

Facilities and Technology Task Force

November 12, 2015

Recap of Items Approved for Further Discussion



New Schools and Acquisitions

- Special Education Transition Center - \$3,695,000
- Future Industry Academy - No cost discussed.
Estimate - \$9,040,000
- Employee Childcare Center #3 - \$3,340,000
- New Elementary Schools (2) - \$52,600,000
- Property Purchases - \$10,000,000



Major Renovations Upgrades and Refurbishments

- Shepton HS - \$35,000,000
- Robinson MS - \$34,830,000
- Elementary Schools (6) - \$12,000,000
- Middle Schools (2) - \$8,000,000
- High Schools (1) - \$7,000,000



Additions/Modifications/Capital Improvements

- Safety & Security - \$12,370,000
- Transportation - \$10,420,000
- FANS - \$32,850,000
- Fine Arts and Academic Facilities - \$25,750,000
- Athletics - \$4,090,000
- Elementary Capacity - \$10,000,000
- Portable Replacements - \$18,430,000
- Re-roofing Projects - \$28,450,000
- Capital Improvement Projects - \$3,750,000
- Sustainability Projects – \$2,000,000



Systems and Compliance and Pre-Funded Projects

- Systems and Compliance - \$63,480,000
- Pre-funded Projects - \$5,220,000



Technology and Academic Initiatives

- Technology Replacements - \$56,100,000
- Academic and Technology Initiatives - \$17,835,000
- Academic Services Initiatives - \$7,335,000



Recommended Adjustments to Initial Recommendations



Recommended Adjustments

- Delete Future Industry Academy - \$9,040,000
 - ▣ Ongoing dialogue with Collin College. Cost sharing possibility. Funding could come from operating fund reserves.
- Reduce New Elementary School #1 estimate by \$175,000.
- Delete New Elementary School #2 - \$26,300,000
 - ▣ To be discussed later
- Increase Shepton High School Renovation estimate - \$5,000,000
- Add Williams HS to Refurbishment Projects - \$4,000,000
- Reduce Safety and Security by \$100,000
 - ▣ Revised estimate for Clark Stadium lighting
- Increase Athletics by \$2,450,000
 - ▣ Turfing three additional fields and expanding PESHS baseball bleacher capacity
- Reduce Elementary Capacity Additions from 4 campuses to 2 - \$5,000,000
 - ▣ To be discussed later
- Reduce Portable Replacements by \$2,615,000
 - ▣ Renner MS included in Fine Arts additions
- Delete Reimbursement of Pre-funded Projects - \$5,265,000
 - ▣ Already paid from capital projects fund, no need to incur additional debt
- Reclassify \$410,000 from Academic Initiatives to Systems and Compliance



Elementary Capacity Recommendations

- Include funding for one new elementary campus only as a contingency if enrollment warrants.
- Include funding for 2 campus additions, but only if enrollment warrants.



Rationale for New Elementary School Recommendation

- District wide elementary enrollment is at 72.5% of capacity. At 85%, over 4,000 additional students could be accommodated.
- October 2015 kindergarten enrollment was 174 students less than projected, and marked the third consecutive year of decline. This results in a downward impact on projections for future years.
- Demographer's projection for fall of 2023 indicates a decrease of 55 elementary students compared to today.
- District is near build out and remaining future residential development is uncertain in terms of numbers and timing.



Rationale for New Elementary School Recommendation

(continued)

- In northeast corner, Hunt is no longer projected to reach 85% of capacity during the next 10 years. McCall not projected to reach 85% until fall of 2022. Adjacent campuses have adequate capacity, if growth exceeds projections.
- Schell is near capacity, but projected to decline as larger upper grades exit. Miller is adjacent as a relief school and currently at only 52% of capacity.
- Aldridge and Mendenhall projected to exceed 85% of capacity within two years. Growth will continue as City Line and Rosewood developments reach build out. Adjacent zones of Sigler and Forman have excess capacity.



Rationale for New Elementary School Recommendation

(continued)

- Largest issue remains the Northwest corner. Four schools are currently at over 85% of program capacity.
 - ▣ Centennial is at 89%, projected to peak at 95% in 2021.
 - ▣ Barksdale is at 86%, projected to peak at 93% in 2019.
 - ▣ Gulledge is at 88%, projected to grow by 83 students. If necessary, add classrooms similar to Hunt and Boggess. Adequate land to expand.
 - ▣ Brinker is currently at 98%. Action must be taken for next school year. Haun is adjacent, is only at 68% and is projected to decline slightly.



