Midland ISD Bond Program Study

BOARD WORKSHOP

August 10th, 2023



Midland Independent School District

pfluger

Parkhill

Midland Independent School District

Bond Charge

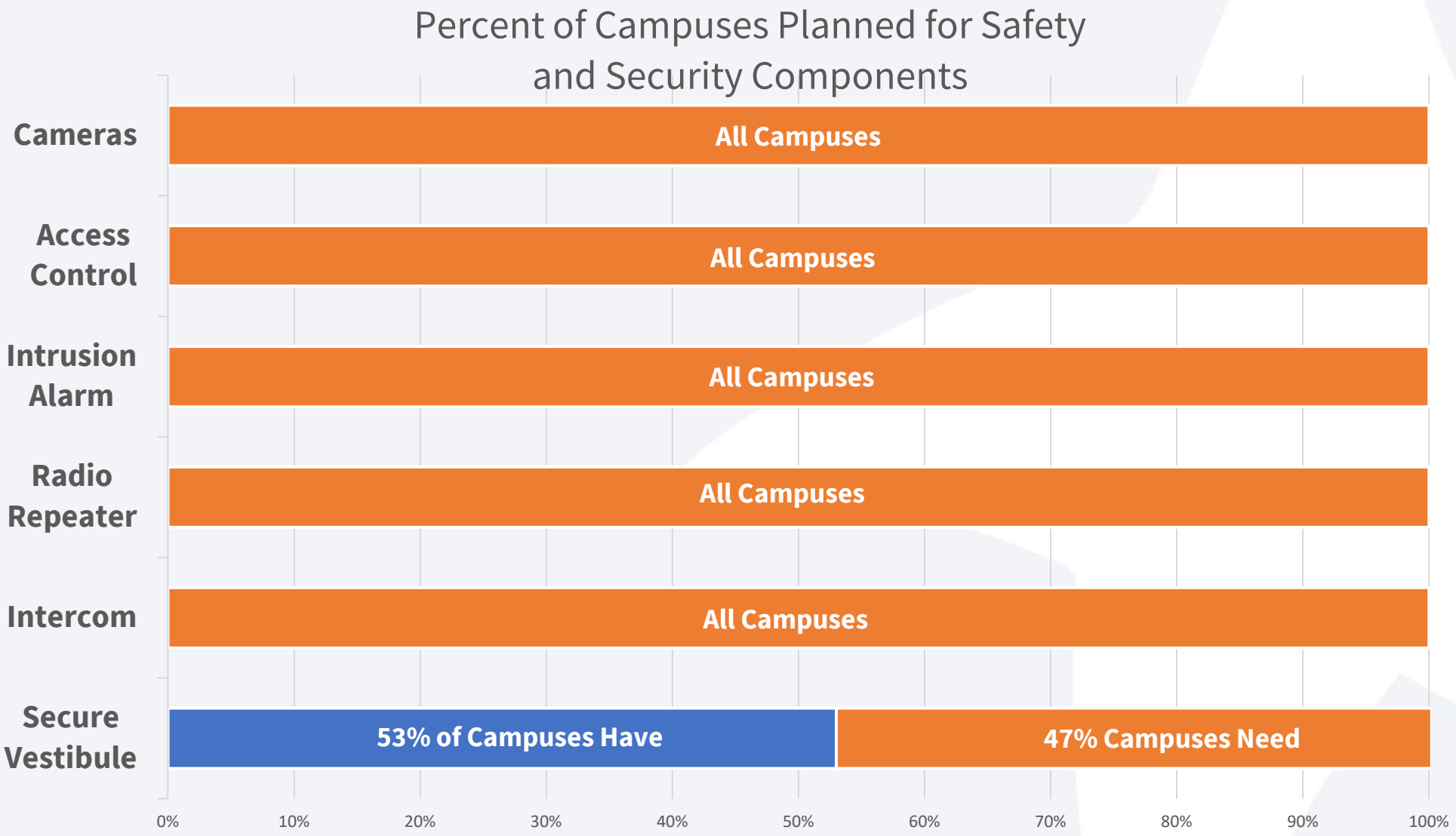
- SAFETY AND SECURITY ON ALL CAMPUSES
- IMPROVE ACADEMIC PERFORMANCE
- REDUCE MAINTENANCE AND OPERATIONS BY RENEWING AGING FACILITIES
- ADDRESS ES STUDENT GROWTH IN SPECIFIC AREAS OF THE COMMUNITY

Safety & Security Scope

- Secure Entry Vestibules for Visitors at All Campuses
- Access Controls, Video Cameras and Alarm Systems at All Points of Entry into Campuses
- Updated Communication Systems at All Campuses
- Remove Handicap Accessibility Barriers, Restrictions, and Related Safety Concerns

Midland Independent School District

Safety and Security



Midland Independent School District

Bond Charge

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- ADDRESS ES STUDENT GROWTH IN SPECIFIC AREAS OF THE COMMUNITY

Improve Academic Performance

- Grade Reconfiguration (6th and 9th Grade)
- Create Pre-Kindergarten Capacity
- Relieve Over Crowding and Use of Portables

Improve Academic Performance

- Grade Reconfiguration (6th and 9th Grade)
- Create Pre-Kindergarten Capacity
- Relieve Over Crowding and Use of Portables

Midland Independent School District

Grade Reconfiguration Benefits Academics

Reduced Student Transitions

- better academic outcome
- consistency, development, and sense of belonging

Expanded Course Offerings

Increased Teacher Specialization

Aligned Curriculum

Expanded Pre-K Opportunities

Increased Student Capacity

Reduced Portables on Campuses

EXISTING	RE-ALIGNMENT
12th	12th
11th	11th
10th Transition	10
9thTransition	9th Transition
8th	8th
7th Transition	7th
6th	6th Transition
5th	5th
4th	4th
3rd	3rd
2nd	2nd
1st	1st
K	K
Pre-K	Pre-K

(DelViscio, J. J., 2013; Hakkarainen, A., Holopainen, L., & Savolainen, H., 2013; Mazzotti, V. L., Rowe, D. A., Kwiatek, S., Voggt, A., Chang, W. H., Fowler, C. H., ... & Test, D. W., 2021; Yeager, D. S., Hanselman, P., Walton, G. M., Murray, J. S., Crosnoe, R., Muller, C., ... & Dweck, C. S., 2019; Evans, D., Borriello, G. A., & Field, A. P. , 2018; ÖZTÜRK, A., Mahmut, Ö. Z. E. R., & Eren, S. U. N. A., 2021); (Hattie, 2009) ; Marzano & Waters, 2009; Sahlberg, 2011; Sahlberg and Oldroyd; 2010)

Improve Academic Performance

- Grade Reconfiguration (6th and 9th Grade)
  - Made Possible by 2 New Comprehensive HS Campuses
  - Expansion/Conversion to Middle School Campuses

