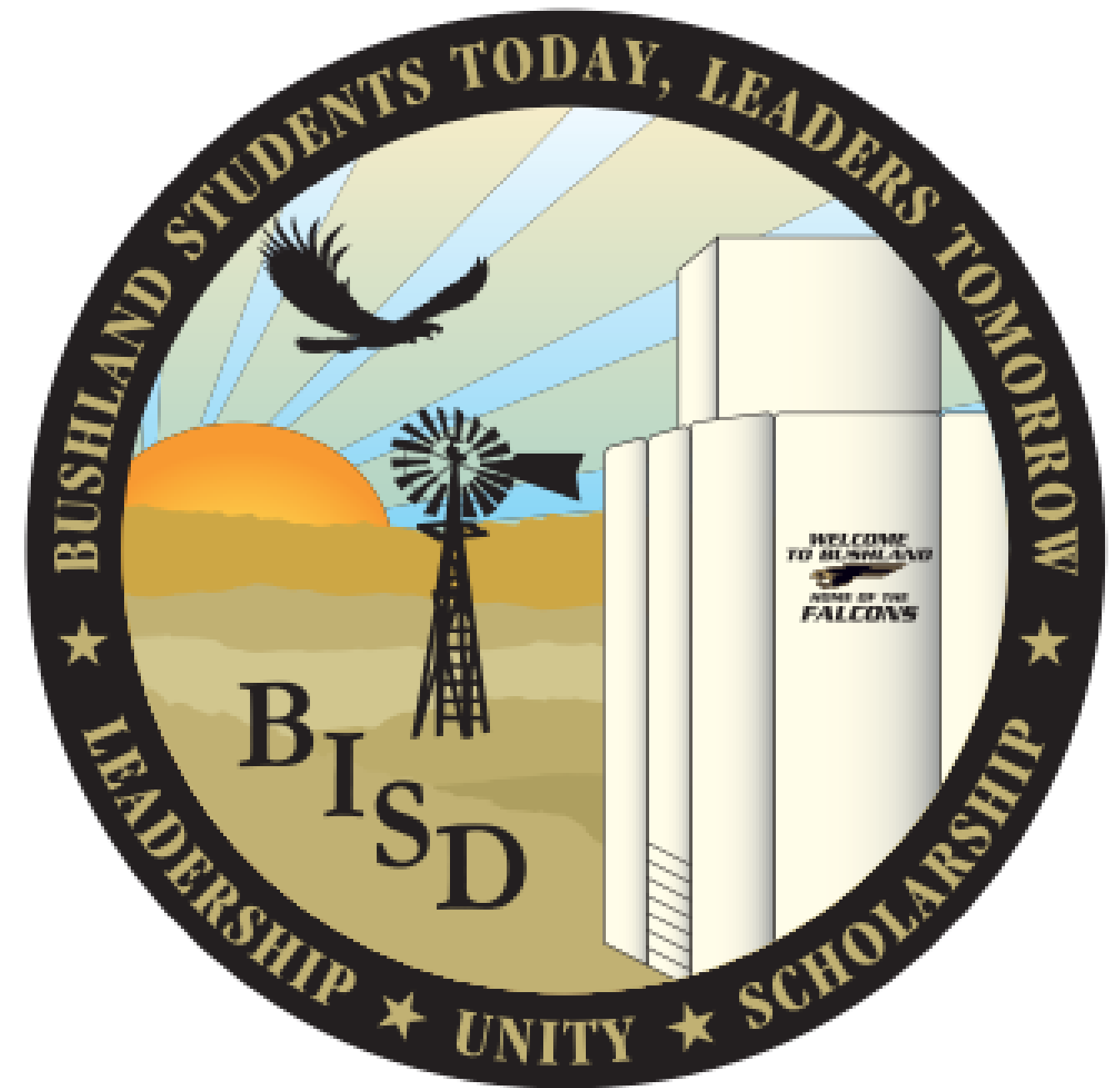
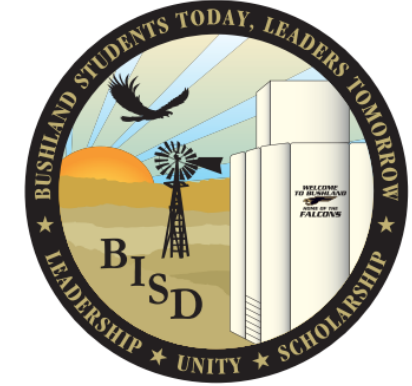