Total After Recommended Adjustments

\$436,585,000



Financing the Program



Historical Strategy

- Level annual payments based on the following amortization schedule:
 - Technology – 5 years
 - Buses – 10 years
 - All Other – 25 years
- Some tweaking of payments to manage payments and tax rate

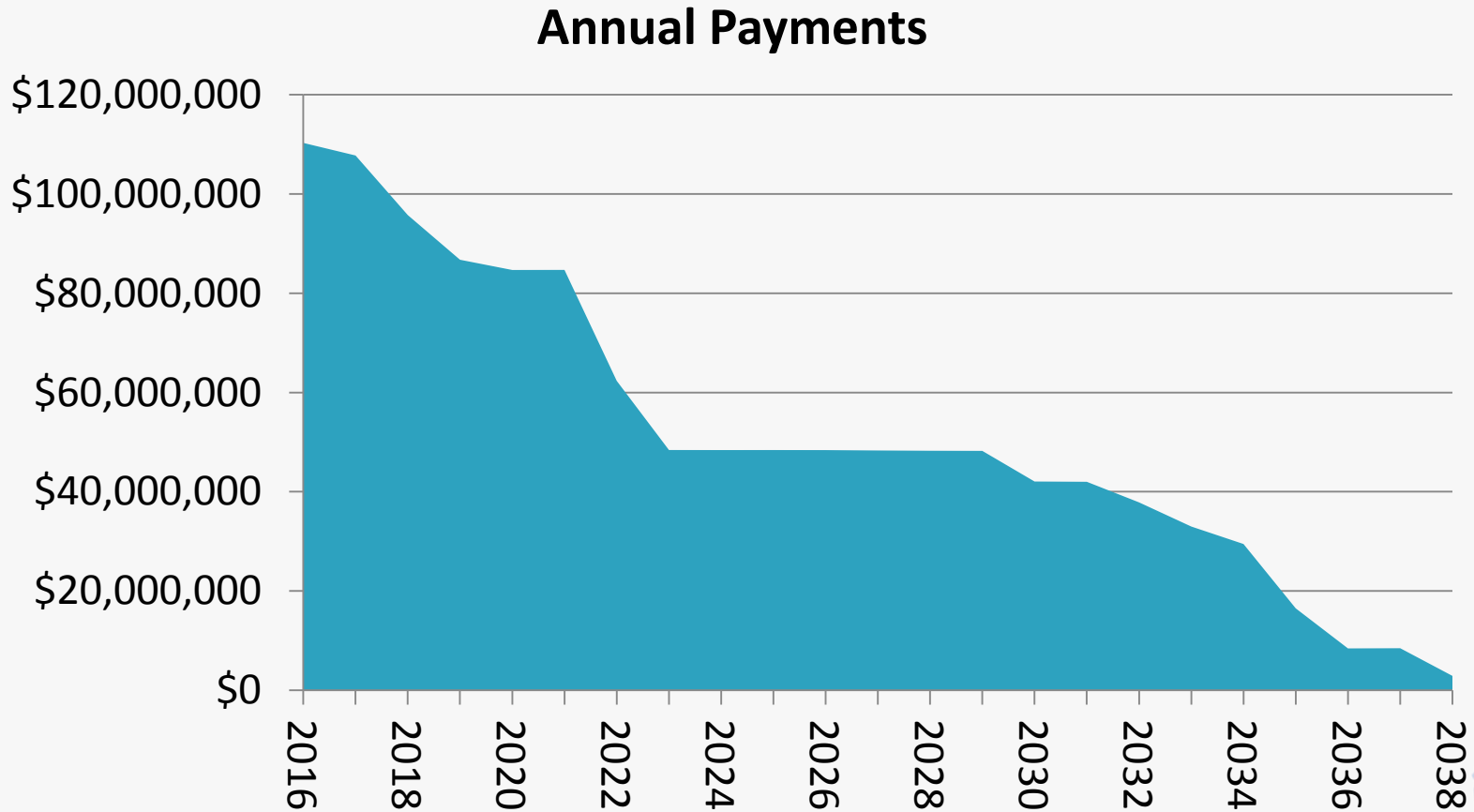


Existing Debt Information

- Total Outstanding Debt - \$852,635,313
- Final Maturity – 2038
- Debt as % of Taxable Property Value – 2.11%
- Total Payments Remaining - \$1,191,254,755
 - ▣ Principal - \$852,635,313
 - ▣ Interest - \$338,619,442
 - ▣ Interest as a % of Total Payments - 28.4%
 - ▣ Ratio of Total Payments to Principal - 1.397



Current Payment Schedule



Financing Options to Consider

- Option A – Use historical amortization schedules with level annual payments allowing the tax rate to decline.
- Option B – Use historical amortization schedules, but increase principal payments in first five years to maintain current tax rate through 2021.
- Option C – Shorten 25 year amortization to 20 years, add principal in first five years to maintain current tax rate through 2021, add principal in 2022-2024 to take advantage of large decline in payment schedule.