Comprehensive HS Campus Components

BUILDING

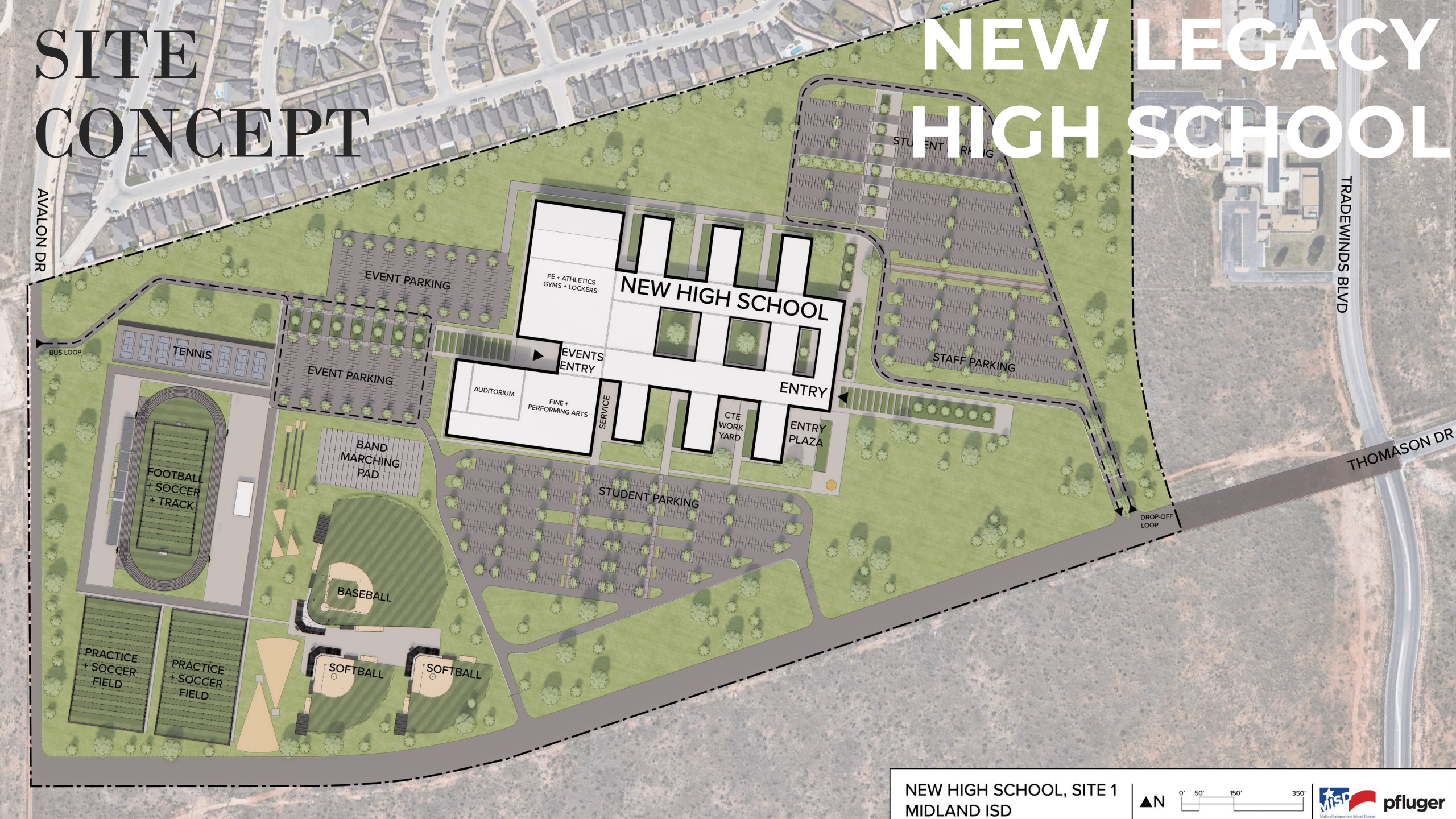
- Core Academics
- Collaboration/PLC
- Media Center/Library
- Science and Technology
- Special Education
- Career and Technical Education
- Performing and Fine Arts
- Athletics/Physical Education
- Food Service
- Administration
- Support and Plant Services

SITE

- Student, Event and Staff Parking
- Fire Lanes and Access Roadways
- Earthwork, Utilities, Stormwater Drainage
- Baseball/Softball Complexes
- Soccer Fields
- Tennis Complex
- Track & Field/Football
- Multipurpose Indoor Student Activity Center
- Concession/Restroom/Storage
- Landscaping

SITE CONCEPT

NEW LEGACY HIGH SCHOOL



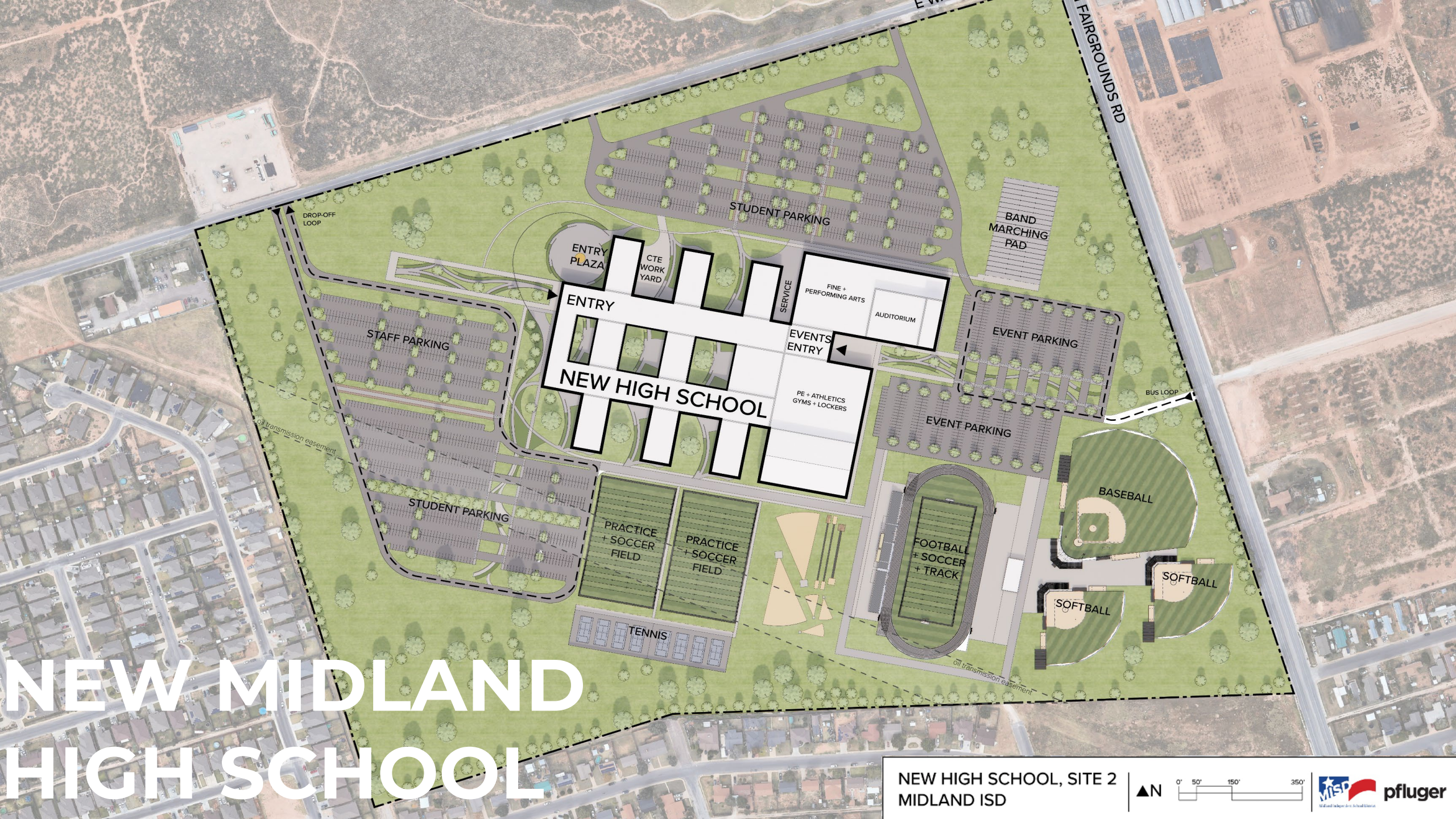
NEW HIGH SCHOOL, SITE 1
MIDLAND ISD

N

0' 50' 150' 350'

