



Long Range Facilities & Bond Planning Committee

May 2, 2023

AGENDA

- WELCOME
- NORMS & PROCESS OVERVIEW
- FINANCIAL ADVISOR
- TABLE VOTE
- CLOSING



TRANSCEND⁴

Collaboration | Communication | Critical Thinking | Creativity

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Facilitator

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COMMITTEE CHARTER

PURPOSE:

The purpose of the 2023 Long Range Facilities and Bond Planning Committee is to review the District's need for a bond referendum to support areas including, but not limited to: facilities, renovations, deferred maintenance, buses, athletics, fine arts, land acquisition, technology, and other capital needs.

Committee Responsibilities:

Based upon a review of the District's debt capacity and needs described above, the 2023 Bond Planning Committee will make a recommendation to the Board of Trustees on whether to pursue a bond election, as well as the potential timing and scope to be included in the bond program.

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 College Station 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
Project Priority Worksheet

Meeting #5

Financial Advisor Presentation
Project Priority Worksheet and Mock Vote

Meeting #6

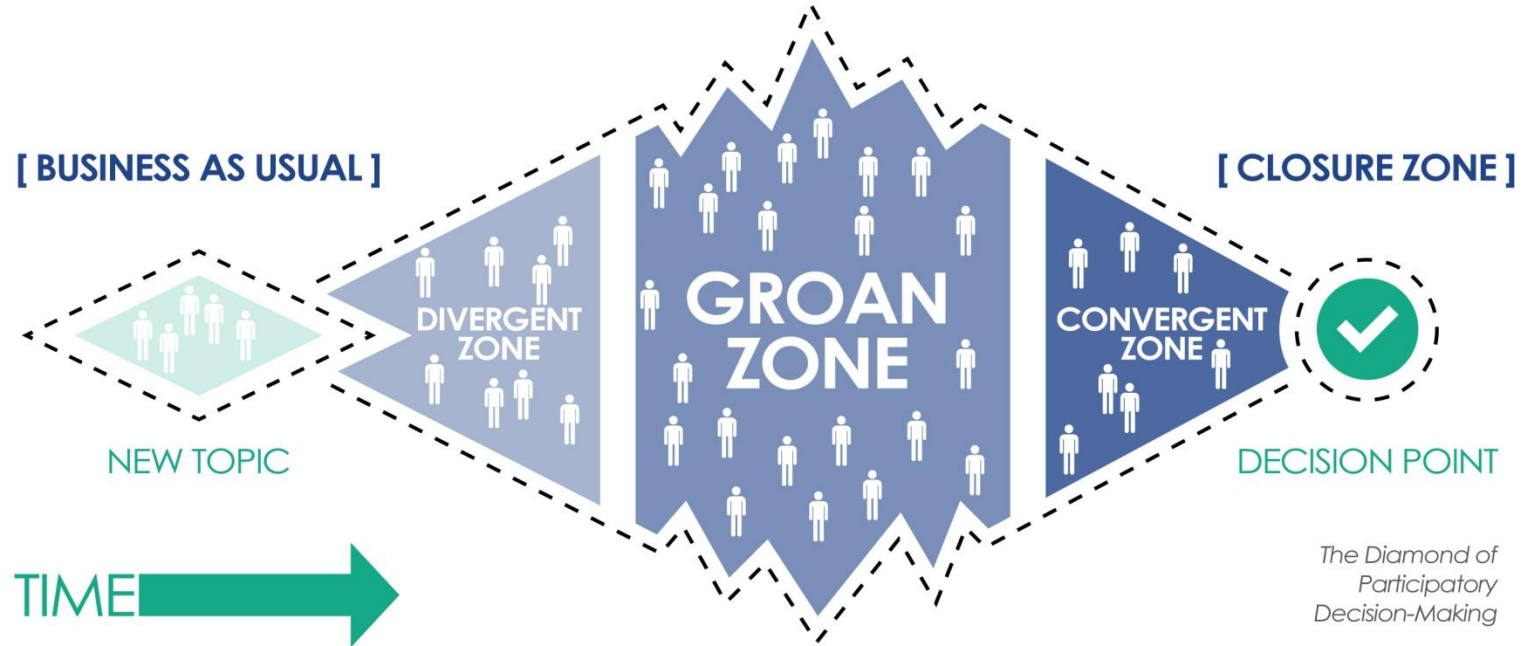
Bond Package Development with CoVoice
SWOT Analysis regarding potential bond