Assumptions Common to All Options

- Total debt of \$436,585,000 is issued in five equal annual installments from 2016 through 2020
- Interest rates at 10/21/15 market plus 0.75% for first sale, then adjusted upwards for future sales
- Tax base growth (2015 was 6.93%, 2014 was 6.67%)
 - 2016/17 - 5%
 - 2017/18 - 5%
 - 2018/19 - 4%
 - 2019/20 - 3%
 - 2020/21 - 3%



Comparative Summary of Options

	Option A	Option B	Option C
Total Payments (New Debt)	\$712,615,124	\$699,613,238	\$590,967,070
Final Maturity	2045	2045	2040
Total Interest	\$276,030,124	\$263,028,238	\$154,382,070
Interest as % of Total	38.7%	37.6%	26.1%
Total Payments/Principal	1.63	1.60	1.35
Total Bonds Outstanding @5/15/21	\$827,830,000	\$785,685,000	\$780,785,000
Change from today	(\$24,805,313)	(\$66,950,313)	(\$71,850,313)
Change from 5/15/16	\$45,800,000	\$3,655,000	(\$1,245,000)
Debt @ 5/15/21 as % of Taxable Property Value	1.69%	1.60%	1.59%



Comparison of Payment Schedules

(Includes Existing Payments)

Year	Option A	Option B	Option C
Current	\$110,274,643	\$110,274,643	\$110,274,643
2017	115,939,277	115,934,378	115,931,303
2018	112,718,291	121,431,117	121,432,054
2019	112,507,308	126,064,972	126,062,152
2020	119,221,307	129,769,671	129,764,639
2021	128,020,899	133,613,818	133,615,393
2022	102,101,785	88,400,129	109,997,842
2023	84,653,691	73,347,835	99,998,881
2024	81,131,014	73,337,245	89,999,308
2025	77,617,326	73,335,810	80,003,555
2026	74,079,021	73,318,833	69,369,528
2027	73,770,213	73,013,338	69,058,118
2028	73,469,429	72,711,948	68,763,895
2029	73,204,757	72,447,826	68,494,776
2030	66,795,434	66,045,074	62,085,231