# Bushland ISD Citizen Facility Planning Committee

JANUARY 28, 2021



# Meeting Agenda



## **Welcome**

Brad Spinks, Citizen Committee Chairman

## **Meeting 3 Review**

Steve Hulse, Corgan

## **Estimated Costs of Options Reviewed**

Steve Hulse, Corgan

Lance Melton, Corgan

## **School District Finance 101**

Dr. Tom Giles, Assistant Superintendent

## **District Financial Advisor Review**

Erik Macha, Hilltop Securities

## **Existing Campus Improvement Options & Costs**

Lance Melton, Corgan

## **Building Your Plan/Group Exercise**

Steve Hulse, Corgan

## **Review and Voting on Recommendations**

Steve Hulse, Lance Melton, Corgan

## **Questions, Discussion and Next Meeting**

Brad Spinks, Citizens Committee Chairman

# Meeting #3 Review


STEVE HULSEY, CORGAN




# Discussion Review and Voting




## Option #1




**Existing Elementary School to Pre-K-2 School**  
510 capacity



**Existing Middle School to 3-5 Elementary School**  
485 capacity




**Existing High School to 6-8 Middle School**  
468 capacity




**New High School**  
600 capacity

**2,063 Students**


## Option #2




**Existing Elementary Renovation Grades 3-5**  
510 Capacity



**New Pre-K-2 Elementary School**  
500 Capacity  
750 Core




**Existing Middle School**  
485 Capacity




**Existing High School**  
468 Capacity

**1,963 Students**


## Option #3




**Existing Elementary School to Admin**




**New Pre-K-2 Elementary School**  
500 Capacity  
750 Core



**Existing Middle School to 3-5 Elementary School**  
485 Capacity



**Existing High School to 6-8 Middle School**  
468 Capacity

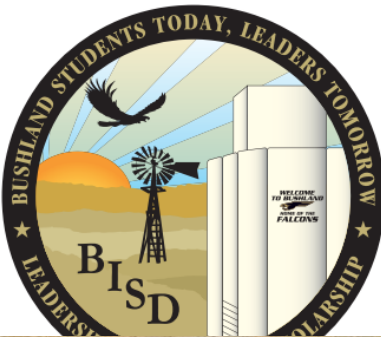


**New High School**  
600 Capacity  
1000 Core

**2,053 Students**



# Voting Results — 1/2 Vote



## Option #1



Existing Elementary  
School to Pre-K-2  
School  
510 capacity



Existing Middle  
School to 3-5  
Elementary School  
485 capacity



Existing High  
School to 6-8  
Middle School  
468 capacity



New High School  
600 capacity

2,063 Students

### OPTION 1 - NEW HIGH SCHOOL

BUSHLAND ISD CAMPUS LEVEL ENROLLMENT HISTORY AND PROJECTIONS - Option 1 - NEW HS (600 student capacity (1000 Core))														
				Fall	ENROLLMENT PROJECTIONS									
CAMPUS	Capacity	Grades	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31
BUSHLAND ELEMENTARY SCHOOL PK-4	510	PK thru 4	493	485	523	579	627							
BUSHLAND PRIMARY (OLD ES) PK-2	510	PK thru 2						424	445	465	476	490	501	508
BUSHLAND ES (OLD MS) 3-5	485	3 thru 5						368	414	445	461	480	503	521
ELEMENTARY TOTALS			493	485	523	579	627	792	859	910	937	970	1,004	1,029
BUSHLAND MIDDLE SCHOOL 5-8	485	5 thru 8	462	475	480	472	493							
BUSHLAND MS (OLD HS) 6-8	468	6 thru 8						386	371	393	411	457	485	503
MIDDLE SCHOOL TOTALS			462	475	480	472	493	386	371	393	411	457	485	503
BUSHLAND HIGH SCHOOL 9-12	468	9 thru 12	478	481	492	523	508							
BUSHLAND NEW HS	600	9 thru 12						526	529	517	536	521	532	567
HIGH SCHOOL TOTALS			478	481	492	523	508	526	529	517	536	521	532	567
DISTRICT TOTALS	2,063		1,433	1,441	1,495	1,574	1,628	1,704	1,759	1,820	1,884	1,948	2,021	2,099

INDICATES OVER CAPACITY



Existing Elementary  
School to Pre-K-2  
School  
510 capacity



Existing Middle  
School to 3-5  
Elementary School  
485 capacity



Existing High  
School to 6-8  
Middle School  
468 capacity



New High School  
600 capacity


2,063 Students




# Voting Results — No Vote for This Option




## Option #2




**Existing Elementary  
Renovation  
Grades 3-5**  
510 Capacity



**New Pre-K-2  
Elementary School**  
500 Capacity  
750 Core



**Existing Middle  
School**  
485 Capacity




**Existing High  
School**  
468 Capacity

**1,963 Students**


### OPTION 2 - NEW ELEMENTARY

BUSHLAND ISD CAMPUS LEVEL ENROLLMENT HISTORY AND PROJECTIONS - Option 2 - NEW ES (500 student capacity (750 Core))														
CAMPUS	Capacity	Grades	2019/20	Fall	ENROLLMENT PROJECTIONS									
				2020/21	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31
BUSHLAND ELEMENTARY SCHOOL	510	PK thru 4	493	485	523	579								
BUSHLAND ELEMENTARY SCHOOL	510	3 thru 5					374	396	430	455	469	485	502	514
BUSHLAND NEW ELEMENTARY #2	500	PK thru 2					374	396	429	455	468	485	502	515
ELEMENTARY TOTALS			493	485	523	579	748	792	859	910	937	970	1,004	1,029
BUSHLAND MIDDLE SCHOOL	485	5 thru 8	462	475	480	472								
BUSHLAND MIDDLE SCHOOL	485	6 thru 8					372	386	371	393	411	457	485	503
MIDDLE SCHOOL TOTALS			462	475	480	472	372	386	371	393	411	457	485	503
BUSHLAND HIGH SCHOOL 9-12	468	9 thru 12	478	481	492	523	508	526	529	517	536	521	532	567
HIGH SCHOOL TOTALS			478	481	492	523	508	526	529	517	536	521	532	567
DISTRICT TOTALS	1,963		1,433	1,441	1,495	1,574	1,628	1,704	1,759	1,820	1,884	1,948	2,021	2,099