CONSENSUS & GRADIENTS OF AGREEMENT

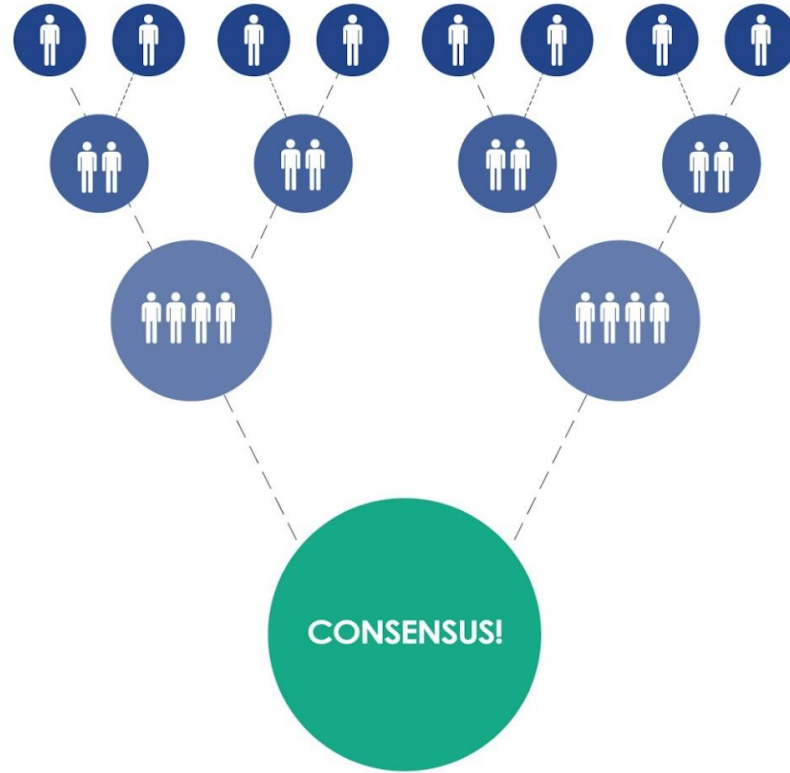
ENDORSEMENT	ENDORSEMENT WITH A MINOR POINT OF CONTENTION	AGREEMENT WITH RESERVATIONS	ABSTAIN	STAND ASIDE	FORMAL DISAGREEMENT, BUT WILLING TO GO WITH THE MAJORITY	FORMAL DISAGREEMENT, WITH REQUEST TO BE ABSOLVED OF RESPONSIBILITY	BLOCK
"I like it."	"Basically, I like it."	"I can live with it."	"I have 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