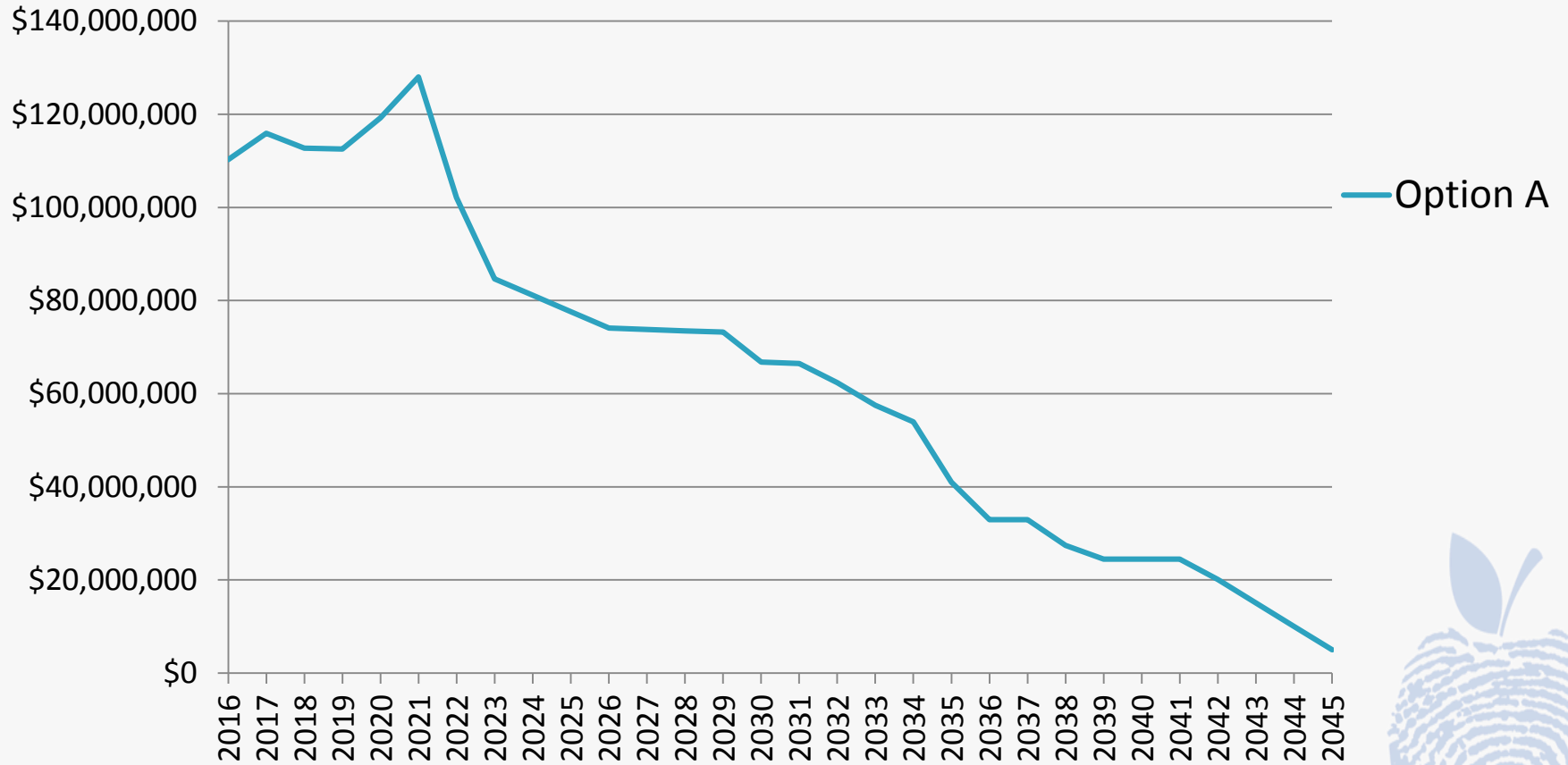
Comparison of Payment Schedules

(Includes Existing Payments)

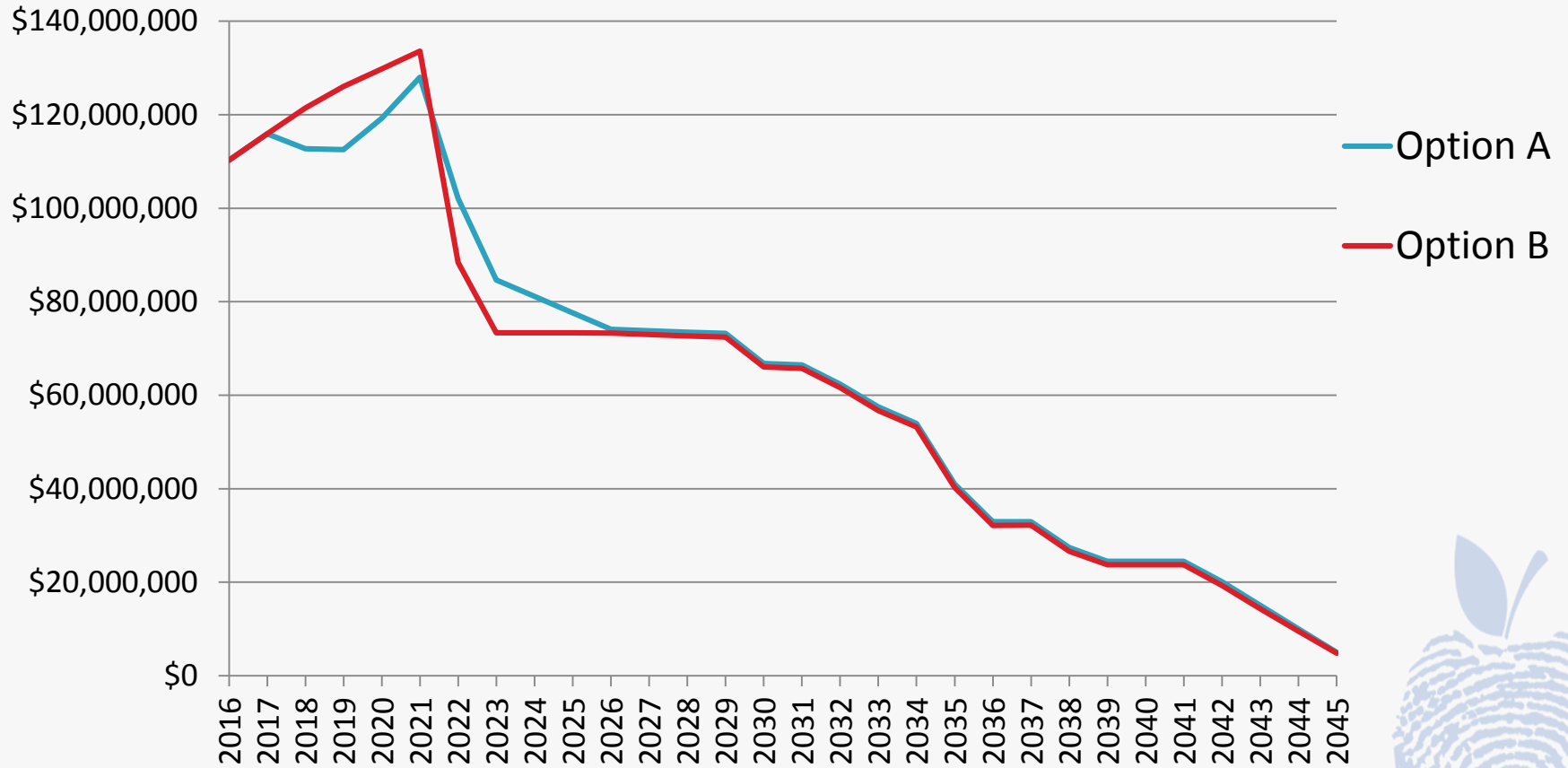
Year	Option A	Option B	Option C
2031	66,495,771	65,738,221	61,790,068
2032	62,353,582	61,600,141	57,641,643
2033	57,487,363	56,734,169	52,778,621
2034	53,963,575	53,211,838	49,252,287
2035	40,998,442	40,239,636	36,287,272
2036	32,931,458	32,177,111	28,222,768
2037	32,969,311	32,215,924	23,349,566
2038	27,396,892	26,646,127	12,250,972
2039	24,498,249	23,742,081	3,932,400
2040	24,501,346	23,742,056	1,864,913
2041	24,501,705	23,746,480	-
2042	20,107,866	19,349,075	-
2043	15,080,469	14,320,669	-
2044	10,054,013	9,543,281	-
2045	5,025,444	4,814,550	-



