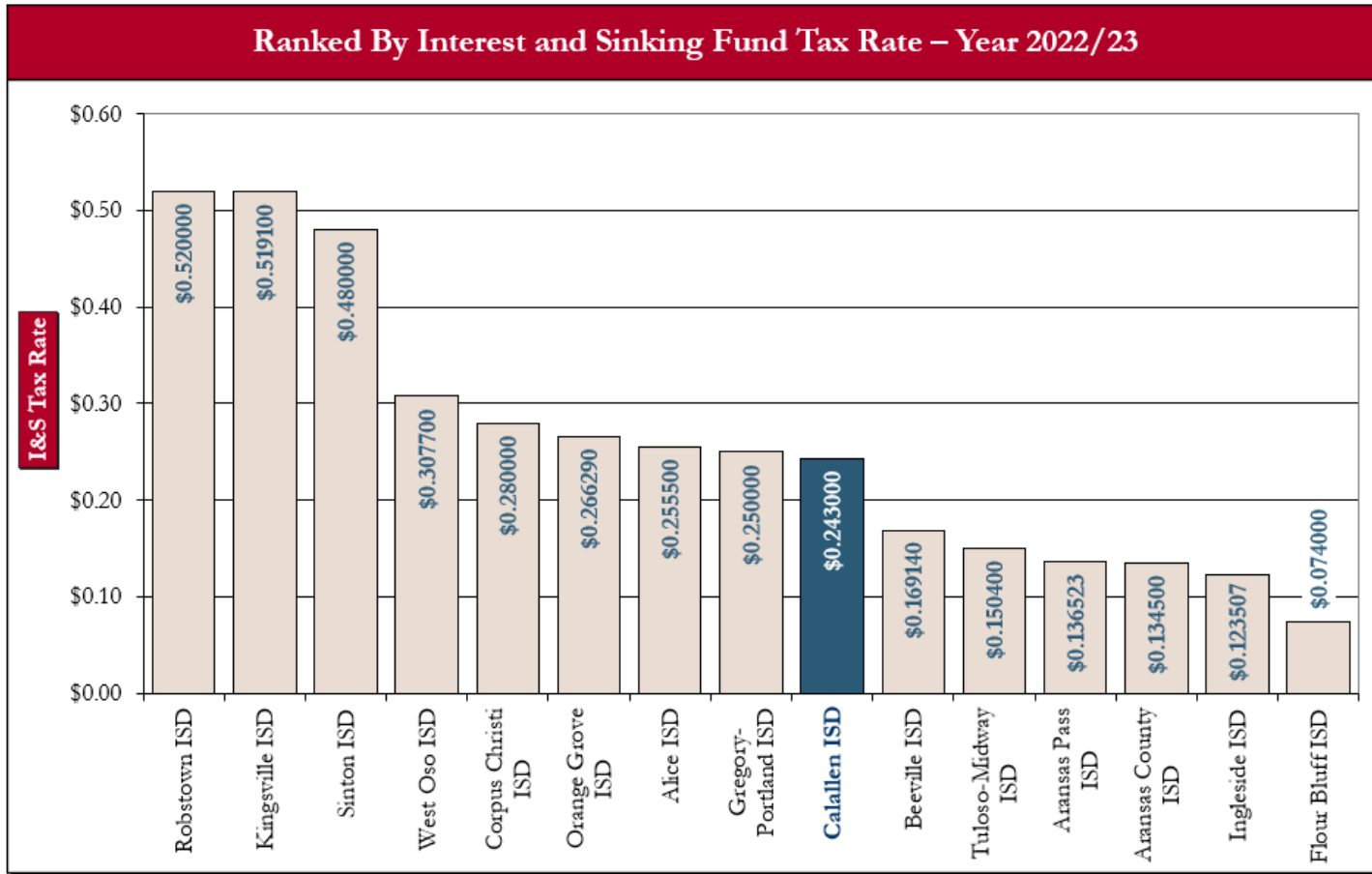
## Comparison of ESC Region 2 School Districts – Enrollment Greater Than 1,500 Students



Ranked **9<sup>th</sup>** in the region for **Total Tax Rate**

Source: Texas Comptroller of Public Accounts and respective county appraisal districts and tax offices.

Comparison of ESC Region 2 School Districts – Enrollment Greater Than 1,500 Students



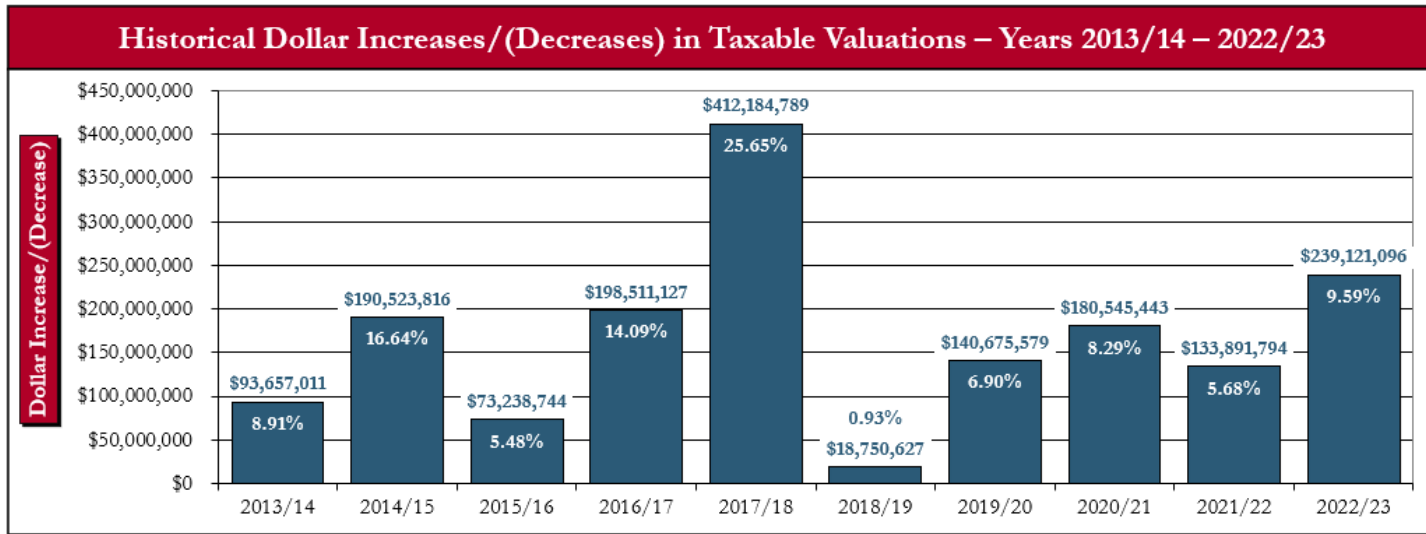
Ranked 9<sup>th</sup> in the region for **Interest & Sinking Tax Rate**

Source: Texas Comptroller of Public Accounts and respective county appraisal districts and tax offices.