MISD Midland Independent School District

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NEW MIDLAND HIGH SCHOOL

NEW HIGH SCHOOL, SITE 2
MIDLAND ISD

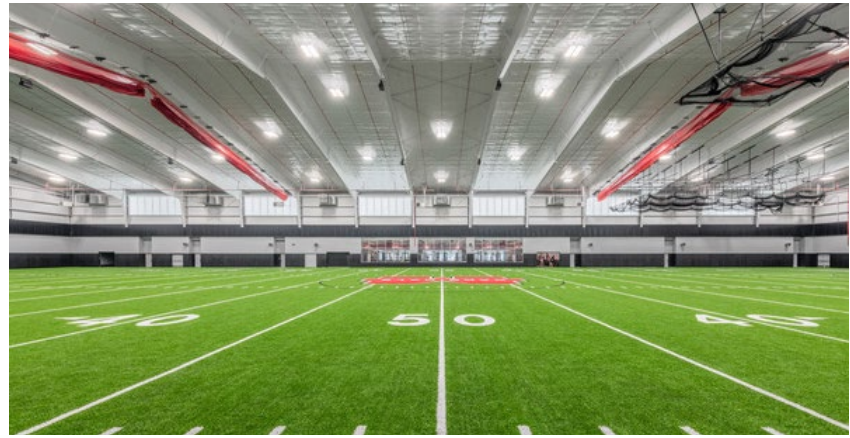
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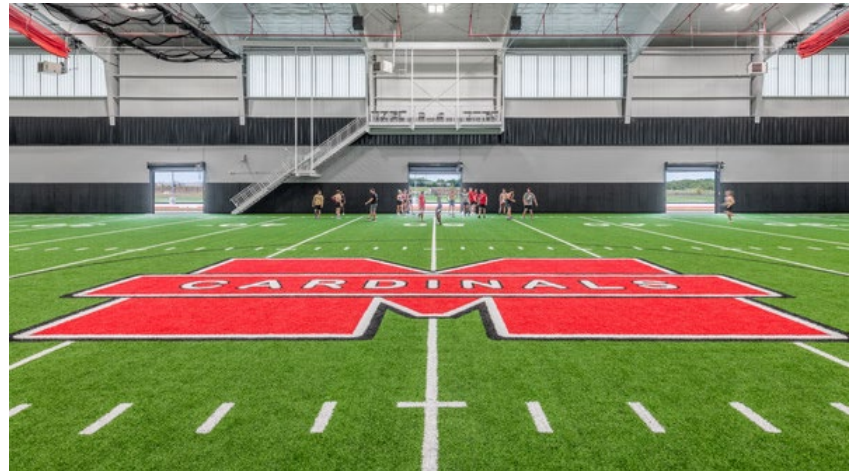
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CARDINALS

Improve Academic Performance

- Grade Reconfiguration (6th and 9th Grade)
  - Made Possible by 2 New Comprehensive HS Campuses
  - Expansion/Conversion to Middle School Campuses

Improve Academic Performance

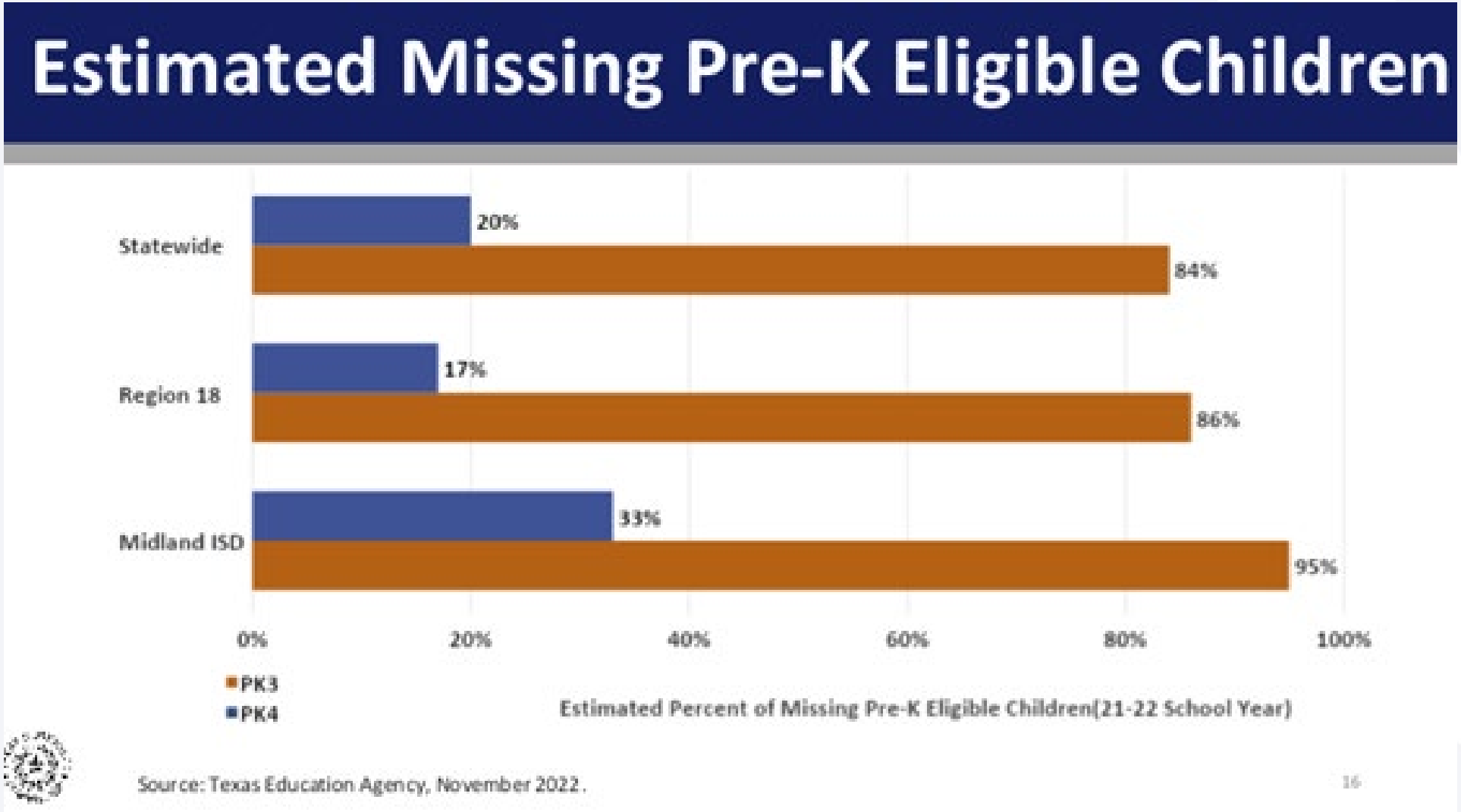
- Midland Freshman – add 13 New Classrooms
- Goddard Junior High – add 14 New Classrooms
- San Jacinto Junior High – No New Classrooms

- Legacy High School – No New Classrooms
- Alamo Junior High – add 13 New Classrooms
- Abell Junior High – add 14 New Classrooms

Improve Academic Performance

- Grade Reconfiguration (6th and 9th Grade)
- Create Pre-Kindergarten Capacity
- Relieve Over Crowding and Use of Portables

Improve Academic Performance



Improve Academic Performance

- Create Pre-Kindergarten Capacity
  - Made Possible by Relocating 6th Grade to Middle School Campuses
  - Creates approx. 1500 Additional PK Seats

Improve Academic Performance

- Grade Reconfiguration (6th and 9th Grade)
- Create Pre-Kindergarten Capacity
- Relieve Over Crowding and Use of Portables

Improve Academic Performance

- Relieve Over Crowding and Use of Portables
  - Adds 1,260 seats at High School Level
  - Adds 1,350 seats at Middle School Level
  - Additional Seats Reduces Need For Portables at all Grade Levels

Midland Independent School District

Bond Charge

- SAFETY AND SECURITY ON ALL CAMPUSES
- IMPROVE ACADEMIC PERFORMANCE
- REDUCE MAINTENANCE AND OPERATIONS BY RENEWING AGING FACILITIES
- ADDRESS ES STUDENT GROWTH IN SPECIFIC AREAS OF THE COMMUNITY