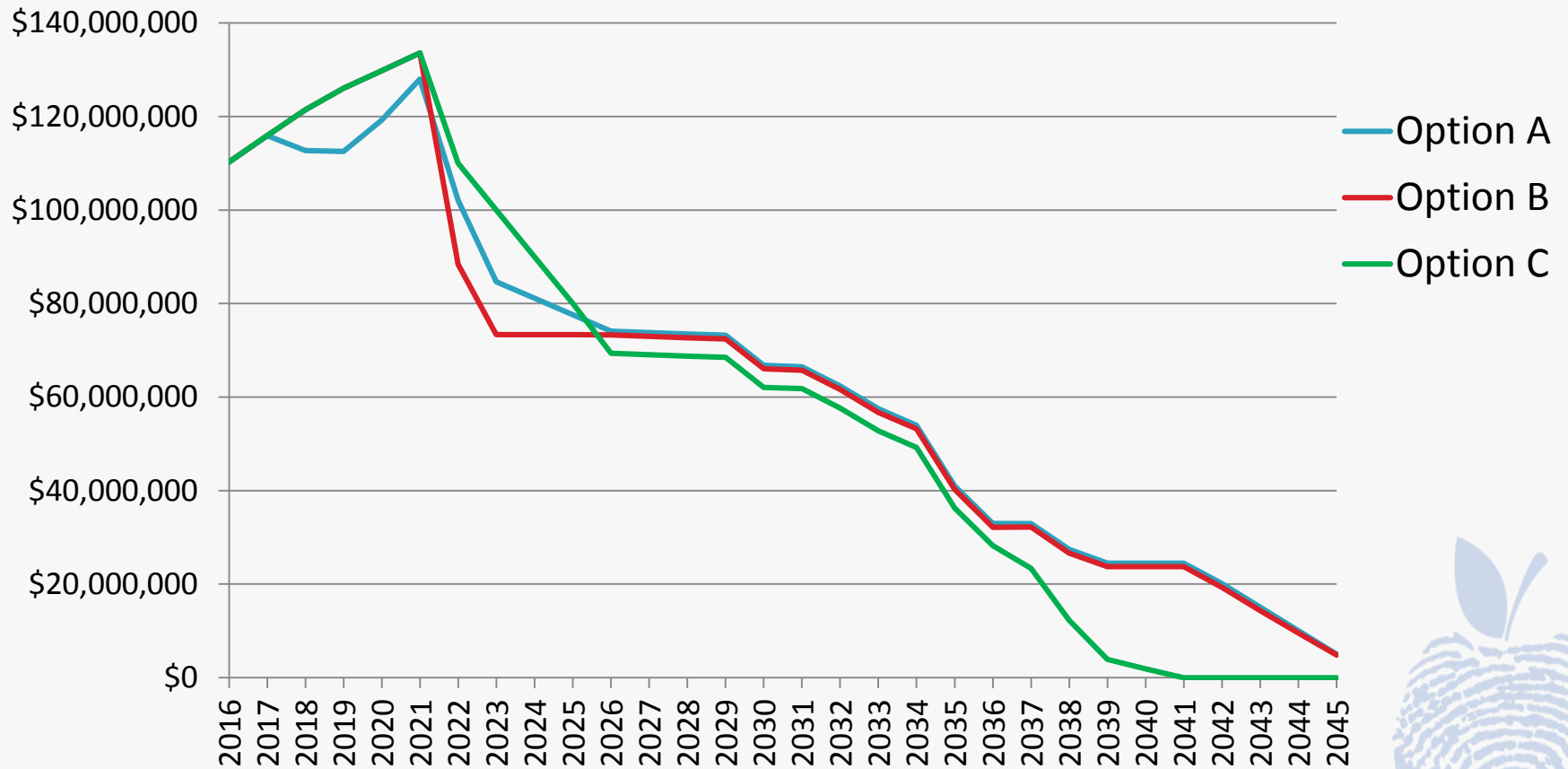
Annual Payments Comparison



Annual Payments Comparison



Annual Payments Comparison



Comparison of Projected Tax Rates

Year	Option A	Option B	Option C
Current	26.90	26.90	26.90
2017	26.90	26.90	26.90
2018	24.94	26.90	26.90
2019	23.97	26.90	26.90
2020	24.69	26.90	26.90
2021	25.76	26.90	26.90
2022	20.56	17.77	22.17
2023	17.06	14.76	20.18
2024	16.34	14.76	18.15
2025	15.63	14.76	16.11
2026	14.91	14.75	13.95
2027	14.85	14.69	13.89
2028	14.79	14.63	13.83
2029	14.73	14.58	13.77
2030	13.45	13.30	12.49