INDICATES OVER CAPACITY




**Existing Elementary  
Renovation  
Grades 3-5**  
510 Capacity



**New Pre-K-2  
Elementary School**  
500 Capacity  
750 Core



**Existing Middle  
School**  
485 Capacity



**Existing High  
School**  
468 Capacity


**1,963 Students**




# Voting Results — 15 1/2 Votes




## Option #3




Existing Elementary School to Admin




New Pre-K-2 Elementary School  
500 Capacity  
750 Core



Existing Middle School to 3-5 Elementary School  
485 Capacity



Existing High School to 6-8 Middle School  
468 Capacity




New High School  
600 Capacity  
1000 Core

2,053 Students


### OPTION 3 - NEW ELEMENTARY AND NEW HIGH SCHOOL

BUSHLAND ISD CAMPUS LEVEL ENROLLMENT HISTORY AND PROJECTIONS - Option 3 - NEW HIGH SCHOOL AND NEW ELEMENTARY														
CAMPUS	Capacity	Grades	Fall											
			ENROLLMENT PROJECTIONS											
			2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31
BUSHLAND ELEMENTARY SCHOOL	510	PK thru 4	493	485	523	579								
BUSHLAND ELEMENTARY SCHOOL	510	3 thru 5					374							
BUSHLAND NEW ELEMENTARY #2	500	PK thru 2						396	429	455	469	485	502	515
BUSHLAND ES (OLD MS)	485	3 thru 5					374							
ELEMENTARY TOTALS			493	485	523	579	748	792	859	910	937	970	1,004	1,029
BUSHLAND MIDDLE SCHOOL 5-8	485	5 thru 8	462	475	480	472								
BUSHLAND MIDDLE SCHOOL 5-8	485	5 thru 8	462	475	480	472								
BUSHLAND MS (OLD HS) 6-8	468	6 thru 8					372							
MIDDLE SCHOOL TOTALS			462	475	480	472		386	371	393	411	457	485	503
BUSHLAND HIGH SCHOOL 9-12	468	9 thru 12	478	481	492	523	508							
BUSHLAND NEW HS	600	9 thru 12						526	529	517	536	521	532	567
HIGH SCHOOL TOTALS			478	481	492	523	508	526	529	517	536	521	532	567
DISTRICT TOTALS	2,563		1,433	1,441	1,495	1,574	1,628	1,704	1,759	1,820	1,884	1,948	2,021	2,099