RENEWING AGING FACILITIES

- Removes Oldest Secondary Facilities From Service
  - Midland High School
  - Legacy Freshman High School

Midland Independent School District

Bond Charge

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- ADDRESS ES STUDENT GROWTH IN SPECIFIC AREAS OF THE COMMUNITY

RENEWING AGING FACILITIES

- Recommendation for New Northeast Elementary



District Growth

MIDLAND ISD

10 Year History

+4,502
increase in
last 10 years

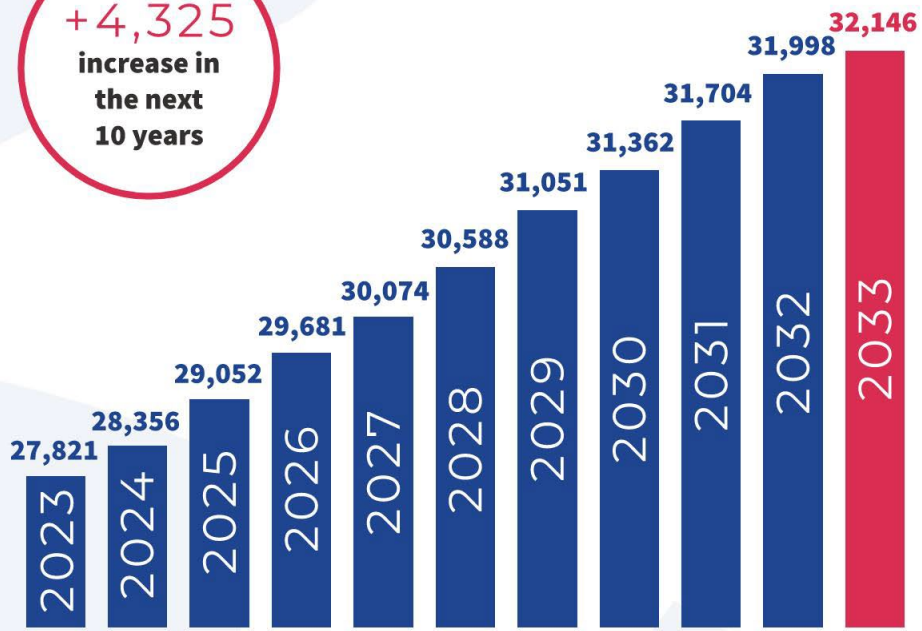


Historical average annual growth at 1.9% over last ten years

TOTAL ENROLLMENT GROWTH

10 Year Forecast

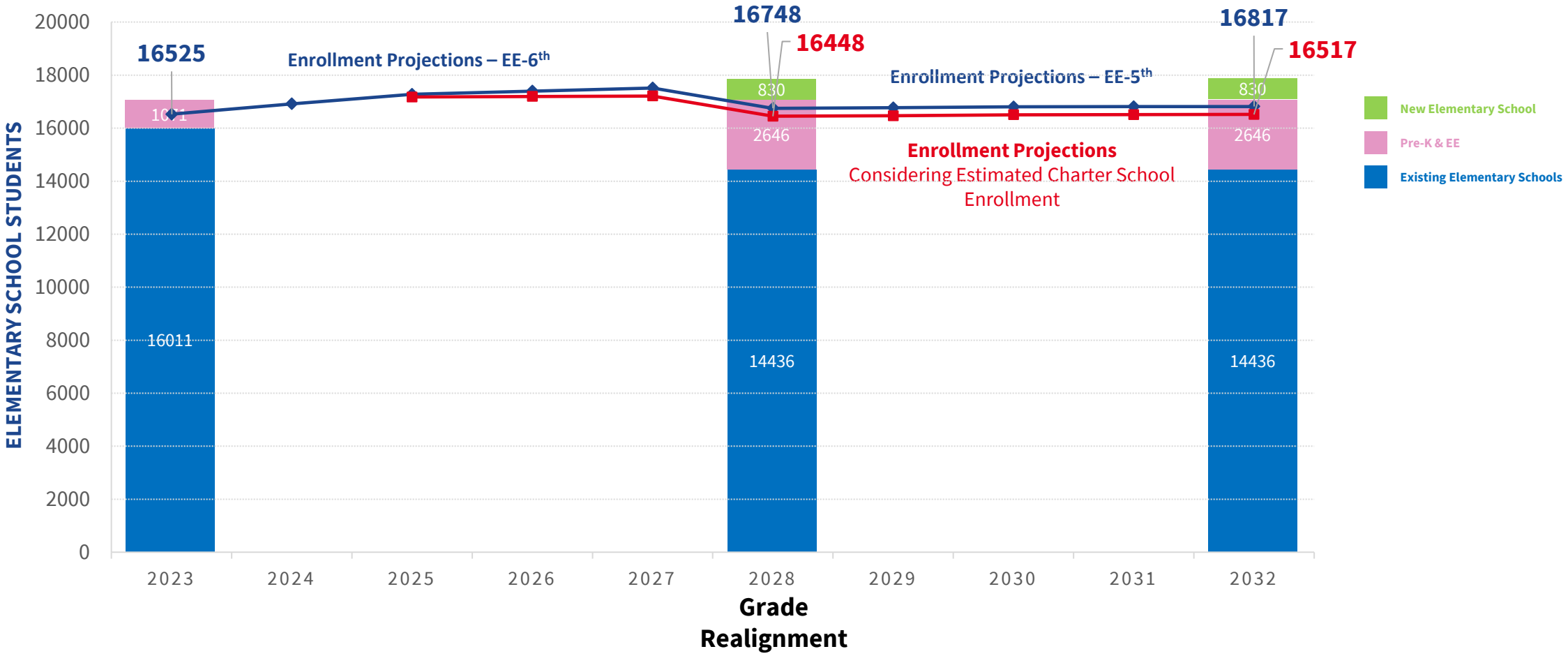
+4,325
increase in
the next
10 years



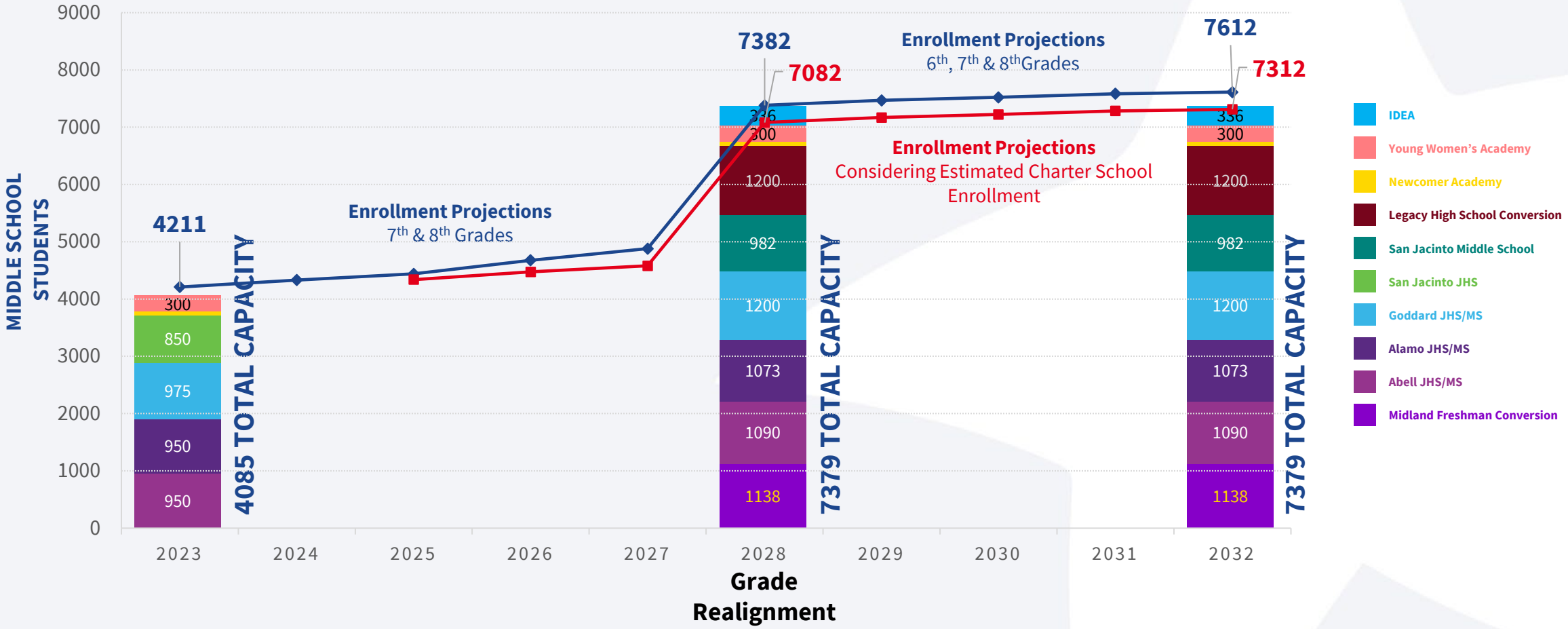
Anticipated average annual growth at 1.6% which is conservative to last ten years

