



Warrriors

Sivells Bend ISD

Preliminary Tax Rate Impact Analysis – New Bond Program

Monday, November 4, 2019



General Bond Overview

■ What is a bond?

- ❖ A bond is similar to a home mortgage. It is a contract to repay borrowed money with an interest rate over time. Bonds are sold by a school district to competing investors to raise funds to pay for the costs of construction, renovations and equipment. Most school districts in Texas utilize bonds to finance new facilities and renovations.

■ What is a bond election?

- ❖ School districts are required by State law to ask voters for permission to sell bonds to investors in order to raise the capital dollars required to build a new school or renovate existing buildings. Essentially, it's permission to take out a loan to build and renovate and pay that loan back over an extended period of time, much like a family takes out a mortgage loan for their home. A school board calls a bond election so voters can decide whether or not they want to pay for proposed facility projects.

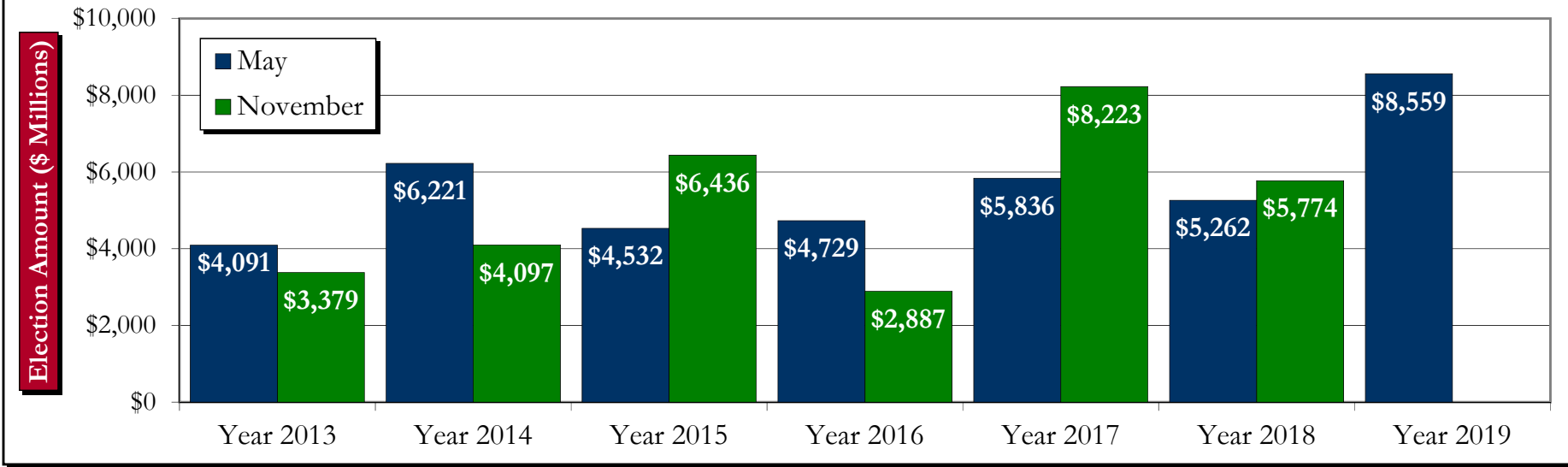
■ How can bond funds be used?

- ❖ Bond funds can be used to pay for new buildings, additions and renovations to existing facilities, land acquisition, technology infrastructure and equipment for new or existing buildings and large-ticket items such as school buses. Bonds cannot be used for salaries or operating costs such as utility bills, supplies, building maintenance, fuel and insurance.



Historical Texas School District Bond Elections

Historical Texas School District Election Volume – Since Year 2013



Historical Texas School District Bond Election Results

Year	No. Of Elections	Dollar Amount Of Elections	No. Of Propositions	Dollar Amount Approved		Propositions Approved	
				Dollar Amount	Percentage	Number	Percentage
2013	146	\$ 7,470,170,049	171	\$ 5,510,117,049	73.8%	122	71.3%
2014	127	10,318,550,976	138	9,412,896,675	91.2%	110	79.7%
2015	126	10,968,064,264	139	9,644,168,689	87.9%	114	82.0%
2016	109	7,616,504,038	126	6,984,324,038	91.7%	95	75.4%
2017	128	14,058,707,791	145	11,803,977,500	84.0%	99	68.3%
2018	105	11,036,331,959	122	9,988,977,659	90.5%	90	73.8%
May 2019	63	8,558,670,085	65	6,234,730,085	72.8%	50	76.9%
Totals	804	\$ 70,026,999,162	906	\$ 59,579,191,695	85.1%	680	75.1%