INDICATES OVER CAPACITY




Existing Elementary School to Admin




New Pre-K-2 Elementary School  
500 Capacity  
750 Core



Existing Middle School to 3-5 Elementary School  
485 Capacity



Existing High School to 6-8 Middle School  
468 Capacity



New High School  
600 Capacity  
1000 Core

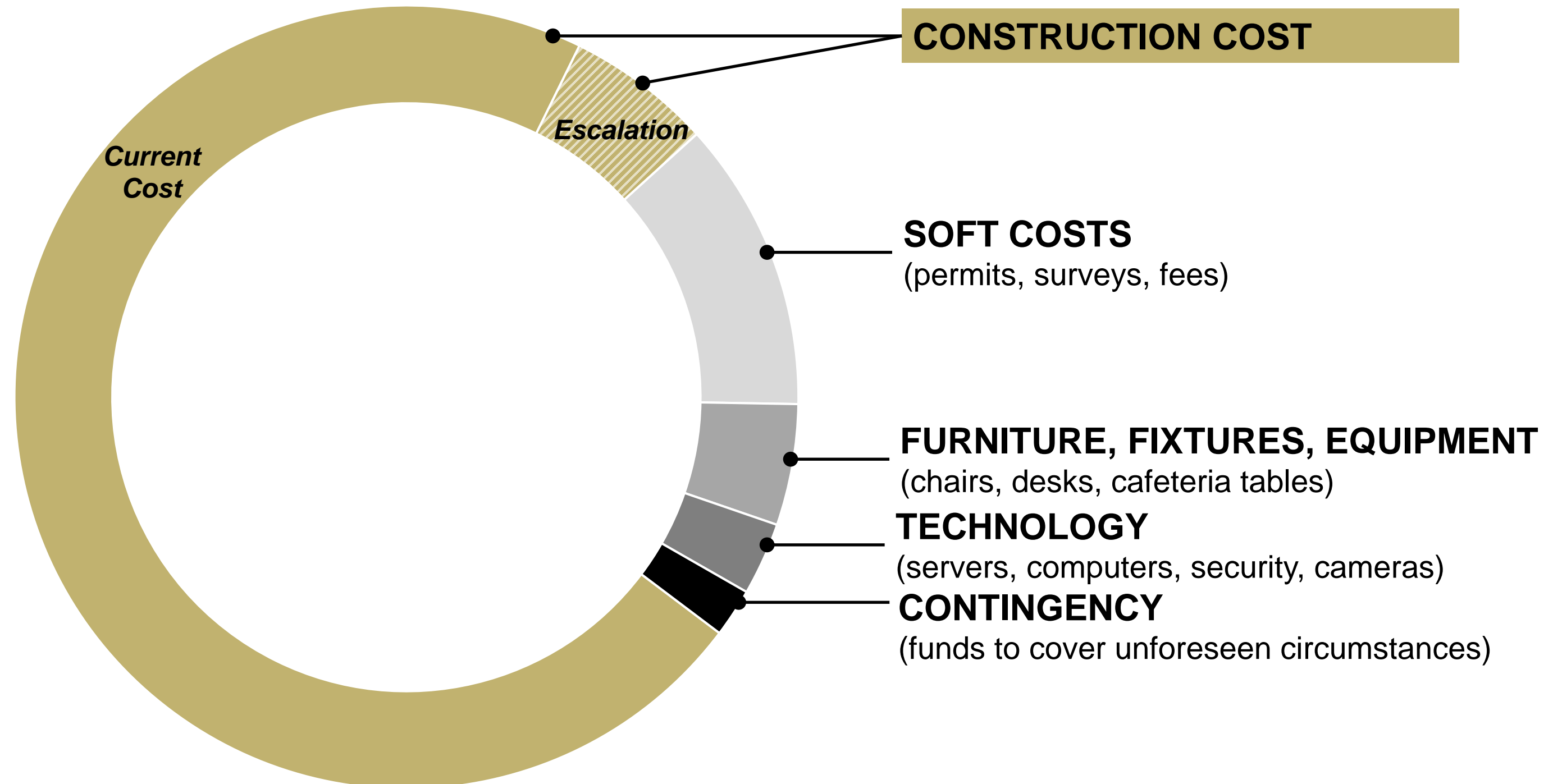
2,053 Students

# Estimated Costs of Options Reviewed

STEVE HULSEY, CORGAN



# Building a Total Project Estimate



# School District Finance 101

**DR. TOM GILES, ASSISTANT SUPERINTENDENT**



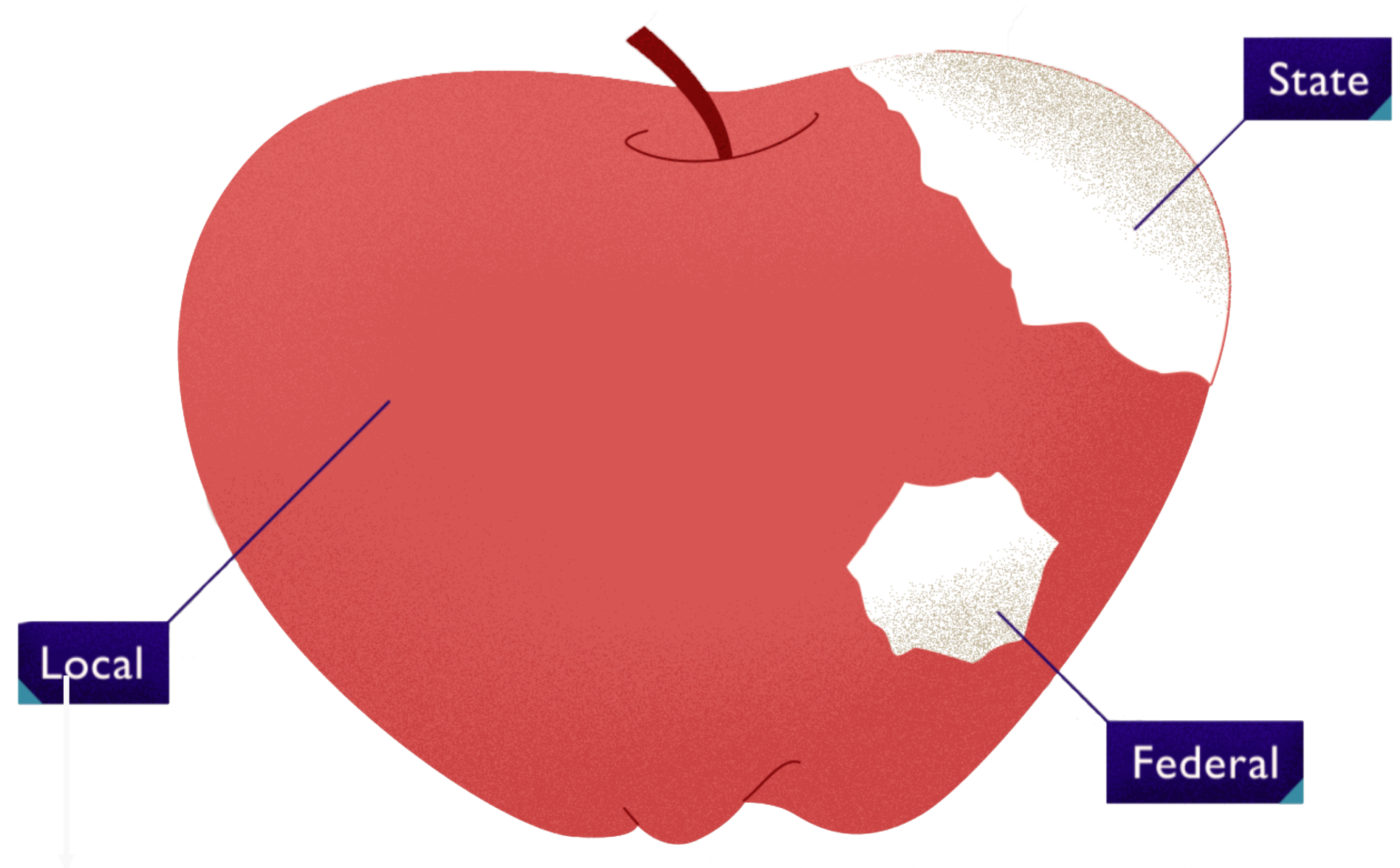


# How School Finance Works



A school district's budget is generated from three sources: federal, state, and local funding.

Local funding from property taxes makes up the largest source for school districts.