TOTAL ENROLLMENT GROWTH

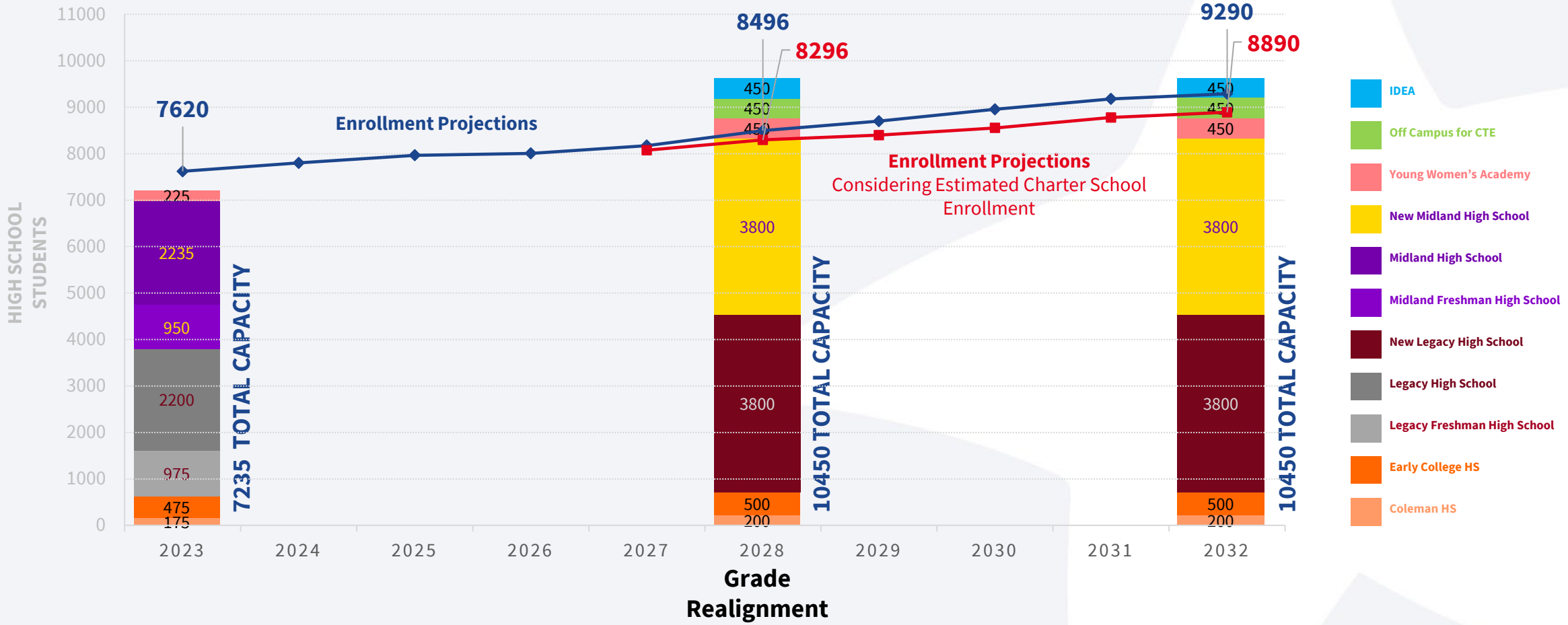
Increase Capacity: PK-5th Elementary Schools



Increase Capacity: 6th – 8th Middle Schools



Increase Capacity: 9th-12th High Schools



HS CAMPUS SIZE REVIEW

- Reduced Classroom Capacity at Each High School from 4,200 to 3,800 Students
- Maintained Core Capacity for 4,200 Students
- Serves Enrollment Projections for 10 yr Period
- Classroom Addition(s) in Future Phase(s)

HS CAMPUS SIZE REVIEW

- Coordinated On-Campus CTE Spaces with Proposed Off-Campus Offerings
- Confirmed Spaces Included in Indoor Multipurpose Facility

MS CAMPUS SIZE & SCOPE REVIEW

- Reduced Overall Middle School Classroom Capacity by 300 Students
- Serves Enrollment Projections for 10 yr Period
- Classroom Addition(s) in Future Phase(s)
- Eliminated Renovations to Existing MS Facilities