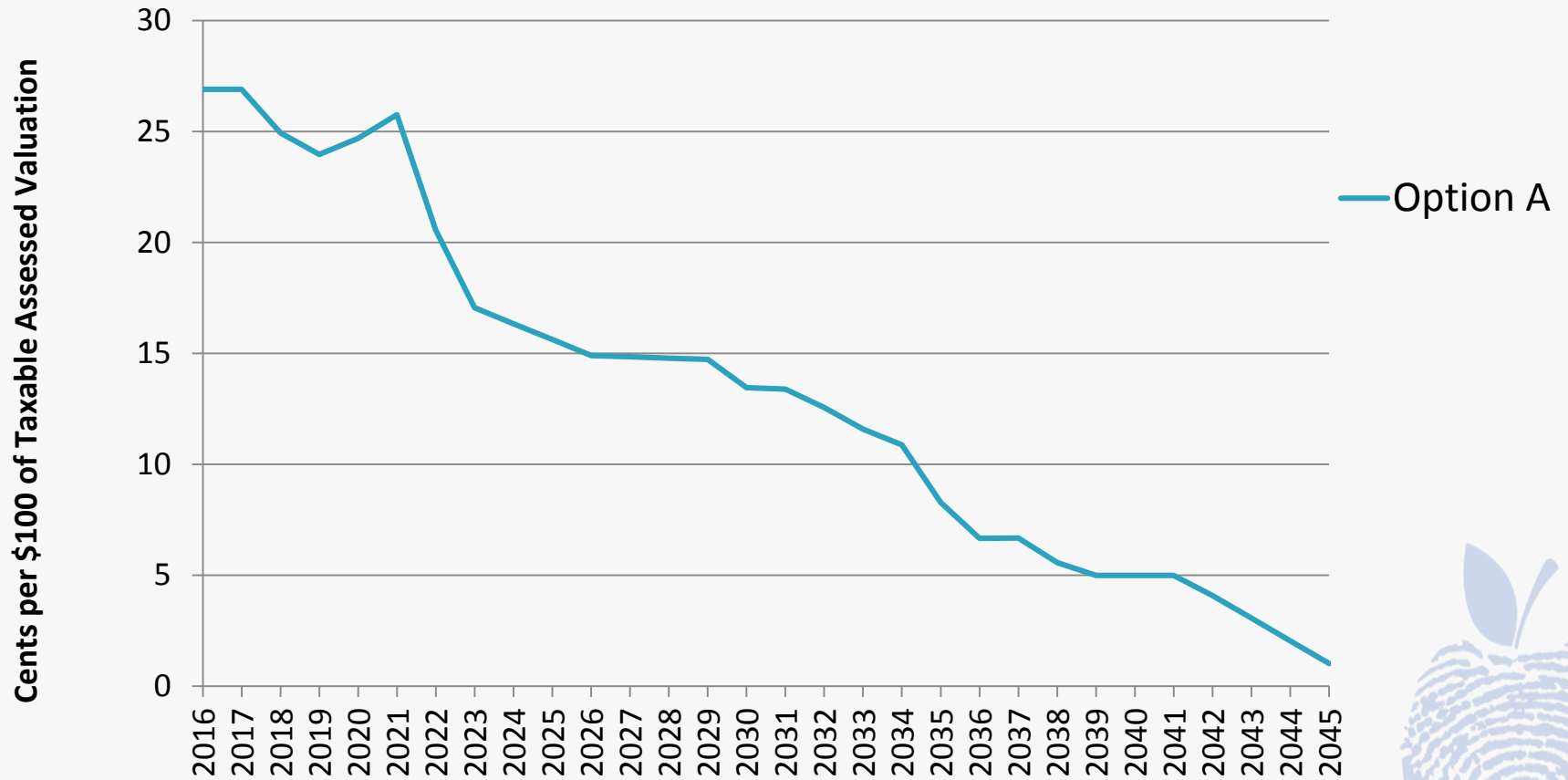


Comparison of Projected Tax Rates

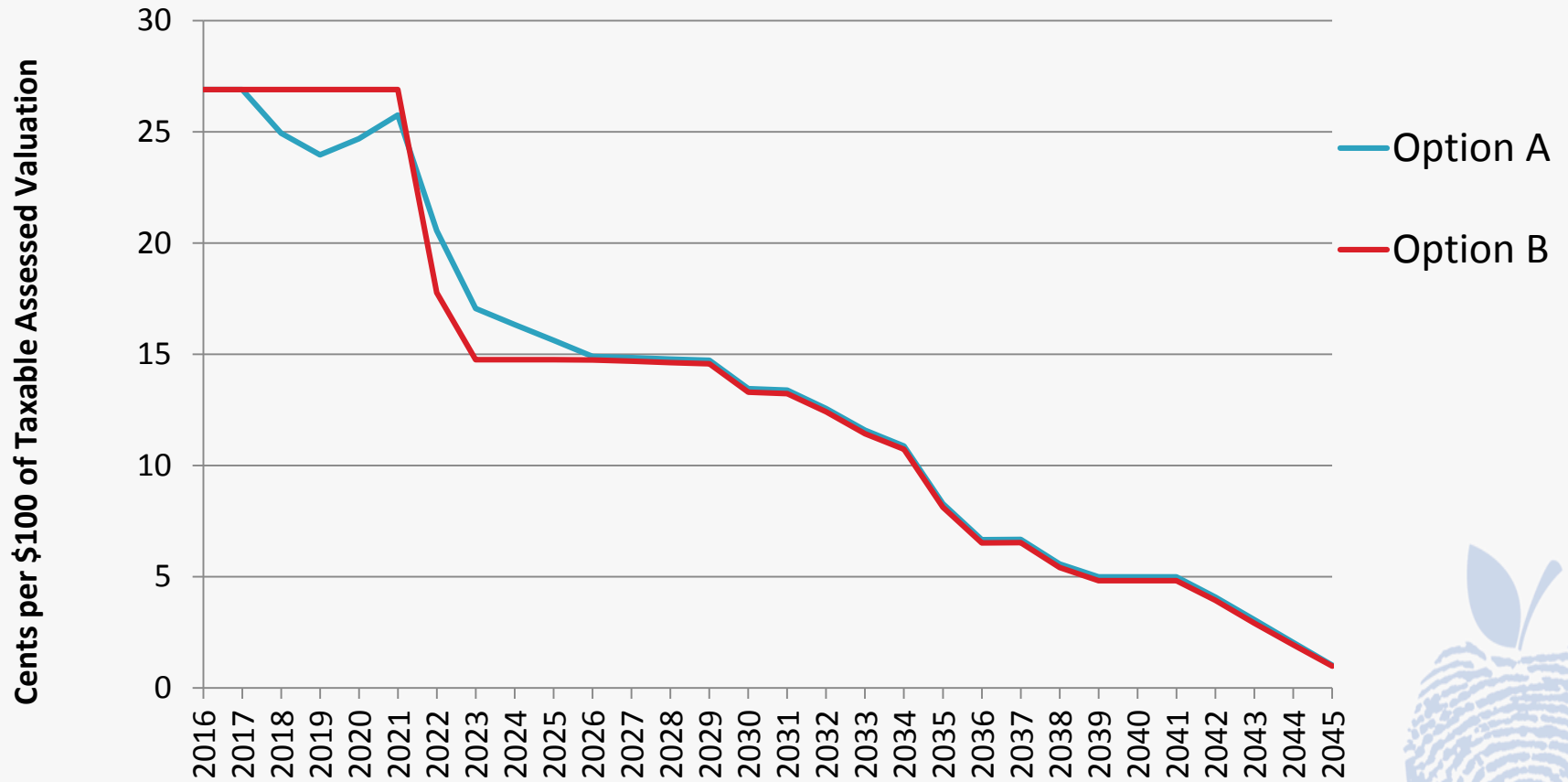
Year	Option A	Option B	Option C
2031	13.39	13.23	12.43
2032	12.56	12.41	11.60
2033	11.59	11.43	10.63
2034	10.88	10.73	9.92
2035	8.29	8.13	7.33
2036	6.67	6.52	5.72
2037	6.68	6.53	4.72
2038	5.57	5.41	2.48
2039	4.99	4.83	0.80
2040	4.99	4.83	0.38
2041	4.99	4.83	-
2042	4.09	3.94	-
2043	3.07	2.91	-
2044	2.05	1.94	-
2045	1.02	0.98	-