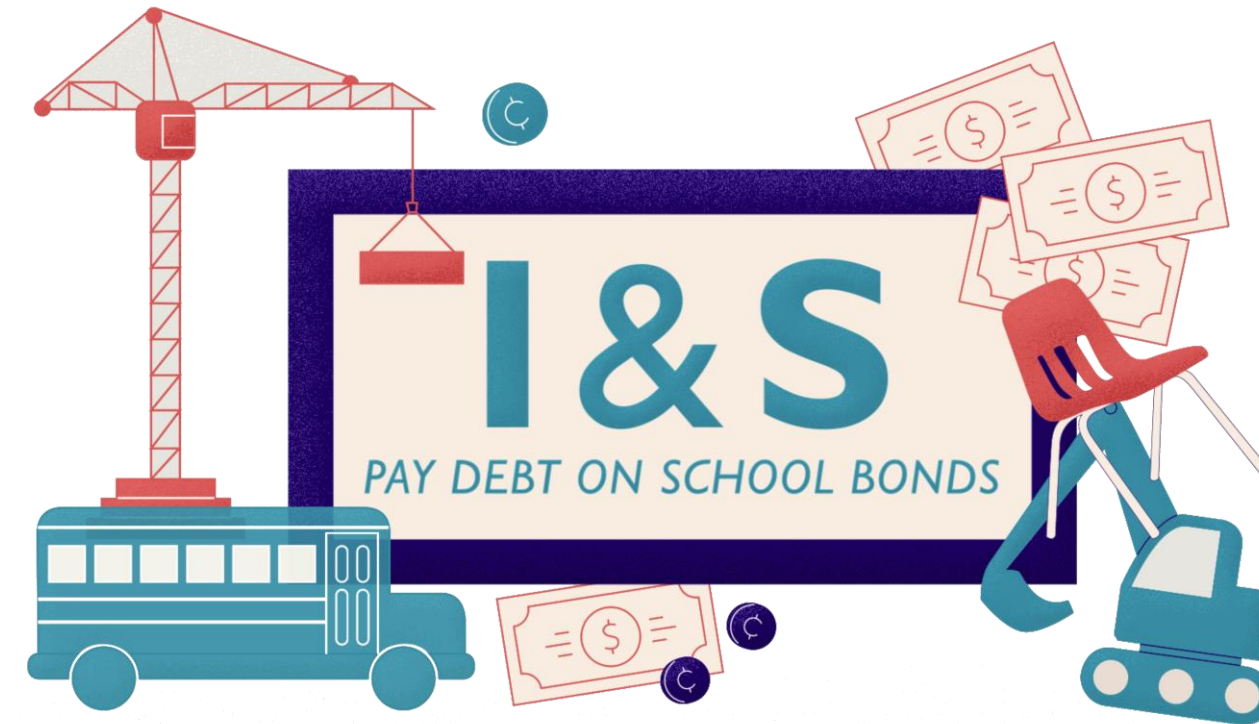


This tax rate is made up of two parts: the maintenance and operations (M&O) rate and the interest and sinking (I&S) rate. Each has a designated purpose and budget.

# How School Finance Works



The M&O budget is used for daily operations of the district, including utilities, salaries, furniture, supplies, food, gas, and regular maintenance items.



The I&S budget is used to repay debt for capital improvements through voter-approved bonds. Improvements such as new construction, renovations, HVAC and roofing replacements, land purchase, furniture, and technology

*Funds from a bond **CANNOT** be used as part of the M&O budget or to increase salaries.*



# Elections Since 2000



## BOND OR TRE ELECTIONS, NOT BOARD ELECTIONS

Date	Election type	Amount	Pass/Fail	Scope
September 4, 2002	Bond election	\$1,235,000	Passed	Activity center, paving, phones
September 6, 2003	Bond election	\$16,000,000	Passed	High school land, new high school, football stadium, baseball, softball, track
May 9, 2009	Bond election	\$9,100,000	Passed	High school addition, middle school cafetorium renovation and choir room, and various renovations and upgrades across district
May 11, 2013	Bond election	\$8,500,000	Passed	Technology, school buses, various renovations across the district
November 3, 2015	TRE election		Failed by 35%	
November 8, 2016	TRE election		Failed by 26%	

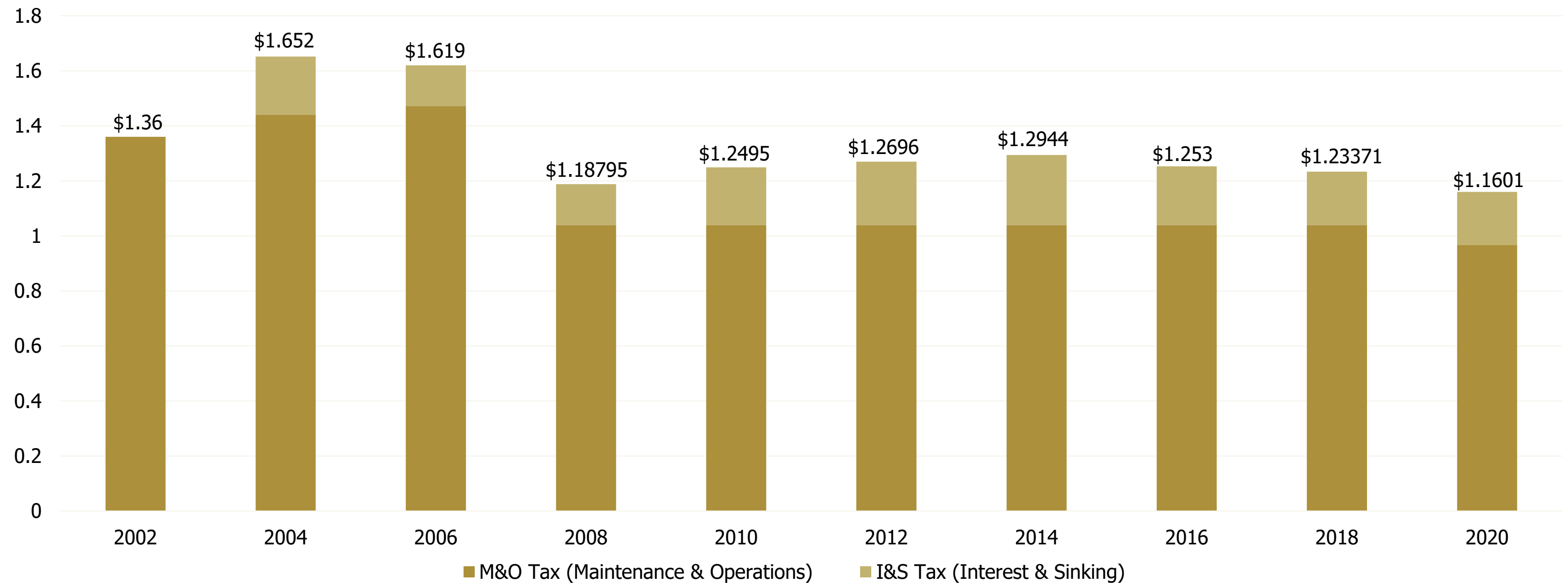
**Total bonds passed in the last 20 years: \$34,835,000**