November 5, 2019 Texas School District Bond Elections

November 5, 2019 Texas School District Bond Elections – Dollar Amount of \$6,961,434,135 – 61 Elections

No.	School District	Election Amount	No.	School District	Election Amount
1	Arlington ISD	\$ 966,000,000	32	Burnet Consolidated ISD	\$ 33,100,000
2	Conroe ISD	677,370,000	33	Hillsboro ISD	29,840,000
3	Forney ISD	623,000,000	34	Eden Consolidated ISD	25,000,000
4	Midland ISD	569,000,000	35	Hamilton ISD	24,800,000
5	Ysleta ISD	425,000,000	36	West ISD	21,485,000
6	Pecos-Barstow-Toyah ISD	357,600,000	37	Brock ISD	21,360,000
7	Keller ISD	315,000,000	38	Denison ISD	20,850,000
8	Waller ISD	295,225,000	39	Somerset ISD	20,000,000
9	Del Valle ISD	284,000,000	40	San Felipe Del Rio Consolidated ISD	19,000,000
10	Manor ISD	280,000,000	41	Water Valley ISD	16,000,000
11	Cleveland ISD	198,000,000	42	Zapata County ISD	15,800,000
12	Sabine Pass ISD	150,000,000	43	Columbia-Brazoria ISD	11,500,000
13	Aledo ISD	149,950,000	44	Alvarado ISD	11,150,000
14	Midway ISD [McLennan County]	148,000,000	45	Alto ISD	10,500,000
15	Port Neches-Groves ISD	130,000,000	46	Gatesville ISD	9,900,000
16	Dumas ISD	107,000,000	47	Sunray ISD	9,500,000
17	Lockhart ISD	92,350,135	48	Weimar ISD	9,055,000
18	Angleton ISD	90,000,000	49	Prairie Lea ISD	8,000,000
19	Fort Stockton ISD	85,000,000	50	Wilson ISD	7,660,000
20	Azle ISD	79,820,000	51	Lovelady ISD	7,500,000
21	Lumberton ISD	78,800,000	52	Gruver ISD	7,200,000
22	Plainview ISD	76,620,000	53	Cumby ISD	6,200,000
23	Balmorhea ISD	75,000,000	54	Ropes ISD	5,825,000
24	Hallsville ISD	58,000,000	55	Covington ISD	5,750,000
25	Graford ISD	49,600,000	56	Coupland ISD	5,000,000
26	Everman ISD	40,000,000	57	Bellevue ISD	4,500,000
27	Westwood ISD	40,000,000	58	Santa Maria ISD	3,500,000
28	Beeville ISD	37,900,000	59	Dime Box ISD	3,000,000
29	Comfort ISD	37,700,000	60	Darrouzett ISD	2,000,000
30	Royal ISD	34,824,000	61	Iraan-Sheffield ISD	1,900,000
31	Crockett County Consolidated CSD	33,800,000			



Texas School Districts Within ESC Regions 10 and 11 – Successful Bond Elections of \$10 Million or Less Since Year 2009

- Over the last 10 years, Texas school districts within ESC Regions 10 and 11 have held 36 successful bond elections of \$10 million or less, totaling \$202,415,000.