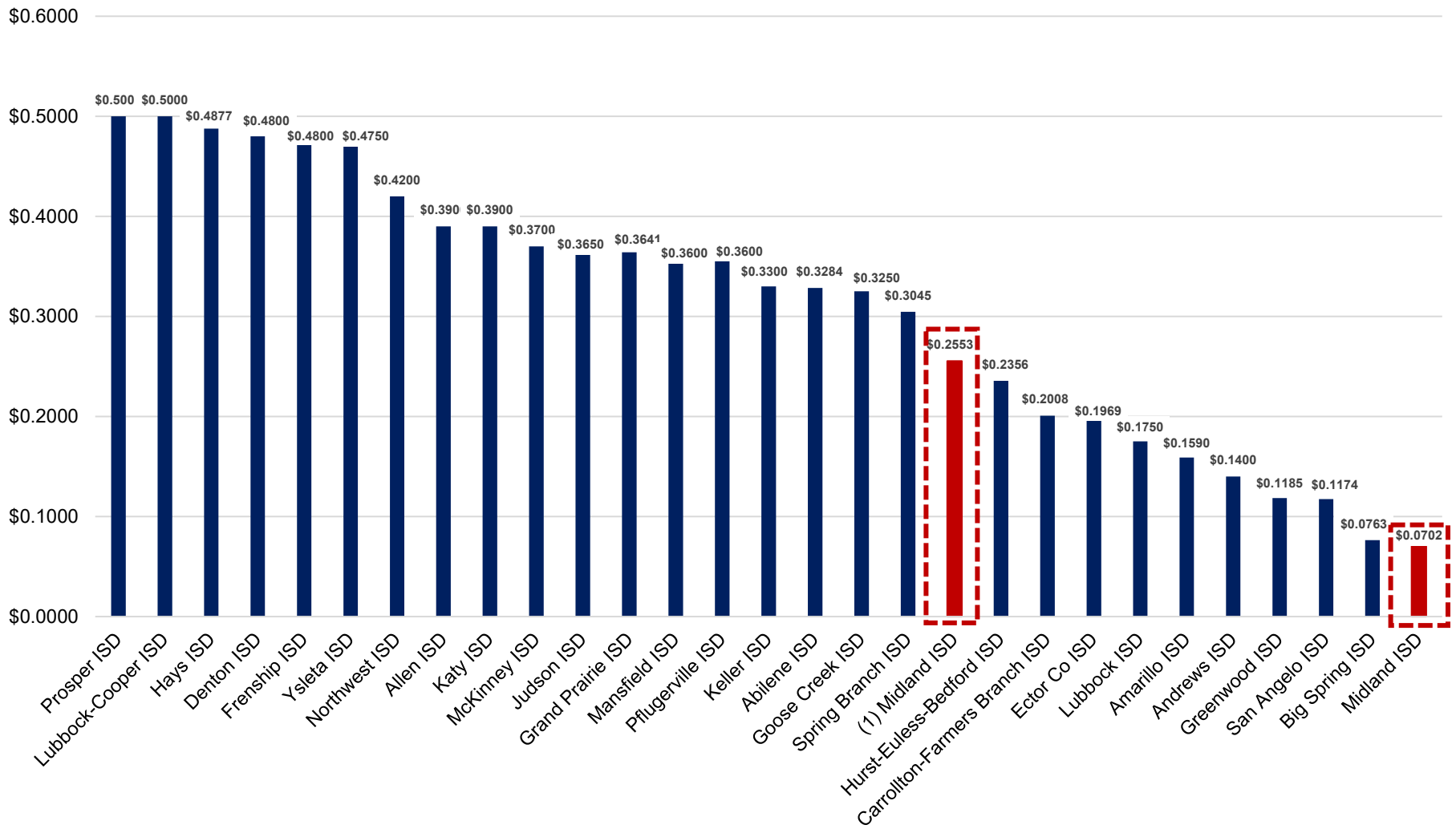
BOND BUDGET REVIEW

	Proposed	Reviewed
2 Comprehensive HS Campuses	$1,077,200,000	$ 985,200,000
Middle School Renovations	$ 225,300,000	$ 116,500,000
Safety, Security & Accessibility	$ 58,700,000	$ 50,400,000
Renovations to Aging Facilities	$ 260,200,000	$ 207,500,000
New Elementary School	$ 57,000,000	$ 48,500,000
	$1,678,400,000	**$1,408,100,000**

Historical Tax Rates



I&S Tax Rate Peer Comparison 2022/2023



(1) Based on maintaining the overall total tax rate at $.9148.

Benefit of Homestead Exemption Increase

Homeowner Impact - Average MISD Home Value of $341,046

With current State Homestead exemption of $40,000

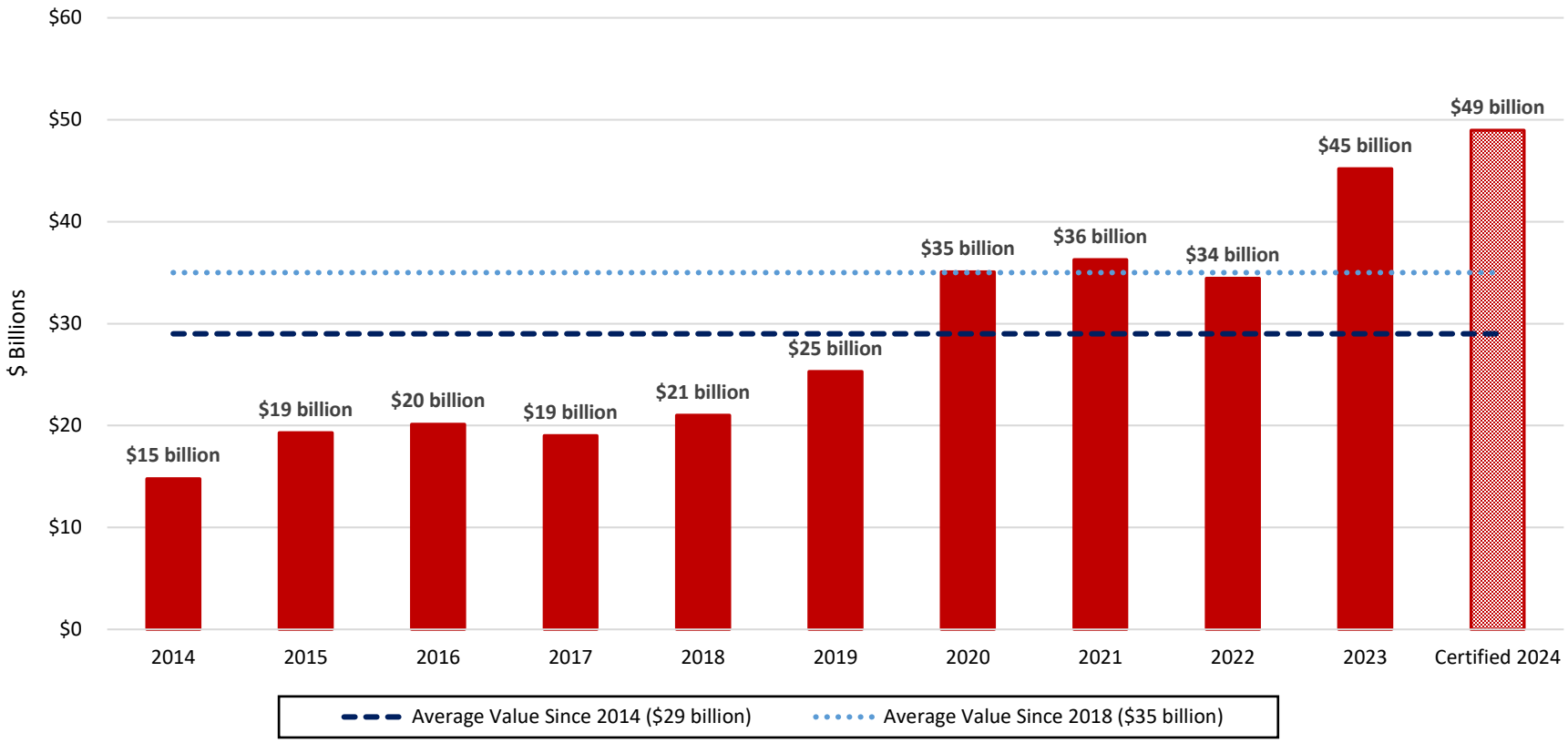
Market Value	Local Exemption 10%	State Exemption	Taxable Home Value After Exemptions	Current Total Tax Rate $0.9148	
				Annual	Monthly
$341,046	$34,105	$40,000	$266,941	$2,442	$203

With proposed increase in State Homestead exemption from $40,000 to $100,000

Market Value	Local Exemption 10%	State Exemption	Taxable Home Value After Exemptions	Current Total Tax Rate $0.9148	
				Annual	Monthly
$341,046	$34,105	$100,000	$206,941	$1,893	$158