# Bushland ISD Historical Tax Rates

2002 – 2020



## EVERY TWO YEAR TAX RATE



# How Bushland's Total Tax Rate Compares

District	I&S	M&O	Total Tax Rate
Happy	\$0.0000	\$0.9585	\$0.9585
Childress	\$0.0000	\$0.9964	\$0.9964
Dalhart	\$0.0774	\$0.9383	\$1.0157
Claude	\$0.0550	\$0.9664	\$1.0214
Clarendon	\$0.0000	\$1.0260	\$1.0260
Littlefield	\$0.0000	\$1.0400	\$1.0400
Walcott	\$0.0931	\$0.9664	\$1.0595
Amarillo Highland Park	\$0.1310	\$0.9664	\$1.0974
Channing	\$0.1560	\$0.9664	\$1.1224
Amarillo	\$0.1590	\$0.9964	\$1.1554
<b>Bushland</b>	<b>\$0.1937</b>	<b>\$0.9664</b>	<b>\$1.1601</b>
Muleshoe	\$0.1946	\$1.0437	\$1.2383
Panhandle	\$0.2950	\$0.9564	\$1.2514
Friona	\$0.3334	\$0.9268	\$1.2602
Adrian	\$0.2948	\$0.9664	\$1.2612
Amarillo River Road	\$0.2600	\$1.0028	\$1.2628
White Deer	\$0.3000	\$0.9664	\$1.2664
Vega	\$0.3950	\$0.8747	\$1.2697
Spearman	\$0.2215	\$1.0547	\$1.2762
Canadian	\$0.3100	\$0.9664	\$1.2764
Canyon	\$0.3250	\$0.9550	\$1.2800
Tulia	\$0.2670	\$1.0390	\$1.3060
Groom	\$0.3300	\$0.9764	\$1.3064
Sanford Fritch	\$0.2800	\$1.0353	\$1.3153
Dimmitt	\$0.3750	\$0.9664	\$1.3414
Wildorado	\$0.5400	\$0.8747	\$1.4147



# District Financial Advisor Review

ERIK MACHA, HILLTOP SECURITIES





May 2021 Bond Election Information

Bushland ISD

January 28, 2021

### **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 the Bonds Repaid?

A school district has two components to its total tax rate: the Maintenance and Operations (“M&O”) tax rate and the Interest and Sinking Fund (“I&S”) tax rate.

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 (“AG Fifty Cent Test”).

# Texas ISD Bond Frequently Asked Questions

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**Bushland ISD current Tax Rate: \$0.9664 M&O + \$0.1937 I&S = \$1.1601**

Maintenance & Operations (M&O) – used for the “day to day” operations of the District (personnel, instructional, extracurricular, facilities, etc.)

- Can be subject to recapture

Interest & Sinking (I&S) – used to make payments on bonds approved by voters

- Not subject to recapture. This means all dollars raised for the repayment of a bond issue are kept locally in the District
- The District currently has five bond issues outstanding totaling approximately \$15.915 million payable through 2034





### **What is the Term/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 bond issues 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 Bushland ISD bonds to be priced at the lowest available interest rates at the time of issuance.

### Tax Base

- Tax base assumptions have to be made when issuing tax supported bonds that have a term from 2 to 40 years
- When tax base goes down, same tax rate from prior year produces fewer dollars; tax base goes up, same tax rate produces more dollars
- Goal is to produce tax base assumptions that are realistic yet conservative