CONSENSUS BUILDING MODEL



Bond Election Presentation

College Station Independent School District

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November 7, 2023



UNLIMITED TAX BONDS



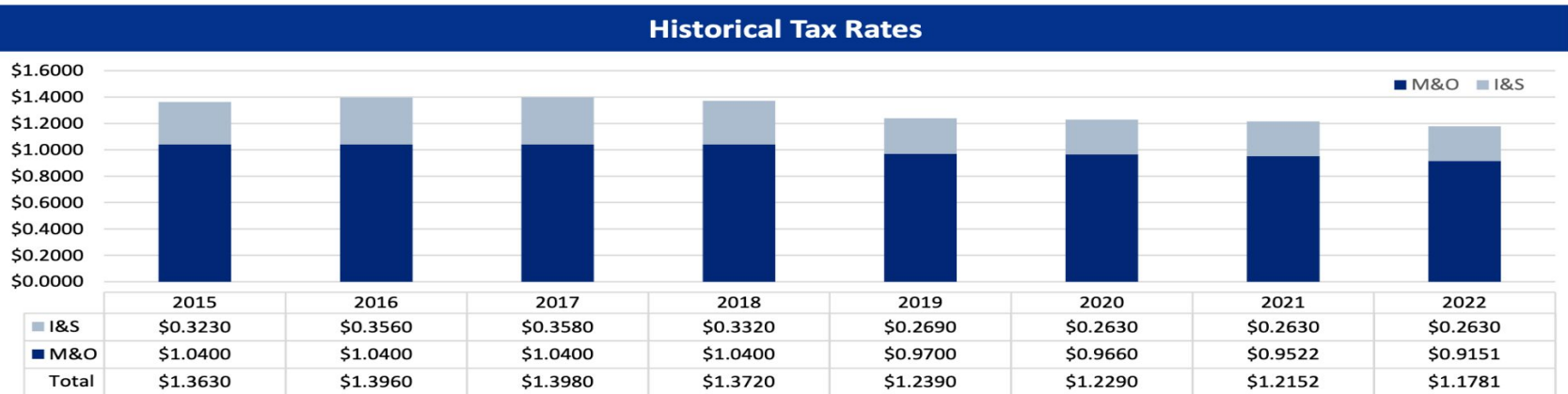
Bonds 101

- A school bond is similar to a home mortgage. It is a contract to repay borrowed money over time with typically a tax-exempt interest rate
- Bonds that are approved/authorized by a school district's voters are called Unlimited Tax Bonds
- Unlimited Tax Bonds
 - Must be voted
 - Sold to lenders/investors to raise funds to pay for the costs of construction, acquisitions, renovations and/or equipment
 - Repaid from I&S tax revenues
 - Maximum legal term is 40 years, however the term of the bonds is tied to the useful lives of the projects being financed, with typical terms between 25 and 30 years
 - If short life projects like technology or transportation (buses) are included in a bond issuance, the amounts borrowed for those items are paid off within their five or ten year useful lives
- Bond authorizations can be sold in one bond issuance or multiple issuances over several years
- Almost all school districts in Texas utilize voted bonds to finance new facilities, major additions and/or major renovation projects



Historical Tax Rates

- A school district has two components to its total tax rate:
 - Maintenance & Operations (M&O) – Used for the “day-to-day” operations of the District (personnel, instructional, extracurricular, facilities, etc.)
 - Interest & Sinking (I&S) – Used to make payments on bonds and other tax-supported debt obligations
- The District’s I&S Tax Rate has remained constant for the last three years and has decreased by six pennies since tax year 2015

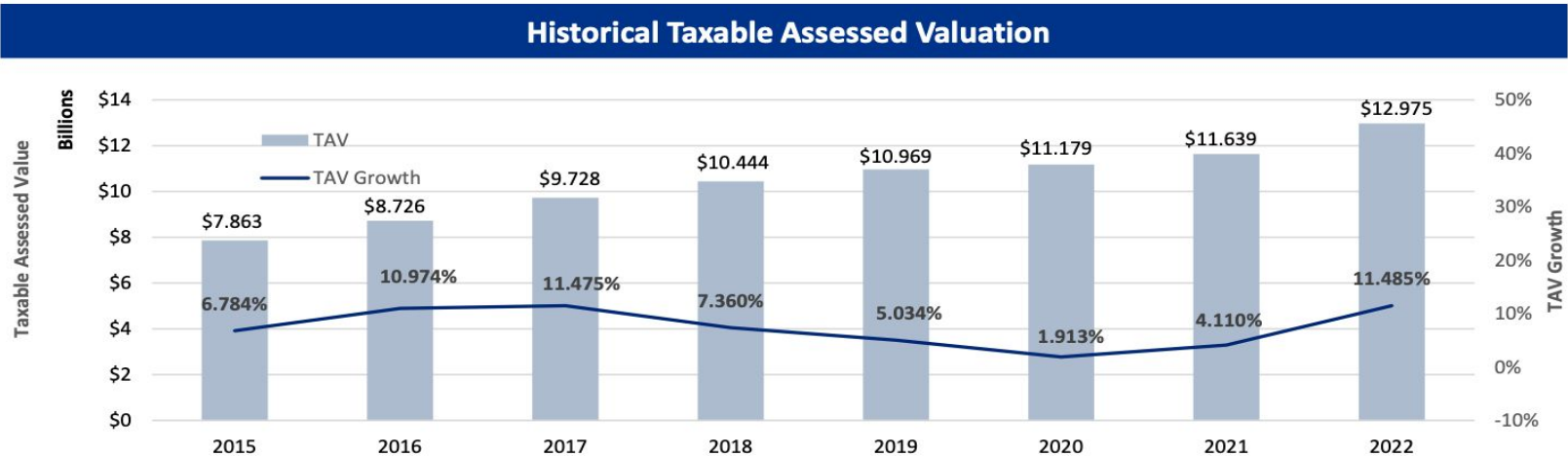


Unlimited Tax Bonds



Historical Taxable Values

- A school district's unlimited tax bonds are paid from a continuing direct annual property tax, levied by the school district on all taxable property located within the school district
- When taxable values go down, the same tax rate from the prior year produces fewer dollars and when taxable values go up, the same tax rate produces more dollars
- The District's taxable values have increased each year since tax year 2015