## Bond Capacity Factors: Summary of District's Historical Taxable Assessed Valuation

- ❑ The value of Calallen ISD's tax base is the primary factor impacting CISD's bond capacity, as this determines the annual revenues generated from the District's I&S tax rate.
- ❑ CISD's taxable assessed valuation (net of frozen values) is \$2,732,323,137 for fiscal year 2022/23.
- ❑ The following summarizes certain taxable value growth statistics over the last decade:
  - Maximum tax base increase occurred in Year 2017/18: \$412,184,789 or 25.65%;
  - Average tax base increase last 10 years: \$168,110,003 or 10.02%; and
  - Average tax base increase last 5 years: \$142,596,908 or 6.23%.



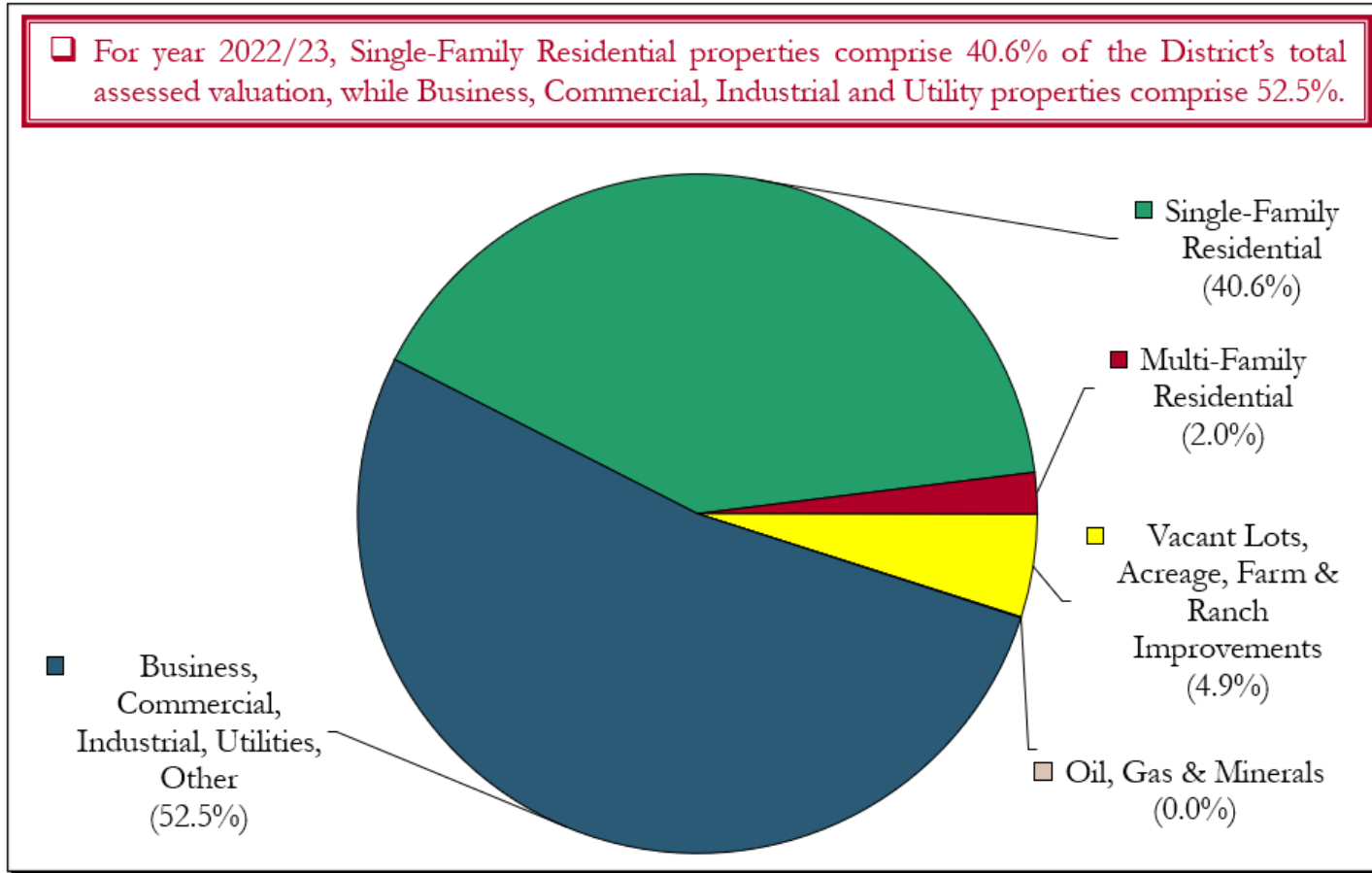
Source: Nueces County Appraisal District. Represents 100% of the certified tax values plus 100% of the tax values under ARB protest.

Primary Factor Impacting Bond Capacity:

**District's Taxable Valuations**

Composition of Total Assessed Valuation –  
Year 2022/23

For year 2022/23, Single-Family Residential properties comprise 40.6% of the District's total assessed valuation, while Business, Commercial, Industrial and Utility properties comprise 52.5%.