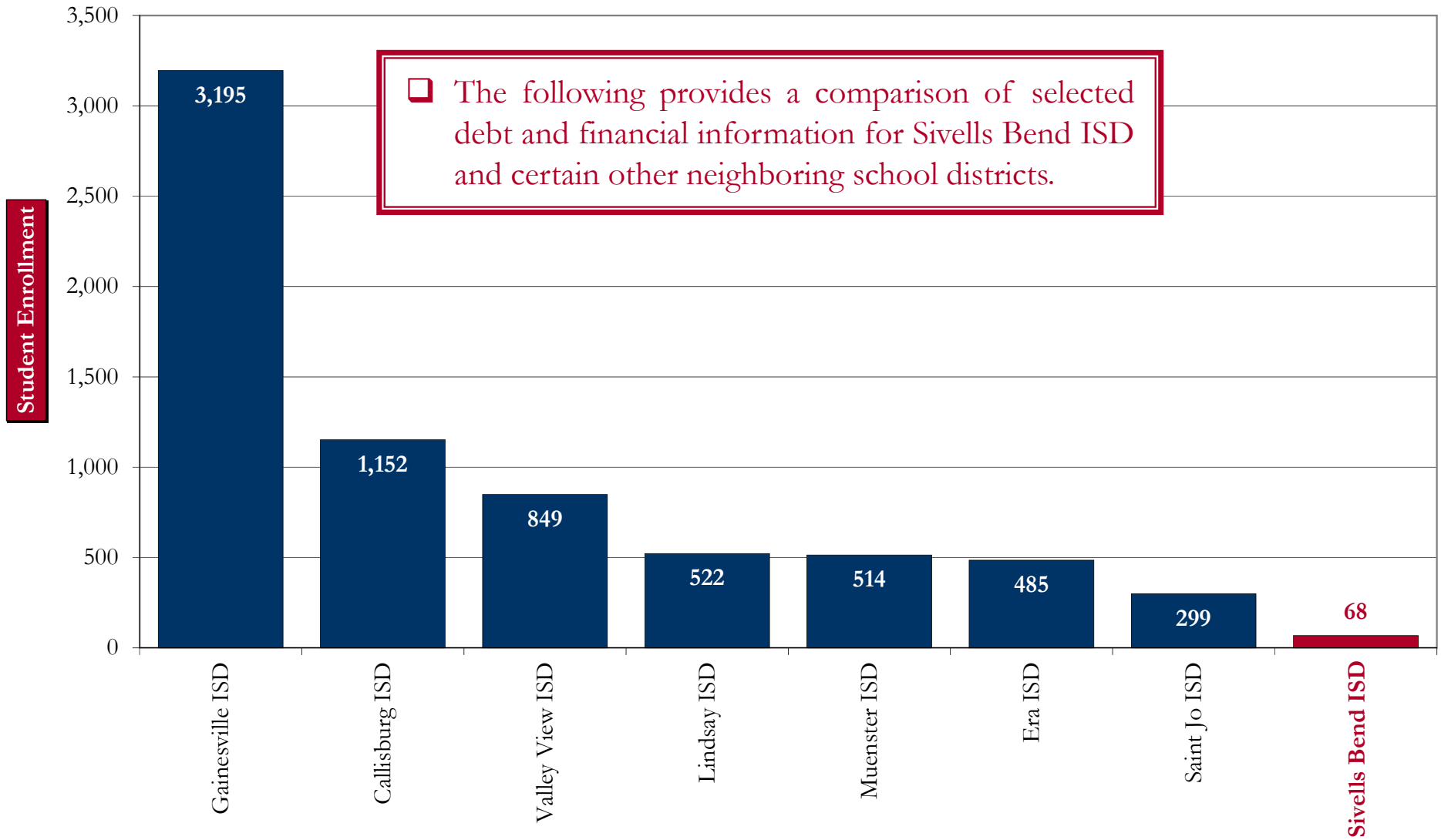
Texas School Districts Within Regions 10 & 11 Education Service Centers 36 Successful Bond Elections of \$10 Million or Less Since Year 2009 Totaling \$202,415,000