November 2023 Bond Election



Bond Capacity and Outstanding Debt

- Bond capacity is the projected maximum amount of bonds that a District can issue/sell at a specified I&S Tax rate using taxable value, interest rate, term and issuance timing assumptions/projections
- A school district's outstanding debt must be taken into consideration when discussing bond capacity

Outstanding Debt Summary

Bond Issue	Original Principal Amount (\$)	Principal Outstanding (\$)	Structure	Use of Proceeds	Call Date	Final Maturity
Series 2010	65,000,000	2,705,000	Fixed	New Money	Currently Callable	8/15/2031
Series 2014	78,790,000	56,660,000	Fixed	New Money	8/15/2024	8/15/2039
Series 2015	46,455,000	20,755,000	Fixed	Refunding	8/15/2024	8/15/2027
Series 2016	64,100,000	48,895,000	Fixed	New Money	8/15/2025	8/15/2041
Series 2016 Ref	37,345,000	32,450,000	Fixed	Refunding	8/15/2026	8/15/2034
Series 2017	65,450,000	58,230,000	Fixed	New Money	8/15/2026	8/15/2042
Series 2017 Ref	46,125,000	45,510,000	Fixed	Refunding	8/15/2027	8/15/2036
Series 2020	10,930,000	4,435,000	Fixed	Refunding	Noncallable	8/15/2024
Series 2022	73,470,000	73,470,000	Fixed	New Money	2/15/2031	2/15/2047
TOTAL		343,110,000				

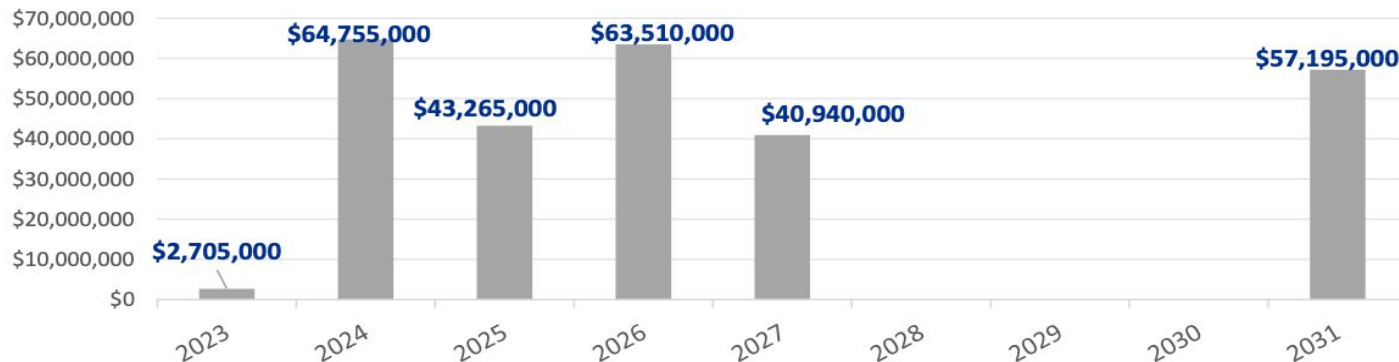
Summary of Outstanding Debt



Outstanding Debt Summary

Total Outstanding Principal (\$)		Total Interest Payments (\$)	
343,110,000		114,292,963	
Principal Retired			
w/in 5 years		26.39%	
w/in 10 years		51.79%	
w/in 15 years		77.73%	
w/in 20 years		94.36%	
w/in 25 years		100.00%	
Underlying Ratings			
Fitch – AA+	Moody’s – Aa1		Standard & Poor’s – AA-