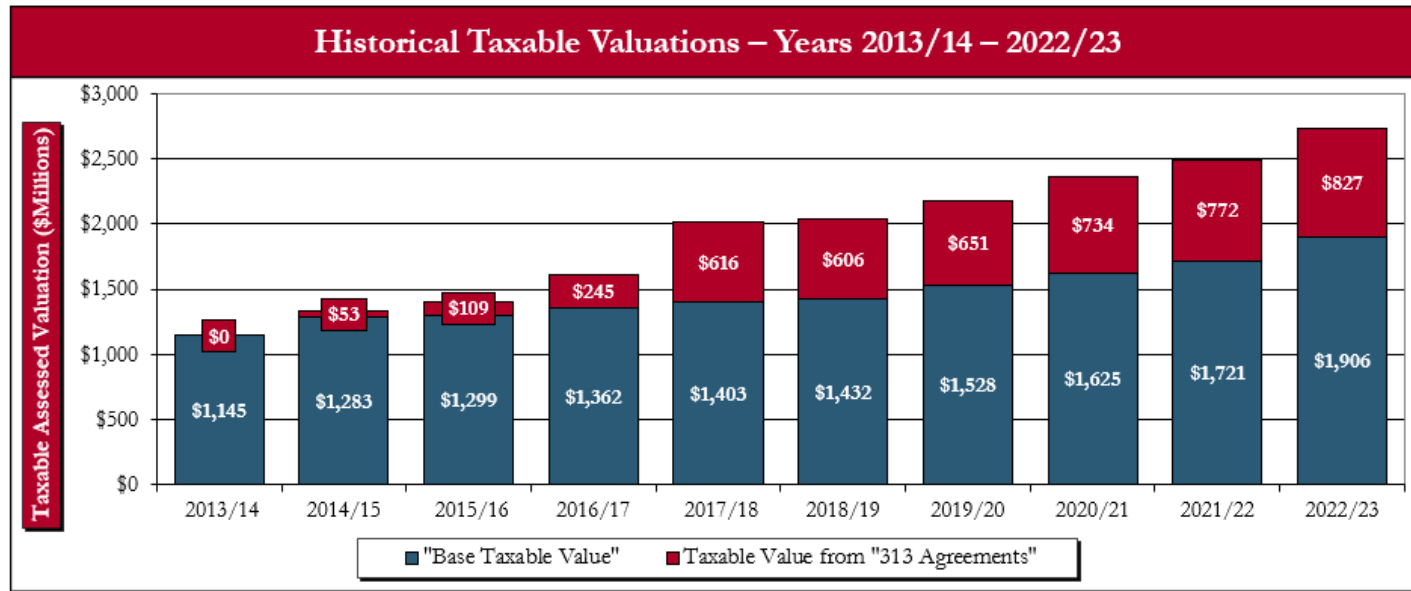
Breakdown of the District's Tax Valuation:

**52.5% Commercial**  
**40.6% Residential**

Source: Nueces County Appraisal District.

## Summary of District's Historical Taxable Assessed Valuation – “Base Taxable Value”

- ❑ CISD’s “Base Taxable Value” (i.e. net of the taxable value associated with the 313 agreements) is \$1,905,795,437 for fiscal year 2022/23.
- ❑ The following summarizes certain “Base Taxable Value” growth statistics over the last decade:
  - Maximum tax base increase occurred in Year 2022/23: \$184,322,976 or 10.71%;
  - Average tax base increase last 10 years: \$85,457,233 or 6.13%; and
  - Average tax base increase last 5 years: \$100,581,816 or 6.32%.



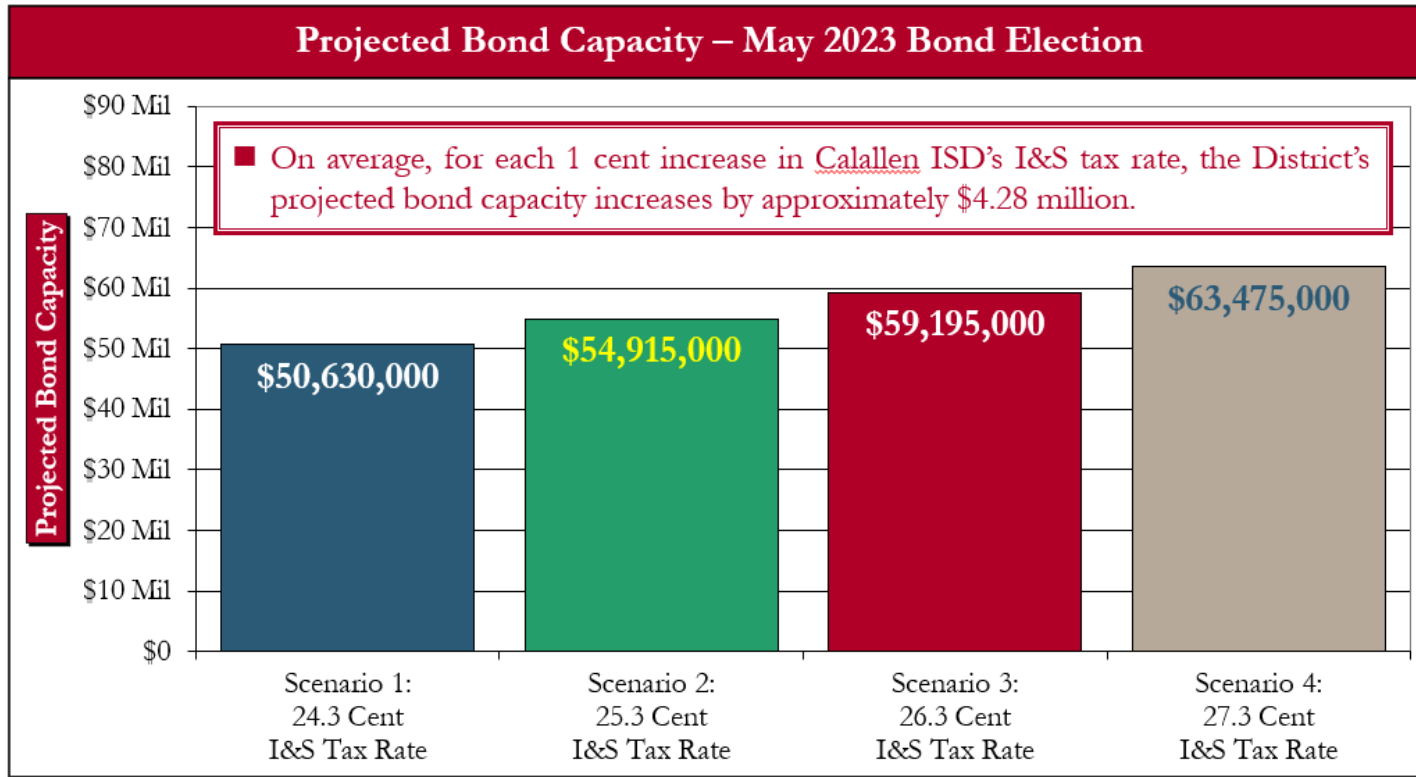
Base Taxable Value vs.  
**Chapter 313 Agreements Taxable Value**

Source: Nueces County Appraisal District. Represents 100% of the certified tax values plus 100% of the tax values under ARB protest.