	Annual	Monthly
Tax Impact Savings	$549	$46

Historical Taxable Assessed Valuation



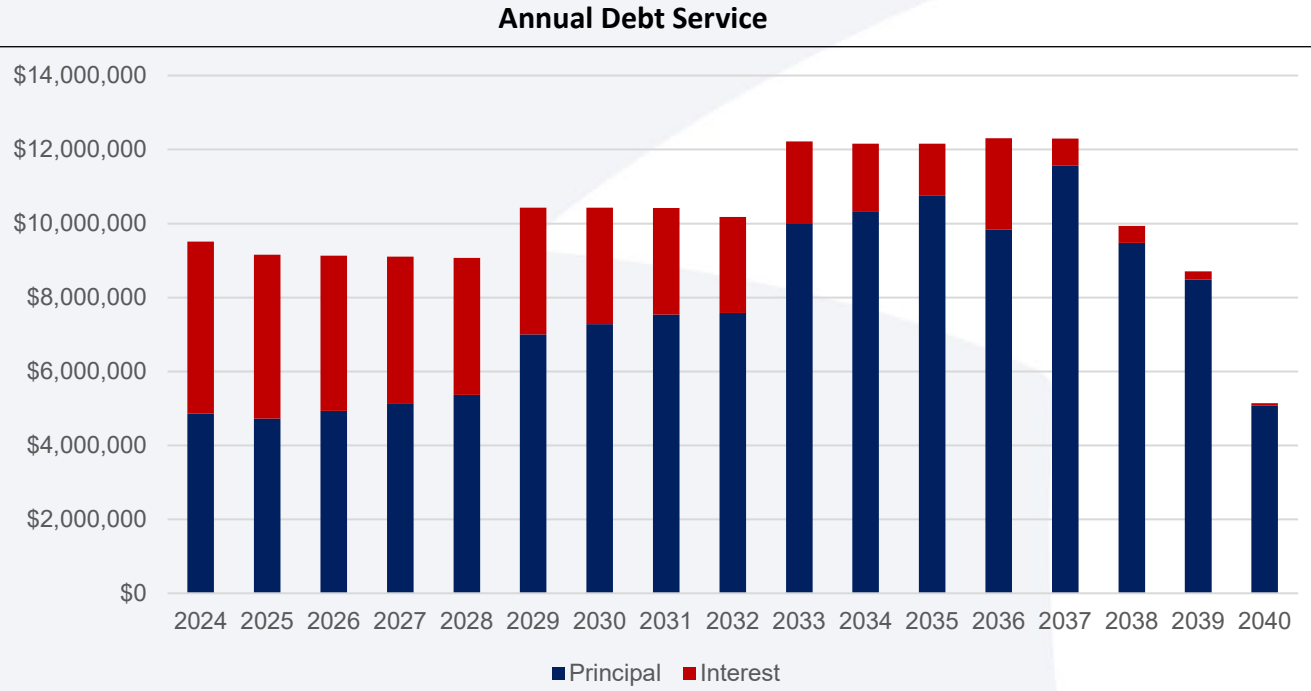
Value Change (%)	1%	31%	4%	-6%	11%	20%	39%	3%	-5%	31%	8%

Existing Debt Profile

Savings from refundings/defeasances over the past 10 years:

- Total savings on refundings: $45,527,284
- Total savings on redemptions/defeasances: $10,712,844
- Combined total savings: $56,240,128

Issue	Original Par Amount	Amount Outstanding	Call Date	Final Maturity
Unlimited Tax Refunding Bonds, Series 2015	$ 38,495,000	$ 13,105,000	2/15/2025	2/15/2032
Unlimited Tax Refunding Bonds, Series 2016	$ 26,000,000	$ 25,495,000	2/15/2026	2/15/2038
Unlimited Tax Refunding Bonds, Series 2017	$ 54,335,996	$ 52,430,000	2/15/2028	2/15/2035
Unlimited Tax Refunding Bonds, Taxable Series 2020	$ 39,344,986	$ 38,889,986	2/15/2030	2/15/2040
	$ 158,175,982	**$ 129,919,986**		



Proposition A and B – Tax Impact and Homeowner Tax Impact

Tax Impact

	Proposition Size	Increase Above Current I&S Tax Rate of $0.0702
Proposition A	$1,177,100,000	**$0.1359**
Proposition B	$260,800,000	**$0.0345**
Combined	$1,437,900,000	**$0.1703**

Est. Max I&S Tax Rate (INCLUDING Existing Debt) **$0.2405**

Homeowner Impact - Average MISD Home Value of $341,046

Market Value	Local Exemption 10%	State Exemption	Taxable Home Value After Exemptions	Proposition A		Proposition B		Combined Propositions	
				Annual	Monthly	Annual	Monthly	Annual	Monthly
$341,046	$34,105	$40,000	$266,941	$363	$30	$92	$8	$455	$38

Proposed legislation would increase the State Homestead exemption from $40,000 to $100,000.
Below is the calculated homeowner impact with $100,000 Homestead Exemption.

Market Value	Local Exemption 10%	State Exemption	Taxable Home Value After Exemptions	Proposition A		Proposition B		Combined Propositions	
				Annual	Monthly	Annual	Monthly	Annual	Monthly
$341,046	$34,105	$100,000	$206,941	$281	$23	$71	$6	$353	$29

Proposition A, B and C – Tax Impact and Homeowner Tax Impact

Tax Impact

	Proposition Size	Increase Above Current I&S Tax Rate of $0.0702
Proposition A	$1,126,700,000	**$0.1281**
Proposition B	$257,900,000	**$0.0345**
Proposition C	$53,300,000	**$0.0077**
Combined	$1,437,900,000	**$0.1703**

Est. Max I&S Tax Rate (INCLUDING Existing Debt) **$0.2405**

Homeowner Impact - Average MISD Home Value of $341,046

Market Value	Local Exemption 10%	State Exemption	Taxable Home Value After Exemptions	Proposition A		Proposition B		Proposition C		Combined Propositions	
				Annual	Monthly	Annual	Monthly	Annual	Monthly	Annual	Monthly
$341,046	$34,105	$40,000	$266,941	$342	$29	$92	$8	$21	$2	$455	$38

Proposed legislation would increase the State Homestead exemption from $40,000 to $100,000.
Below is the calculated homeowner impact with $100,000 Homestead Exemption.

Market Value	Local Exemption 10%	State Exemption	Taxable Home Value After Exemptions	Proposition A		Proposition B		Proposition C		Combined Propositions	
				Annual	Monthly	Annual	Monthly	Annual	Monthly	Annual	Monthly
$341,046	$34,105	$100,000	$206,941	$265	$22	$71	$6	$16	$1	$353	$29

I&S Tax Rate Options

A	B	C	D	E	F	G
Version #1 - Calculated I&S						
	2022/23 Current	Before Bond 2023/24 Preliminary	After Bond Preliminary	Change	Avg. Homeowner Impact (3) Annual	Monthly
M&O	$ 0.8446	$ 0.6595	$ 0.6595	$ -	$ -	$ -
I&S	$ 0.0702	$ 0.0196	$ 0.2483 (1)	$ 0.2287	$ 473	$ 39
Total	$ 0.9148	$ 0.6791	$ 0.9078	$ 0.2287	$ 473	$ 39
Version #2 - Maintain I&S Rate						
	2022/23 Current	Before Bond 2023/24 Preliminary	After Bond Preliminary	Change	Avg. Homeowner Impact Annual	Monthly
M&O	$ 0.8446	$ 0.6595	$ 0.6595	$ -	$ -	$ -
I&S	$ 0.0702	$ 0.0702	$ 0.2405 (1)	$ 0.1703	$ 353	$ 29
Total	$ 0.9148	$ 0.7297	$ 0.9000	$ 0.1703	$ 353	$ 29
Version #3 - Maintain Total Tax Rate						
	2022/23 Current	Before Bond 2023/24 Preliminary	After Bond Preliminary	Change	Avg. Homeowner Impact Annual	Monthly
M&O	$ 0.8446	$ 0.6595	$ 0.6595	$ -	$ -	$ -
I&S	$ 0.0702	$ 0.2553	$ 0.2210 (2)	$ (0.0343)	$ (71)	$ (6)
Total	$ 0.9148	$ 0.9148	$ 0.8805	$ (0.0343)	$ (71)	$ (6)

(1) Assumes maximum I&S tax rate projected to occur in 2033.
(2) Assumes maximum I&S tax rate projected to occur in 2028.
(3) Based on average home value of $341,046 less $100,000 homestead exemption and 10% local exemption.