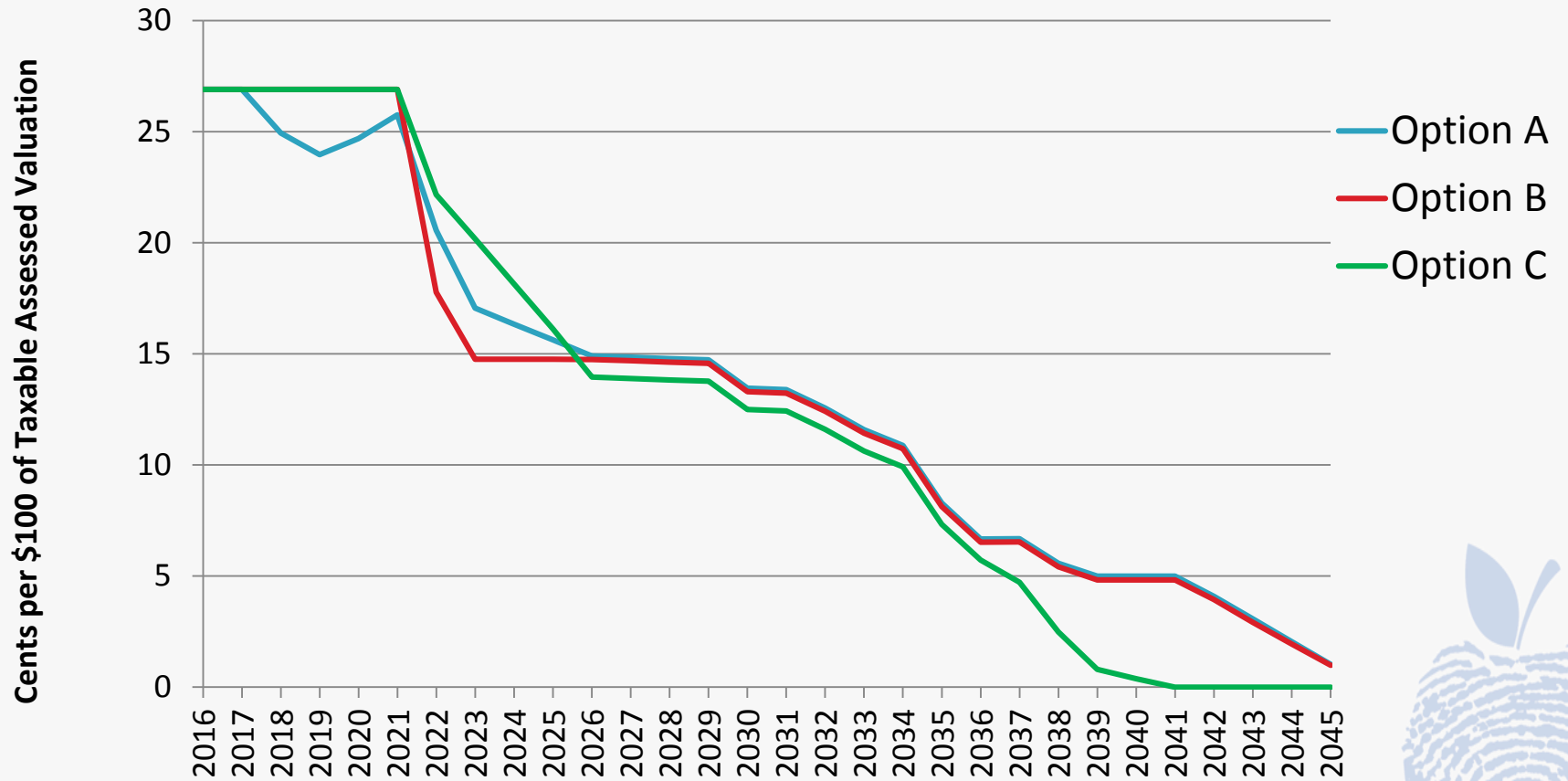
Tax Rate Comparison



Tax Rate Comparison



Tax Rate Comparison



Potential Refunding Opportunity

- Opportunity exists to refund a portion (\$305,665,000) of 2006, 2007 and 2008 bonds at a lower interest rate
- Final maturity would not be extended
- Principal payments in 2017-2021 would be accelerated leaving total payment same as currently required
- Based on current interest rates + 0.5%, results would be:
 - ▣ Payment reduction of approximately \$2,630,000/year for 2022 through 2034
 - ▣ Total payment reduction of \$34.2 million
 - ▣ Average life of bonds reduced from 7.86 years to 7.42 years
 - ▣ Reduction of \$25,070,000 in outstanding bonds as of 5/7/21



Summary

- Total Proposal of \$436,585,000 would provide for capital needs for the next five years.
- Tax rate would not increase.
- If financing Option C is chosen, outstanding debt would be reduced.



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