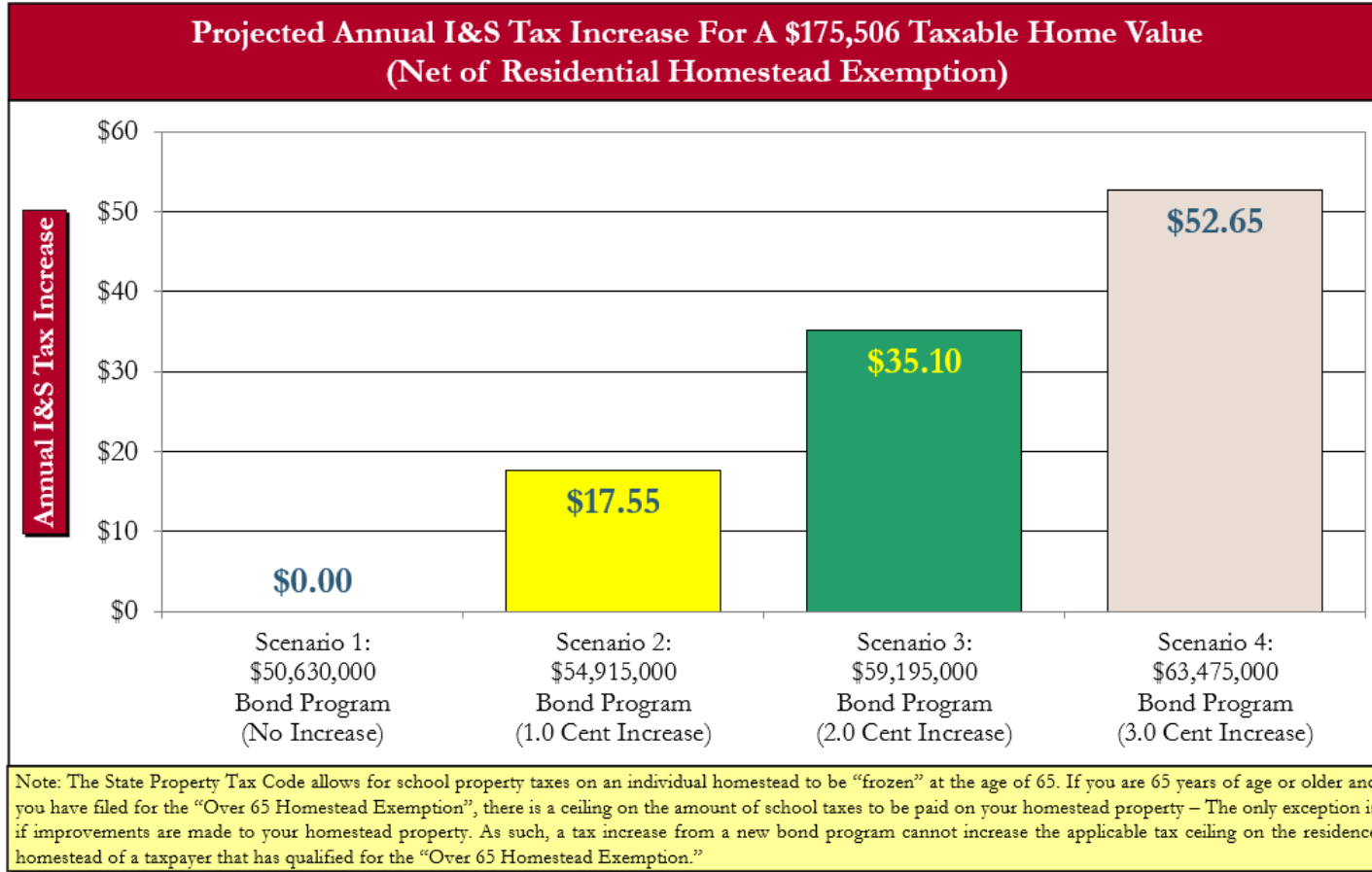
## Preliminary Bond Capacity Analysis

- ❑ The following demonstrates Calallen ISD's projected bond capacity based upon the scenarios presented herein.



**Preliminary** Bond Capacity:

**\$50.630M**



**Preliminary** Tax Increase for Average Home Value:

**\$0.00**



## 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.

Bond Election  
Law Changes:

**Ballot Language**

**Multiple  
Propositions**





**Estimated Financial Impact of the Equistar Chemicals LP  
Chapter 313 Property Value Limitation Request Submitted to CALLEN ISD**