FY 2024 Funds Available Towards Early Repayment

	Version #1 Calculated I&S	Version #2 Maintain I&S Rate	Version #3 Maintain Total Tax Rate
Estimated FYE 2023 I&S Fund Balance	**$ 17,900,000**	**$ 17,900,000**	**$ 17,900,000**
Taxable Assessed Valuation	$ 48,961,833,242	$ 48,961,833,242	$ 48,961,833,242
Tax Collection %	99.00%	99.00%	99.00%
I&S Tax Rate	$ 0.0196	$ 0.0702	$ 0.2553
Calculated I&S Revenue	**$ 9,512,140**	**$ 34,027,495**	**$ 123,749,565**
Debt Service Payments FY 2024	$ (9,512,140)	$ (9,512,140)	$ (9,512,140)
Estimated Amount Towards Defeasance	$ (12,900,000)	$ (37,417,194)	$ (127,853,005) *
Estimated FYE 2024 I&S Fund Balance	**$ 5,000,000**	**$ 4,998,161**	**$ 4,284,420**

* Calculated amount to defease all existing bonds in FY 2024.

- Version #2 calculated interest savings: $10,135,944
- Version #3 calculated interest savings: $34,981,965

Bond Election Assumptions

Assumptions:

- Four equal annual issuances beginning summer 2024
- 30 year amortization
- 99% tax collection percentage
- 5.25%-5.50 assumed future rates for illustration
- Tax impact based on $45 billion taxable assessed valuation
- Main tax impact assumes an I&S rate of $.0702 for FY 2024 and defeasance in 2024 utilize the surplus I&S generated

Texas ISD Bond Frequently Asked Questions

What is a Bond?



A school bond is similar to a home mortgage. It is a contract to repay borrowed money over time with a fixed, tax-exempt interest rate.



Bonds are approved/authorized by voters and later sold by a school district to lenders/underwriters to raise funds to pay for the costs of construction, acquisitions, renovations and/or equipment.



Bond authorizations can be sold in one bond issuance or multiple issuances over a two to five year period or longer.



Almost all school districts in Texas utilize voted bonds to finance new facilities and major renovation projects.

How are Bonds Repaid?

A school district has two components to its total tax rate:

Maintenance and Operations (“M&O”) + Interest and Sinking Fund (“I&S”)



The district levies an annual I&S tax rate against the taxable property in the District to make their bond payments. **The I&S tax rate can only be levied for repayment of voted bonds.**



The State Attorney General will not approve a bond issue that is projected to result in an I&S tax rate above $0.50 in any year that the bonds are outstanding using the current tax base at the time of bond issuance

MISD’s current Tax Rate: $0.8446 M&O + $0.0702 I&S = $0.9148

What is the Payback Period of a Bond?



Depending on the projects being financed with a bond issue, a school district bond will typically have a term of between 20 and 35 years (maximum legal term is 40 years).



If short life projects like technology or transportation are included in a bond issuance, the amounts borrowed for those items are paid off within their five or ten year useful lives.

What will the Interest Rate Be?

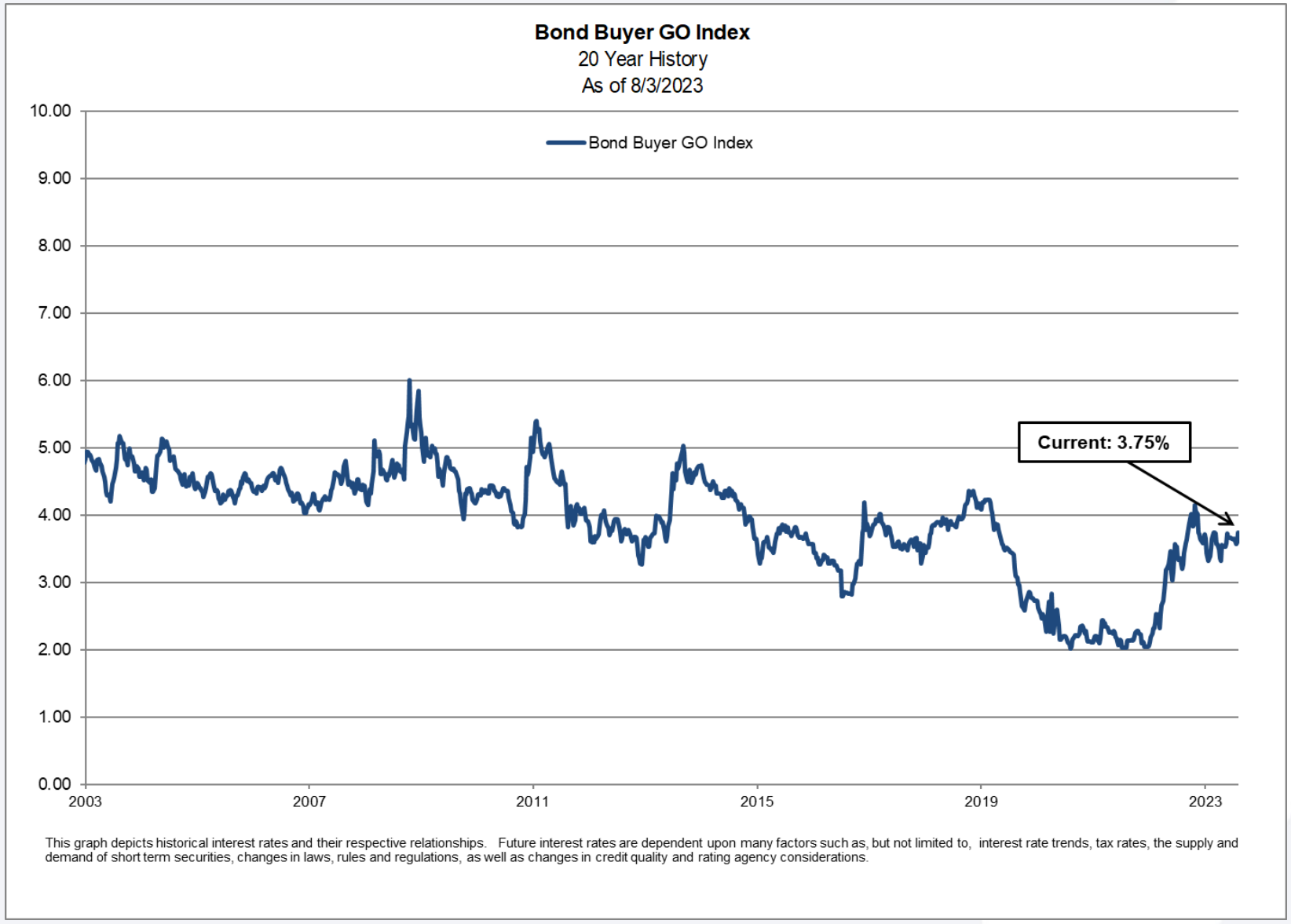
The interest rate is not be finalized until bonds are sold, which takes place after the passage of a bond election

School districts are able to borrow money at lower, tax-exempt interest rates meaning that the interest earned by the investor is not subject to Federal income taxes

Texas school district bonds also qualify for the State Permanent School Fund Guarantee (“PSF”). The PSF allows for the bonds to receive a ‘AAA’ rating which is the highest credit rating.

These two factors will allow MISD bonds to be priced at the lowest available interest rates at the time of issuance

Historical Interest Rates: Bond Buyer's 20 Year Index



General Tax Rate Information



All Texas homeowners are eligible to receive a $100,000 (subject to Statewide vote in November) State homestead exemption on school taxes

MISD also offers an additional local homestead exemption of 10%

With a bond, taxpayers over 65 will not have their school district taxes go above the frozen levy amount when the over 65 exemption was granted

Absent home renovations or improvements, a successful bond election will not increase taxes on a home for these qualified taxpayers

Additional Disability and Veteran exemptions may be available for persons who qualify



I&S taxes levied to repay debt are not subject to recapture

100% of bond dollars stay in MISD = $1 to $1

THINGS TO CONSIDER

- Reduced Student Enrollments
- Adjusted Proposed Costs
- Coordination with Off Site CTE
- Structure of Proposed Ballot Propositions
  - Move Safety and Security from Prop A to Prop B
  - Move New Elementary to Prop C
- Remove Elementary from Current Bond Proposal