Par Amount Callable By Year

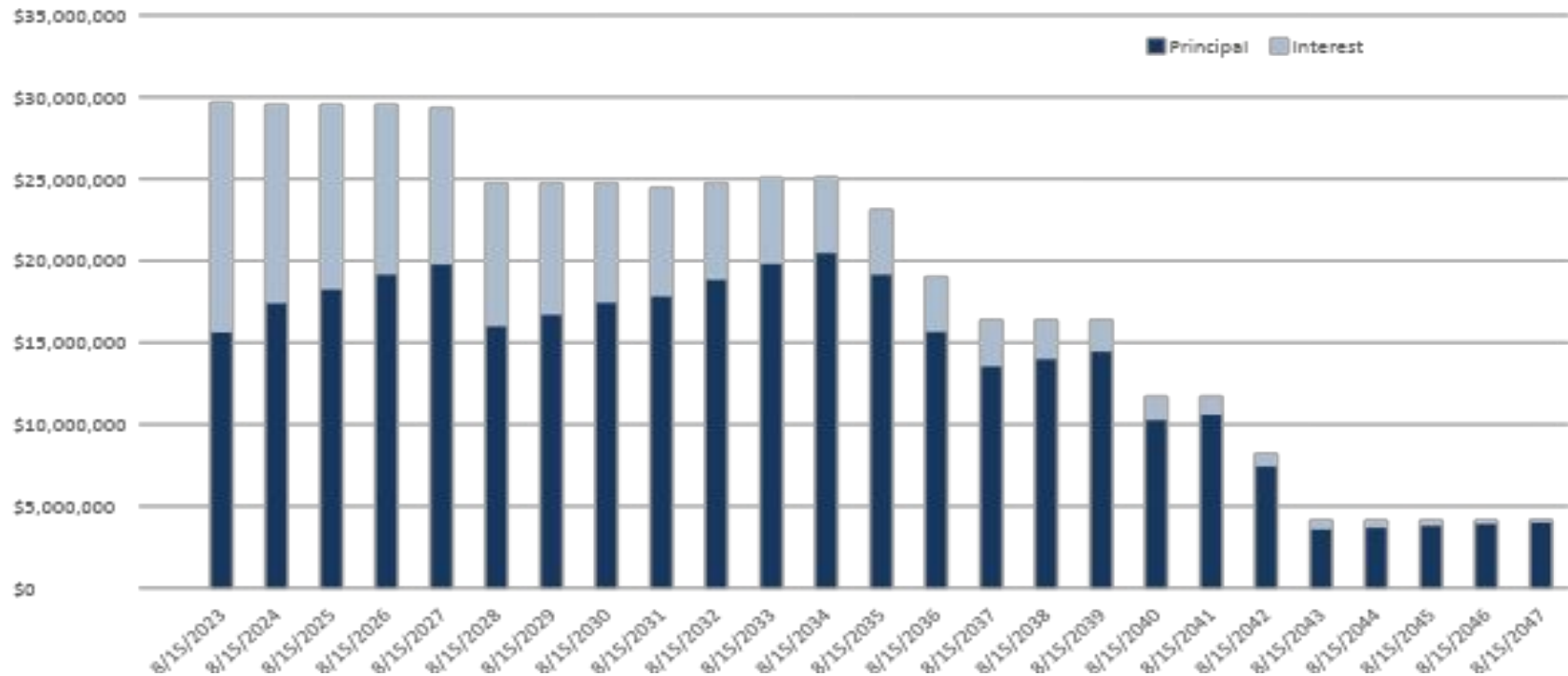


Summary of Outstanding Debt



Unlimited Tax Bonds – Principal & Interest

Debt Service





Assumptions

- When calculating a school district's bond capacity, assumptions are made regarding taxable values, interest rates, and bond issue size, term, and timing
- The District's bond capacity analysis assumes the following:
 - Taxable value growth of 7.00% in tax year 2024, 5.00% in tax years 2025 and 2026, 3.00% in tax year 2027, 1.00% in tax year 2028, and 0.00% thereafter
 - 25 year terms
 - 99% tax collections
 - Multiple issuances over four years
 - Projected interest rates of 4.65% in 2024, 4.90% in 2025, 5.15% in 2026, and 5.40% in 2027
 - The true interest cost for a 25 year PSF Guaranteed Texas ISD bond issue at current market rates is estimated at 3.90%, preliminary subject to change
 - Projected interest rates are higher than current market rates, in order to give some cushion in the event that interest rates rise from the time the bond election is called to the time the bonds are issued
 - Interest rates have risen recently, however they are still at relatively low when compared to rates over the last 40 years