(A)	(B)	(C)	(D)	(E)	(F)	(G)	(H)	(I)	(J)	(K)
Year of Agreement	School Year	Project Taxable Value for M&O If No Limitation	Project Taxable Value for M&O With Limitation	Assumed M&O Tax Rate	Tax Savings To Company	ESTIMATED Revenue Protection Payment	Estimated Net Tax Benefits	MAXIMUM Supplemental Payment (\$100 per ADA)	Total Negotiated Payments to School District	Potential Company Tax Benefit
	2025-26	\$3,790,000	\$3,790,000	\$0.9896	\$0	\$0	\$0			
QTP1	2026-27	\$17,385,000	\$17,385,000	\$0.9896	\$0	\$0	\$0	\$384,376	\$384,376	-\$384,376
QTP2	2027-28	\$118,189,000	\$118,189,000	\$0.9896	\$0	\$0	\$0	\$384,376	\$384,376	-\$384,376
	2028-29	\$397,404,000	\$397,404,000	\$0.9896	\$0	\$0	\$0	\$0	\$0	\$0
VL1	2029-30	\$700,475,500	\$30,000,000	\$0.9896	\$6,635,026	-\$7,447,032	-\$812,006	\$384,376	\$7,831,408	-\$1,196,383
VL2	2030-31	\$760,627,000	\$30,000,000	\$0.9896	\$7,230,285	-\$687,010	\$6,543,275	\$384,376	\$1,071,386	\$6,158,898
VL3	2031-32	\$722,596,000	\$30,000,000	\$0.9896	\$6,853,930	\$0	\$6,853,930	\$384,376	\$384,376	\$6,469,554
VL4	2032-33	\$686,466,000	\$30,000,000	\$0.9896	\$6,496,388	\$0	\$6,496,388	\$384,376	\$384,376	\$6,112,011
VL5	2033-34	\$652,143,000	\$30,000,000	\$0.9896	\$6,156,727	\$0	\$6,156,727	\$384,376	\$384,376	\$5,772,351
VL6	2034-35	\$619,536,000	\$30,000,000	\$0.9896	\$5,834,048	\$0	\$5,834,048	\$384,376	\$384,376	\$5,449,672
VL7	2035-36	\$588,559,000	\$30,000,000	\$0.9896	\$5,527,500	\$0	\$5,527,500	\$384,376	\$384,376	\$5,143,123
VL8	2036-37	\$559,131,000	\$30,000,000	\$0.9896	\$5,236,280	\$0	\$5,236,280	\$384,376	\$384,376	\$4,851,904
VL9	2037-38	\$531,174,000	\$30,000,000	\$0.9896	\$4,959,618	\$0	\$4,959,618	\$384,376	\$384,376	\$4,575,242
VL10	2038-39	\$504,615,000	\$30,000,000	\$0.9896	\$4,696,790	\$0	\$4,696,790	\$384,376	\$384,376	\$4,312,414
VP1	2039-40	\$479,384,000	\$479,384,000	\$0.9896	\$0	\$0	\$0	\$384,376	\$384,376	-\$384,376
VP2	2040-41	\$455,415,000	\$455,415,000	\$0.9896	\$0	\$0	\$0	\$384,376	\$384,376	-\$384,376
VP3	2041-42	\$432,644,000	\$432,644,000	\$0.9896	\$0	\$0	\$0	\$384,376	\$384,376	-\$384,376
VP4	2042-43	\$411,012,000	\$411,012,000	\$0.9896	\$0	\$0	\$0			\$0
VP5	2043-44	\$390,461,000	\$390,461,000	\$0.9896	\$0	\$0	\$0			\$0
<b>TOTALS</b>					\$59,626,591	-\$8,134,042	\$51,492,549	\$5,765,646	\$13,899,688	\$45,726,903

QTP = Qualifying Time Period  
VL = Value Limitation  
VP = Viable Presence

Fully taxable for I&S

Loss of M&O taxes plus Tier II state aid would have earned on those taxes

Actual amount and when paid is negotiated during Agreement process

New Chapter 313 Potential:  
**Tax Year 2029**  
**+\$700M I&S Taxable Value**



Tax Year	M&O Tax Rate	I&S Tax Rate	Total Tax Rate	Tax Rate Compr.	I&S Value Growth	Avg Home Value & Taxes
<b>2022</b>	0.9429	0.243	1.1859	-0.0467 -4.7%	8.8%	\$227,134 +\$17.42
<b>2021</b>	0.9896	0.243	1.2326	-0.0019 -0.2%	6.2%	\$202,672 +\$112.59
<b>2020</b>	0.9915	0.243	1.2345	-0.0768 -7.2%	7.8%	\$188,467 -\$76.90
<b>2019</b>	1.0683	0.243	1.3113	-0.1017 -8.7%	7.1%	\$186,379 -\$86.81
<b>2018</b>	1.1700	0.233	1.403			

**5 Year History** of Property Values & Tax Rates

DETERMINE  
BOND TAX RATE



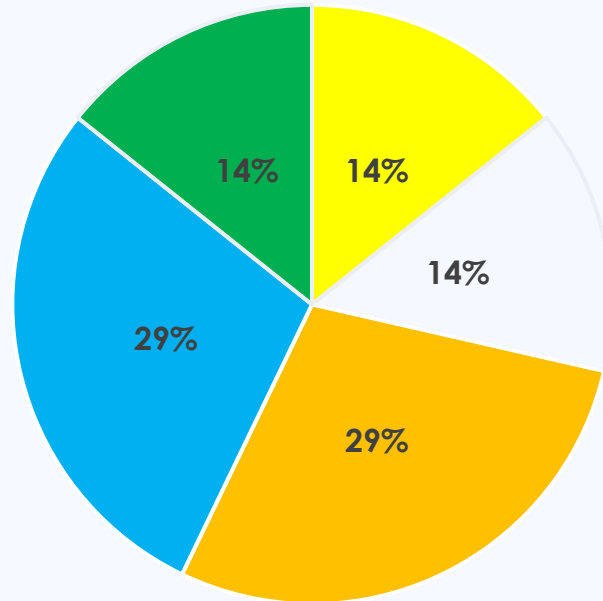


## WHAT TAX RATE SHOULD THE BOND COMMITTEE PROPOSE?

*Using the Bond Tax Rate Worksheet provided, please work as a group at your table to discuss and determine which tax rate the Bond Committee should propose for the 2023 Bond package.*

# BOND TAX RATE RESULTS

Tax Rate Scenarios



■ 1.75 Cent Increase   ■ 2.0 Cent Increase   ■ 3.0 Cent Increase   ■ 4.0 Cent Increase   ■ 8.0 Cent Increase