**Bushland ISD current Tax Base is \$1,432,300,263**



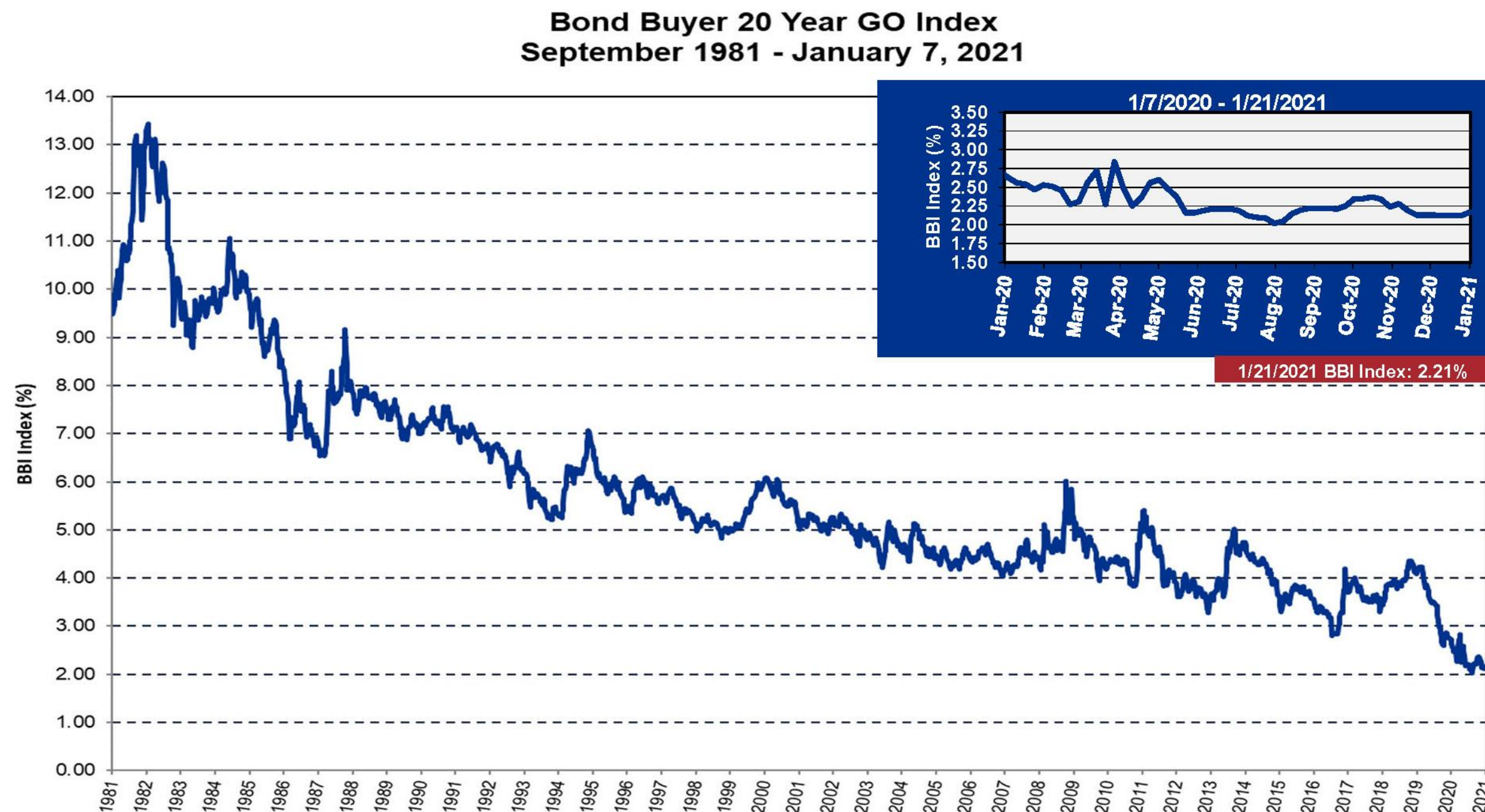
### Interest Rates

- Interest rates are not finalized for a bond issue until the day the bond issue is sold. Earliest date would be a little over one month after a successful election.
- Interest rates are currently at historically low levels
- Always use interest rate assumptions that are higher than current interest rates to give cushion in the event that interest rates rise from the time the bond election is called to the time the bonds are issued

### Term

- Shorter term results in lower interest rate but higher annual payments; therefore higher tax rate impact
- Longer term results in higher interest rate but lower annual payments; therefore lower tax rate impact
- Will not have the term of the bond issue exceed the useful life of the project(s)

# Historical Tax Exempt Interest Rates: Bond Buyer's 20 Yr Index



**Bond Buyer 20 Year GO Index is a weekly index estimating the composite yield on 20 general obligation bonds rated "A" or better.**

*This graph depicts historical interest rates. Future interest rates are dependent upon many factors such as, but not limited to, interest rate trends, tax rates, the supply and demand of short term securities, changes in laws, rules and regulations, as well as changes in credit quality and rating agency considerations. The effect of changes in such factors individually or in any combination could materially affect the relationships and effective interest rates. These results should be viewed with these potential changes in mind as well as the understanding that there may be interruptions in the short term market or no market may exist at all.*



## Tax Base and Tax Rate History

<u>1</u>	<u>2</u>	<u>3</u>	<u>4</u>	<u>5</u>	<u>6</u>
Fiscal Year	Growth		M&O	I&S	Total
	Tax Base	Rate	Tax Rate	Tax Rate	Tax Rate
2011	\$ 831,072,740		1.0400	0.2286	1.2686
2012	857,389,845	3%	1.0400	0.2296	1.2696
2013	930,792,454	9%	1.0400	0.2296	1.2696
2014	1,018,996,833	9%	1.0400	0.2544	1.2944
2015	1,127,423,499	11%	1.0400	0.2500	1.2900
2016	1,105,463,787	-2%	1.0400	0.2280	1.2680
2017	1,165,054,553	5%	1.0400	0.2143	1.2543
2018	1,284,912,544	10%	1.0400	0.1978	1.2378
2019	1,319,333,493	3%	1.0400	0.1937	1.2337
2020	1,409,680,912	7%	0.9700	0.1937	1.1637
2021	1,432,300,263	2%	0.9664	0.1937	1.1601

## General Tax Rate Information

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- All Texas homeowners are eligible to receive a \$25,000 State homestead exemption on school taxes
- Example: \$75,000 home less \$25,000 State exemption equals \$50,000 in taxable value
- With a bond, taxpayers over 65 will not have their 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



## Considerations When Issuing Bonds

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- Unlimited Tax Bonds
  - Must be voted
  - Proceeds can be used for a number of different purposes
  - Repaid from I&S tax revenues
- Does not deplete M&O fund balance or M&O capacity
- Finance projects over their useful lives with a variety of repayment options
- Tax-exempt feature provides low interest cost, long-term financing
  - Permanent School Fund (“PSF”) Guarantee is a further benefit
- I&S taxes levied to repay debt are not subject to recapture
  - **100% of bond dollars stay in the District = \$1 to \$1**

## Bond Election Scenarios

Schedule	Election Size	Term	Maximum Calculated I&S Tax Rate <sup>1</sup>	Increase Above FY 2021 I&S Tax Rate of \$0.1937
1	\$ 60,000,000	25 Years	0.3125	0.1188
2	60,000,000	30 Years	0.2909	0.0972
3	75,000,000	25 Years	0.3743	0.1806
4	75,000,000	30 Years	0.3479	0.1542
5	85,000,000	25 Years	0.4154	0.2217
6	85,000,000	30 Years	0.3858	0.1921
7	100,000,000	25 Years	0.4804	0.2867
8	100,000,000	30 Years	0.4803	0.2866

<sup>1</sup> Tax collection rate of 98%.