No.	School District	Election Date	Bonds Approved	No.	School District	Election Date	Bonds Approved
1	Cleburne ISD	May 11, 2013	\$ 10,000,000	19	Peaster ISD	May 5, 2018	\$ 5,950,000
2	Mabank ISD	November 3, 2015	10,000,000	20	Sunnyvale ISD	November 4, 2014	5,600,000
3	Tom Bean ISD	May 11, 2013	10,000,000	21	Bluff Dale ISD	May 5, 2018	5,100,000
4	Rio Vista ISD	November 3, 2009	9,950,000	22	Pottsboro ISD	May 5, 2018	4,800,000
5	Valley View ISD	November 5, 2013	9,800,000	23	Lipan ISD	May 9, 2015	4,000,000
6	Huckabay ISD	May 4, 2019	8,900,000	24	Sam Rayburn ISD	May 9, 2015	4,000,000
7	Collinsville ISD	November 3, 2015	8,500,000	25	Brock ISD	May 11, 2013	3,495,000
8	Bells ISD	May 5, 2018	8,000,000	26	Dodd City ISD	May 10, 2014	3,420,000
9	Blue Ridge ISD	May 8, 2010	7,500,000	27	Era ISD	May 7, 2016	3,300,000
10	Graford ISD	November 5, 2013	7,500,000	28	Palo Pinto ISD	May 11, 2013	3,000,000
11	Tolar ISD	November 6, 2012	7,200,000	29	Brock ISD	May 12, 2012	2,975,000
12	Bonham ISD	May 12, 2012	7,000,000	30	Lipan ISD	May 14, 2011	2,500,000
13	Peaster ISD	May 10, 2014	7,000,000	31	Muenster ISD	May 6, 2017	2,400,000
14	Van Alstyne ISD	November 4, 2014	6,900,000	32	Garner ISD	May 12, 2012	2,000,000
15	Lingleville ISD	May 4, 2019	6,750,000	33	Chico ISD	May 6, 2017	1,800,000
16	Athens ISD	May 14, 2011	6,525,000	34	Whitesboro ISD	May 4, 2019	1,750,000
17	S & S Consolidated ISD	November 3, 2009	6,500,000	35	Grandview ISD	May 14, 2011	1,000,000
18	Wolfe City ISD	May 7, 2016	6,500,000	36	Tolar ISD	May 9, 2009	800,000