# TAX RATE POLL



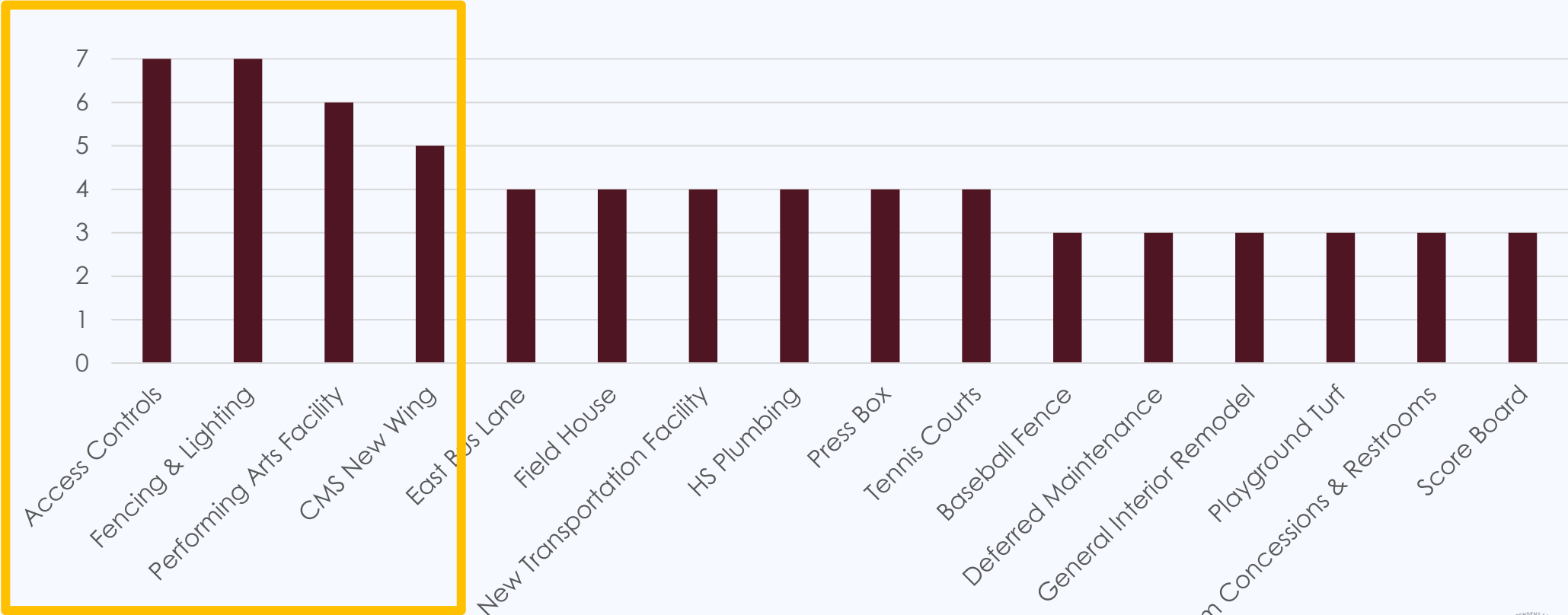
SLIDO.COM

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2970273

# DEVELOP BOND PROJECT LIST

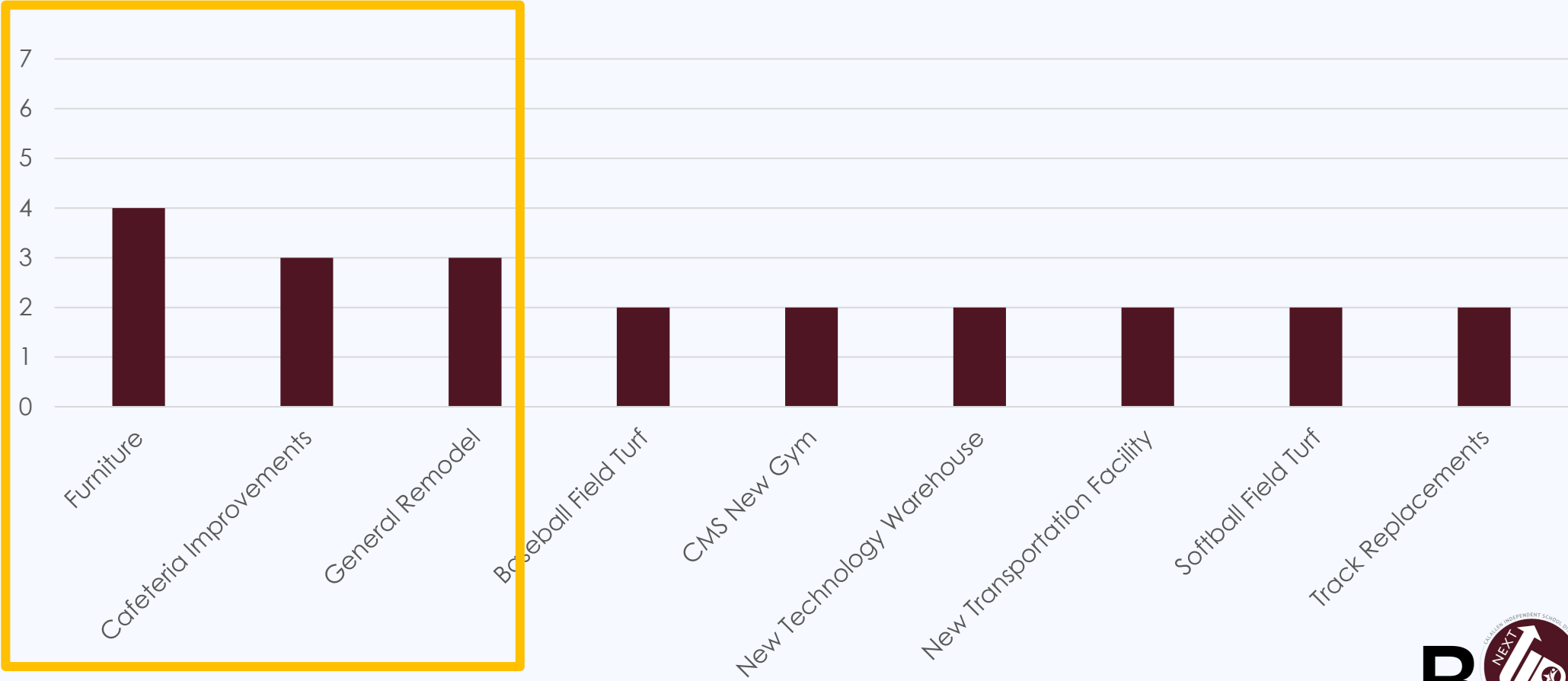


# COMMITTEE MEETING #2 - PRIORITIES





# COMMITTEE MEETING #2 - LEAST IMP.



# PROJECTS ADDED AFTER MEETING #2

- New Gymnasium at High School
- Track Replacement at Middle School
- Fence Upgrades at West Intermediate