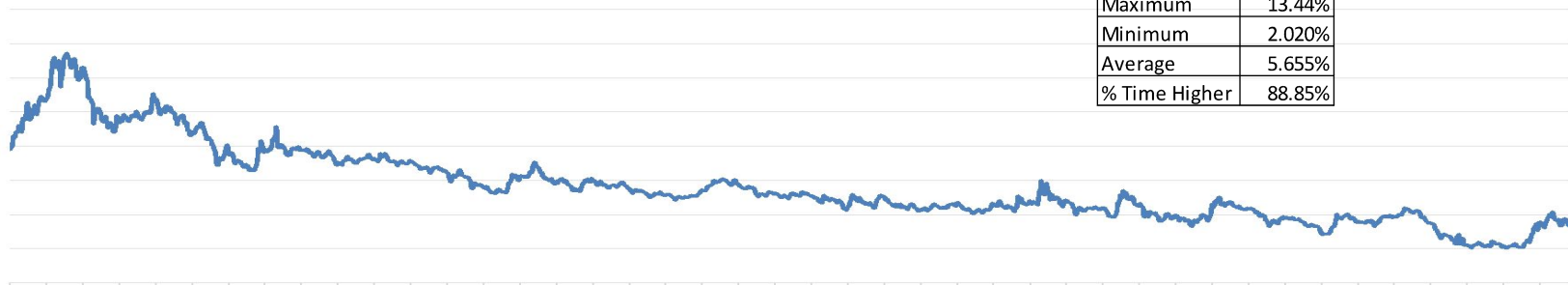
Historical Tax-Exempt Interest Rates



Bond Buyer 20-Bond Index

The Bond Buyer 20-Bond General Obligation Index – 40 Year History

Maximum	13.44%
Minimum	2.020%
Average	5.655%
% Time Higher	88.85%



The Bond Buyer 20-Bond General Obligation Index – 1/1/12 to 4/28/2023



4-Week Snapshot



November 2023 Bond Election



Bond Capacity Analysis

November 2023 Authorization

Scenario	Total Bond Authorization Range	Repayment Term	Interest Rates	Increase Above Current Tax Rate of \$0.2630	Estimated Max Required I&S Tax Rate
1	\$260,000,000 to \$270,000,000	25	4.65% - 5.40%	\$0.00	\$0.2630
2	\$335,000,000 to \$345,000,000	25	4.65% - 5.40%	\$0.02	\$0.2830
3	\$385,000,000 to \$395,000,000	25	4.65% - 5.40%	\$0.04	\$0.3030

Notes

- (1) Four annual issuances 2024 through 2027.
- (2) Assumed the following growth rates in CSISD's Taxable Assessed Values: Year 1 assumed 7.00% growth; Years 2-3 assumed 5.00% growth; Year 4 assumed 3.00% growth; Year 5 assumed 1.00% growth; and no growth thereafter.
- (3) 99% estimated tax collection rate.
- (4) All interest rates are as of April 2023 and are for purposes of illustration only. Preliminary, subject to change.

PRELIMINARY / SUBJECT TO CHANGE – For discussion purposes only.



General Bond Election Information

Ballot Language

Legislation passed in 2019 REQUIRES the following language to appear on every proposition on the bond ballot: **“THIS IS A PROPERTY TAX INCREASE”**

Bond Propositions

Legislation passed in 2019 REQUIRES separate propositions for certain types of projects:

- Historically, districts could “bundle” all education-related projects under a single ballot proposition
 - SB 30 now requires separate propositions for general purpose facilities and special purpose facilities. Special purpose facilities are:
 - Stadium with seating capacity for more than 1,000 spectators
 - Natatorium
 - Recreational facility other than gym, playground, or play area
 - Performing arts facility (incl. elementary school auditorium)
 - Teacher housing
 - Technology, other than security equipment or infrastructure integral to new construction
- Last day to call a bond election is on August 21, 2023
- The bond election will be held on November 7, 2023



Table Talk Q&A Process



Table Vote

TELLING THE STORY....



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

NEXT MEETING INFORMATION

Tuesday, May 8, 2023

5:30 pm Dinner

6pm-8pm Meeting

CSISD Board Room