Comparison of Neighboring School Districts

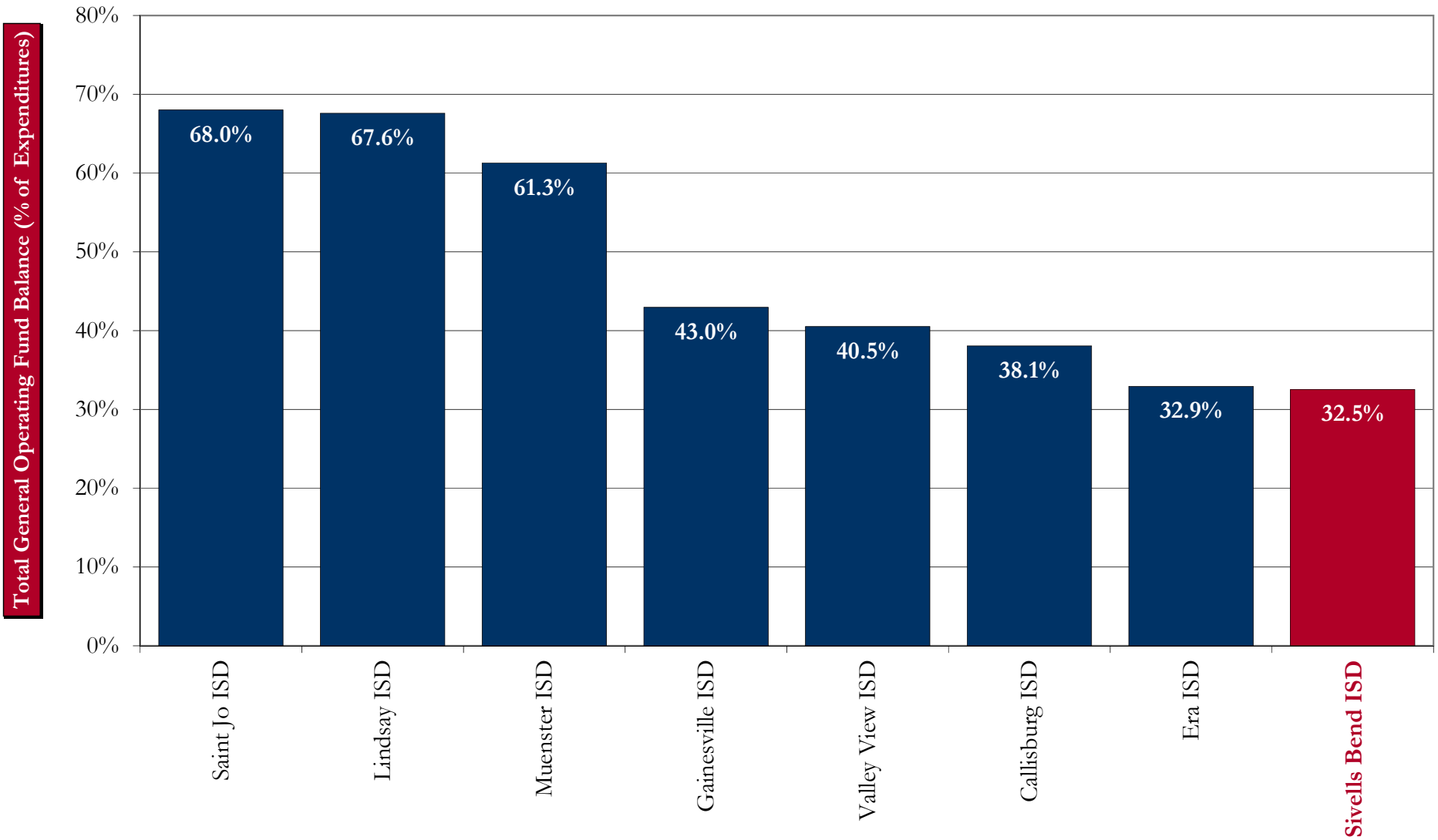
Ranked By 2018/19 Student Enrollment





Comparison of Neighboring School Districts

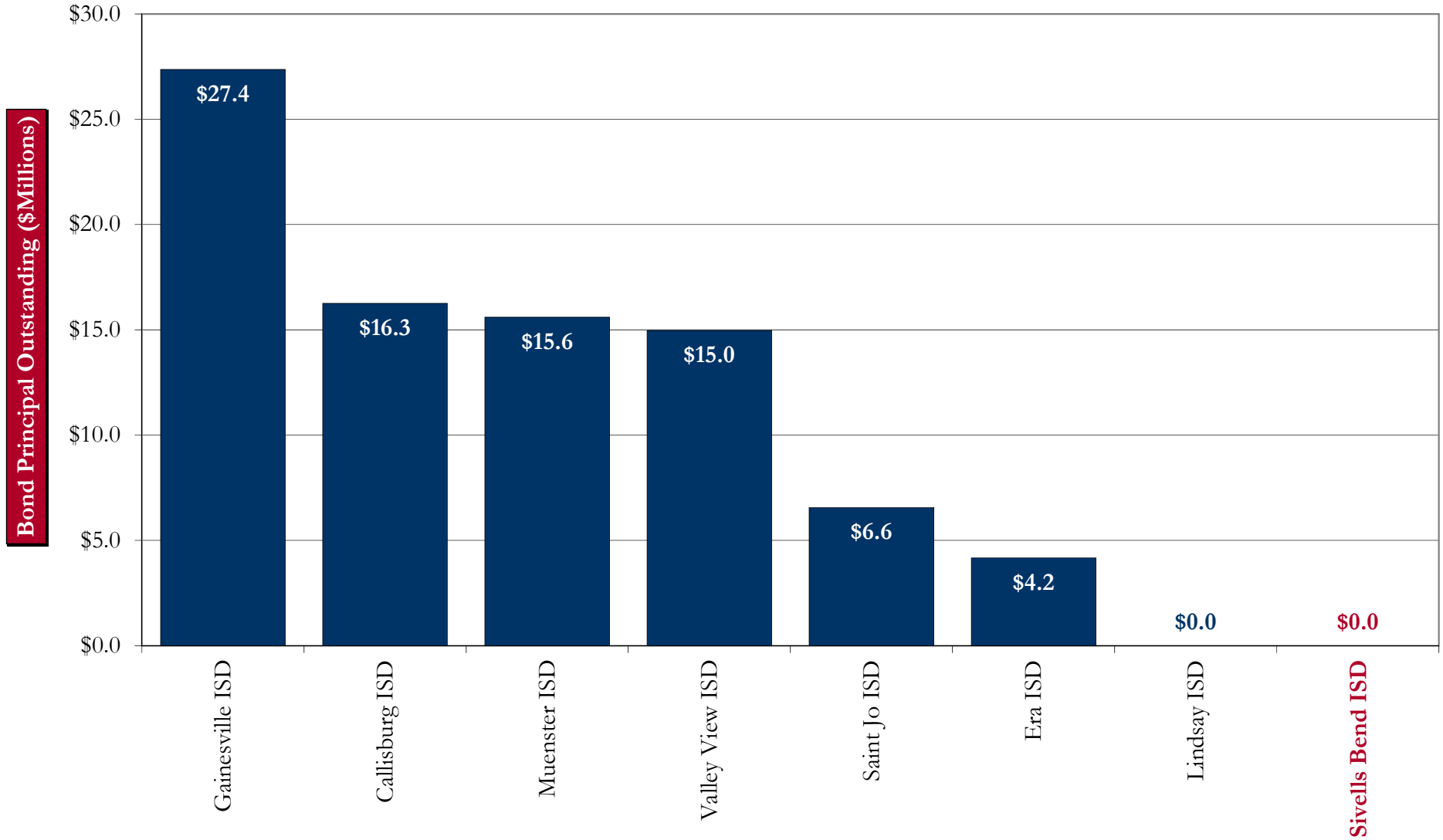
**Ranked By Total Ending General Operating Fund Balance
As a Percentage of General Operating Fund Expenditures – Fiscal Year Ended 2018**