# PROPOSED PROJECT LIST

- Estimated Grand Total for All Proposed Projects:
- **\$125,683,131**

# PAIRED PROJECTS

- **Several projects must be completed as pairs**
- IF CHS Auditorium Conversion, THEN New Performing Arts Facility
- IF CMS New Wing Addition, THEN Fire Alarm & Intercom Upgrades
- IF Repurpose Old Transportation Facility, THEN New Transportation Facility
- IF New Technology Warehouse, THEN New Transportation Facility and Repurpose Old Transportation Facility

# FURNITURE

- Furniture estimates provided for each campus include replacing all classroom furniture
- Bond Committee can choose to **allocate less dollars towards furniture** for each campus, and we will slowly replace furniture over time.
- *For example: Instead of \$1,095,000 for High School, the bond committee could allocated \$500,000 and campus administration will identify the highest need classrooms to replace.*

# DEFERRED MAINTENANCE

- Bond Committee to determine the funding level for deferred maintenance
- Administration recommends \$5M based on past projects and immediate future needs
- References:
  - 2021 Maintenance Tax Notes - \$5M
  - 2013 Maintenance Tax Notes - \$3M

# HIGH SCHOOL PLUMBING

- **\$4,508,000**
- **Includes:**
  - plumbing rebuild for the High School original 1972 part of the building; B-GYM, 200, 300, Admin and old 400 and 500 Halls
  - waste piping, storm water piping, and water isolation valves for the building and 100% of the site piping

# RESOURCES PROVIDED

- Potential Project List with Cost Estimates
- RMA Architect Budget Worksheets used for Cost Estimates
- Project Costs Excel Workbook
- Project List Poster
- Calculators

*Using the tools provided, please work as a group at your table to discuss, prioritize, calculate, and determine which projects the Bond Committee should propose for the 2023 Bond package.*



# PROJECT COSTS EXCEL WORKBOOK

	A	B	C	D	E	F	G
1	Location	Project	Planning Estimates	Proposed Project List			
2	CHS	Auditorium Conversion to Classrooms & Offices <i>*Paired Project</i>	\$ 2,569,000			Enter Bond Capacity Amount:	\$ -
3	CHS	Cafeteria Upgrades	\$ 35,000			Proposed Project List Grand Total:	\$ -
4	CHS	Covered Walkway to AG, CTE, and Dual Credit	\$ 283,000			Remaining Funds	\$ -
5	CHS	CTE Building Renovation	\$ 1,489,000			CHS Subtotal	\$ -
6	CHS	Front Entry & Offices Renovation	\$ 2,110,000			CMS Subtotal	\$ -
7	CHS	Fencing & Exterior Lighting	\$ 590,000			Magee Subtotal	\$ -
8	CHS	Furniture <i>**Can allocate less dollars</i>	\$ 1,095,000			West Subtotal	\$ -
9	CHS	General Interior Remodel	\$ 1,455,000			East Subtotal	\$ -
10	CHS	Plumbing Upgrades	\$ 4,508,000			Wood River Subtotal	\$ -
11	CMS	New Wing Addition <i>*Paired Project</i>	\$ 8,796,000			Athletics Subtotal	\$ -
12	CMS	General Interior Remodel	\$ 2,315,000			Performing Arts Subtotal	\$ -
13	CMS	Access Controls	\$ 321,000			Operations Subtotal	\$ -
14	CMS	Fire Alarm & Intercom Upgrades <i>*Paired Project</i>	\$ 1,932,000			Deferred Maintenance Subtotal	\$ -
15	CMS	Fencing & Exterior Lighting	\$ 533,000				
16	CMS	Furniture <i>**Can allocate less dollars</i>	\$ 805,000				
17	CMS	Library Renovation	\$ 944,000				
18	CMS	New Gym	\$ 6,569,000				
19	Magee	Access Controls	\$ 365,000				
20	Magee	Fencing & Exterior Lighting	\$ 74,000				
21	Magee	Playground Awning	\$ 64,000				

LOOKING  
AHEAD...



# BOND COMMITTEE TIMELINE

*January 31, 2023\**

*4<sup>th</sup> Bond Committee Meeting \*If Needed*

February 13, 2023

Board Meeting - Bond Committee makes recommendation to Call for Bond Election

February 28, 2023

1<sup>st</sup> Town Hall Meeting

March 23, 2023

2<sup>nd</sup> Town Hall Meeting

April 18, 2023

3<sup>rd</sup> Town Hall Meeting

# FEBRUARY 13, 2023 - BOARD MEETING

- **Who from the Bond Committee** will make the presentation and recommendation to the Board to call for the 2023 Bond Election?
- CISD Administration will meet with the Bond Committee team and help develop the Board presentation and materials



## Preliminary Bond Election Timetable – May 6, 2023

### Financing Team Members

CISD	---	Calallen Independent School District – Issuer
BOKFS	---	BOK Financial Securities, Inc. – Financial Advisor
MPH	---	McCall, Parkhurst & Horton L.L.P. – Bond Counsel