# Homeowner Impact

Election Size	Term	Projected Increase Above FY 2021 I&S Tax Rate of \$0.1937	Home Value Before Exemption <sup>1</sup>							
			\$100,000		\$150,000		\$200,000		\$250,000	
			Annual	Monthly	Annual	Monthly	Annual	Monthly	Annual	Monthly
\$ 60,000,000	25 Years	0.1188	89.07	7.42	148.45	12.37	207.84	17.32	267.22	22.27
60,000,000	30 Years	0.0972	72.90	6.07	121.50	10.12	170.10	14.17	218.70	18.22
75,000,000	25 Years	0.1806	135.43	11.29	225.72	18.81	316.01	26.33	406.29	33.86
75,000,000	30 Years	0.1542	115.63	9.64	192.71	16.06	269.79	22.48	346.88	28.91
85,000,000	25 Years	0.2217	166.28	13.86	277.13	23.09	387.99	32.33	498.84	41.57
85,000,000	30 Years	0.1921	144.08	12.01	240.13	20.01	336.18	28.02	432.23	36.02
100,000,000	25 Years	0.2867	215.03	17.92	358.39	29.87	501.74	41.81	645.10	53.76
100,000,000	30 Years	0.2866	214.94	17.91	358.23	29.85	501.52	41.79	644.82	53.73

Election Size	Term	Projected Increase Above FY 2021 I&S Tax Rate of \$0.1937	Home Value Before Exemption <sup>1</sup>							
			\$300,000		\$350,000		\$400,000		\$450,000	
			Annual	Monthly	Annual	Monthly	Annual	Monthly	Annual	Monthly
\$ 60,000,000	25 Years	0.1188	326.60	27.22	385.98	32.17	445.36	37.11	504.75	42.06
60,000,000	30 Years	0.0972	267.30	22.27	315.90	26.32	364.50	30.37	413.10	34.42
75,000,000	25 Years	0.1806	496.58	41.38	586.87	48.91	677.16	56.43	767.44	63.95
75,000,000	30 Years	0.1542	423.96	35.33	501.04	41.75	578.13	48.18	655.21	54.60
85,000,000	25 Years	0.2217	609.69	50.81	720.54	60.05	831.40	69.28	942.25	78.52
85,000,000	30 Years	0.1921	528.29	44.02	624.34	52.03	720.39	60.03	816.44	68.04
100,000,000	25 Years	0.2867	788.45	65.70	931.81	77.65	1,075.16	89.60	1,218.52	101.54
100,000,000	30 Years	0.2866	788.11	65.68	931.40	77.62	1,074.69	89.56	1,217.99	101.50



### 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: Athletic Stadiums, Certain types of Technology purchases, Admin Buildings to name a few

# Bond Election Timing

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May 2021 Election	Action
February 12	Last day to call for Bond Election
April 1	First day to publish notice of election
April 1	Last day for voter registration
April 12	Last day to post notice of election
April 19	First day of Early Voting
April 22	Last day to publish notice of election
April 27	Last day of Early Voting
May 1	Election Day
May 4	Earliest day to canvass election
May 12	Last day to canvass election

# Building Your Plan/Group Exercise

STEVE HULSEY, CORGAN





# Group Exercise

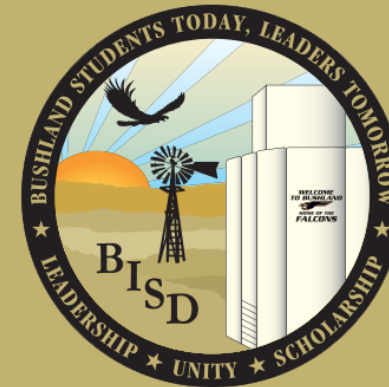


- **Divide into three groups**
- **Each group should build a plan that they believe is best for the students and the community**

# Homeowner Impact

Election Size		Term	Projected Increase Above FY 2021 I&S Tax Rate of \$0.1937	Home Value Before Exemption <sup>1</sup>	
				\$300,000	
				Annual	Monthly
\$ 60,000,000	25 Years	0.1188	326.60	27.22	
60,000,000	30 Years	0.0972	267.30	22.27	
75,000,000	25 Years	0.1806	496.58	41.38	
75,000,000	30 Years	0.1542	423.96	35.33	
85,000,000	25 Years	0.2217	609.69	50.81	
85,000,000	30 Years	0.1921	528.29	44.02	
100,000,000	25 Years	0.2867	788.45	65.70	
100,000,000	30 Years	0.2866	788.11	65.68	

1 All Texas homeowners are eligible to receive a \$25,000 State homestead exemption on school taxes. (e.g. \$100,000 home less \$25,000 mandatory homestead exemption equals \$75,000 in taxable value).



# Presentation of Groups



# Wrap Up and Next Meeting

**BRAD SPINKS, COMMITTEE CHAIRMAN**



# Future Meeting

**Tuesday, February 2 at 6:00 p.m.**

Meet at High School

Committee Presentation to School Board at Special Meeting