Comparison of Neighboring School Districts

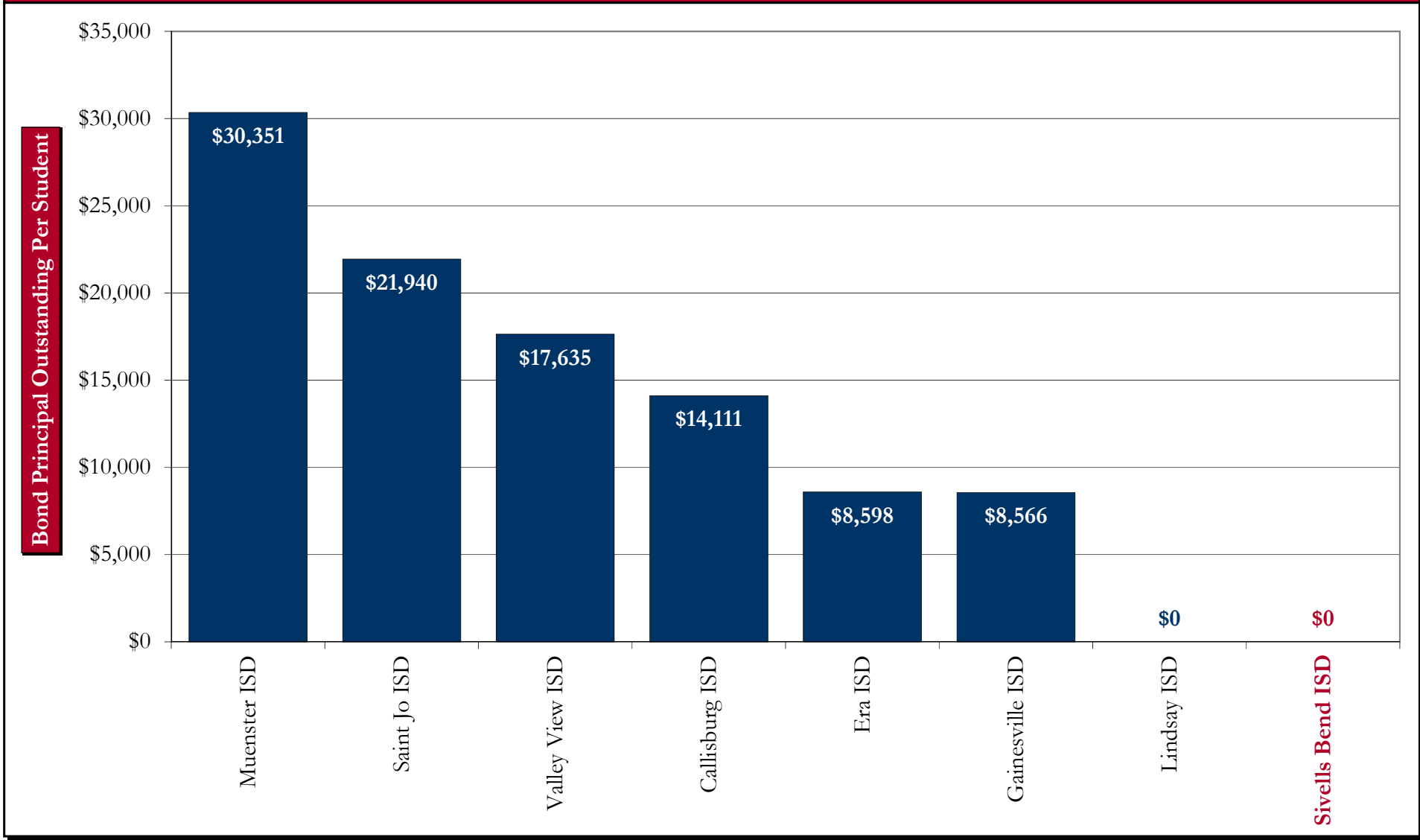
Ranked By Bond Principal Outstanding





Comparison of Neighboring School Districts

Ranked By Bond Principal Outstanding Per Student