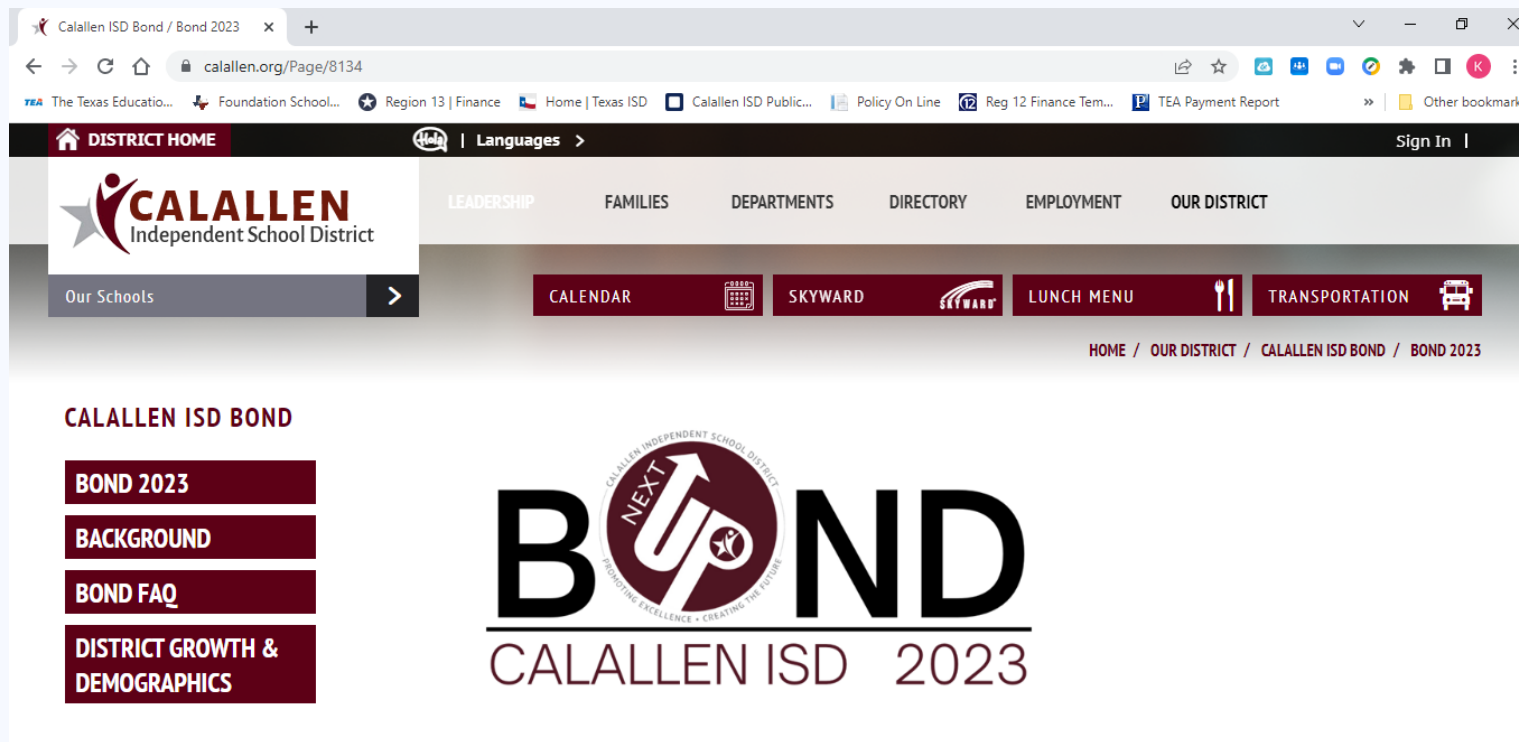
### Preliminary Bond Election Timetable – May 6, 2023

Date	Action	Responsibility
On or Prior to February 17, 2023 <sup>(A)</sup>	Board Meeting – Board of Trustees Calls the Bond Election	CISD, BOKFS, MPH
April 6 – 26, 2023	Publish Notice of Election	CISD, MPH
Prior to April 17, 2023	Post Notice of Election	CISD, MPH
April 24 – May 2, 2023	Early Voting Period	CISD
May 6, 2023	Bond Election	CISD, BOKFS
May 9 – 17, 2023	Board Meeting – Canvass Election Results	CISD, BOKFS
June 8 – 16, 2023	30-Day Contest Period Ends	N/A
July 2023 or Thereafter	Bond Sale	CISD, BOKFS, MPH
August 2023 or Thereafter	Bond Closing (District Receives Bond Proceeds)	CISD, BOKFS, MPH

<sup>(A)</sup> 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.

# BOND 2023 WEBSITE IS LIVE!

[www.calallen.org/bond2023](http://www.calallen.org/bond2023)



# BOND 2023 COMMUNICATION PLAN

- Website and Social Media
- Town Hall Meeting Recordings and Information
- Information Sheets for Each Proposition and Each Major Project
- Communication From Superintendent
- Signs and Posters at Campuses and Departments
- Home Mailer with Election Information

# COMMUNICATION EXAMPLES:



**CALALLEN ISD BOARD OF TRUSTEES CALL FOR \$50.6 MILLION SCHOOL BOND WITH NO INCREASE TO THE TOTAL TAX RATE.**

*THE SCHOOL BOND WILL APPEAR ON THE MAY 6, 2023 BALLOT IN THREE PROPOSITIONS FOR NEW FACILITIES, RENOVATIONS, SAFETY & SECURITY, ATHLETICS, AND PERFORMING ARTS.*

LEARN MORE AT:  
[WWW.CALALLEN.ORG/BOND2023](http://WWW.CALALLEN.ORG/BOND2023)



**A \$XXX MILLION REFERENDUM FOR EVERY STUDENT, AT EVERY SCHOOL, WITH A NO TAX RATE INCREASE.**

LEARN MORE AT:  
[WWW.CALALLEN.ORG/BOND2023](http://WWW.CALALLEN.ORG/BOND2023)



## THE FACTS

2

### PROPOSITIONS



#### PROP A

General Purpose, Safety & Security

**\$30,000,000**



#### PROP B

Stadium Renovations and Athletic Facilities

**\$20,000,000**

The Bond Committee, a volunteer group of residents representing a diverse cross-section of CISD stakeholders, worked to develop long-range facility recommendations and a bond package for voters. The CISD bond propositions are driven by district enrollment projections, lifecycle capital maintenance and safety and security updates.

### TAX IMPACT

EARLY VOTING: APRIL 24-MAY 2 | ELECTION DAY: TUESDAY, MAY 6

[www.calallen.org/bond2023](http://www.calallen.org/bond2023)





# THANK YOU FOR ATTENDING!

*Please reach out to CISD Administration with any questions, comments, or concerns.*

*Emily Lorenz*  
*Superintendent*  
[elorenz@calallen.org](mailto:elorenz@calallen.org)

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