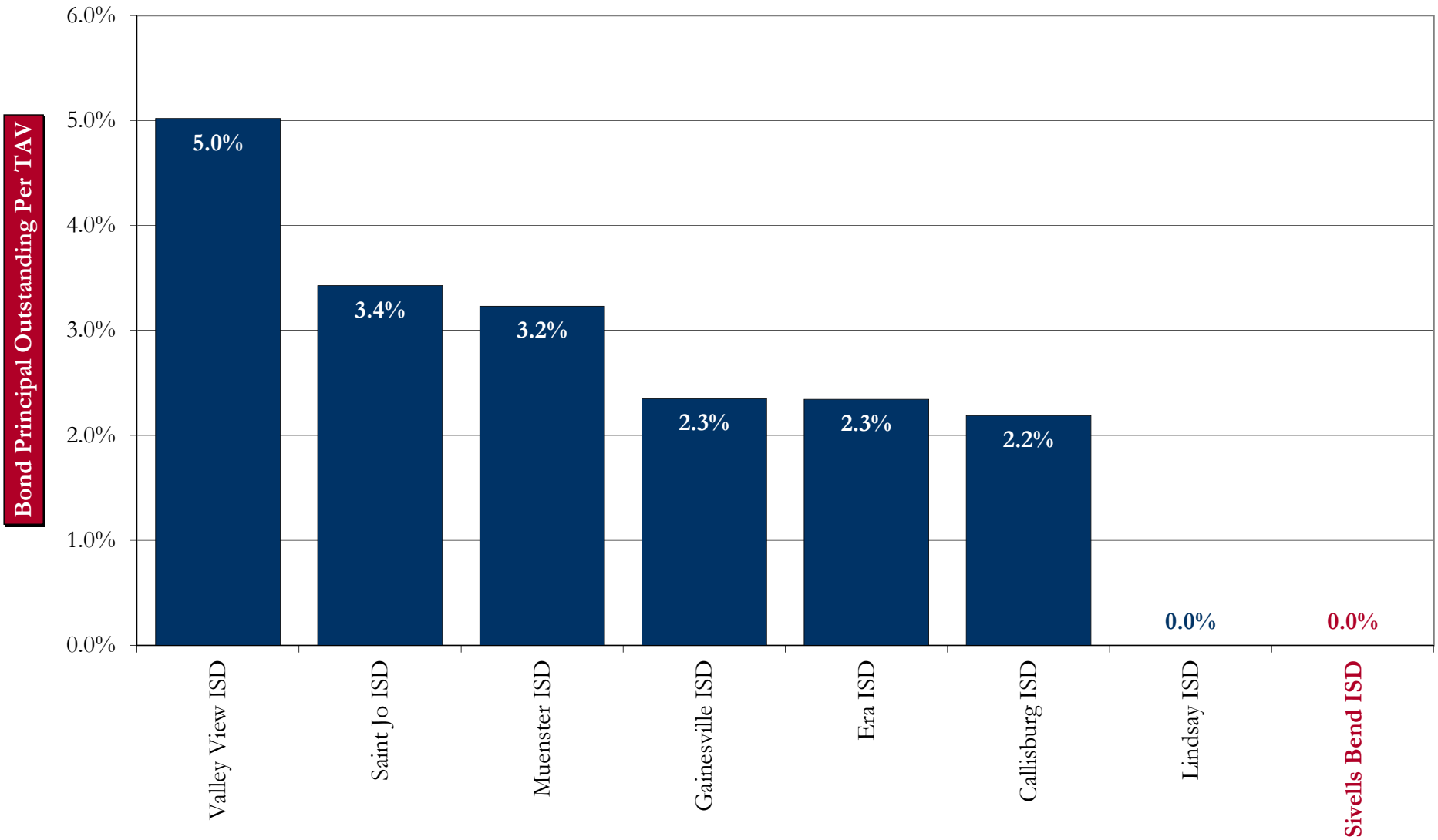


Source: Texas Education Agency – PEIMS and The Municipal Advisory Council of Texas – As of August 31, 2019. Includes Voted and M&O debt.



Comparison of Neighboring School Districts

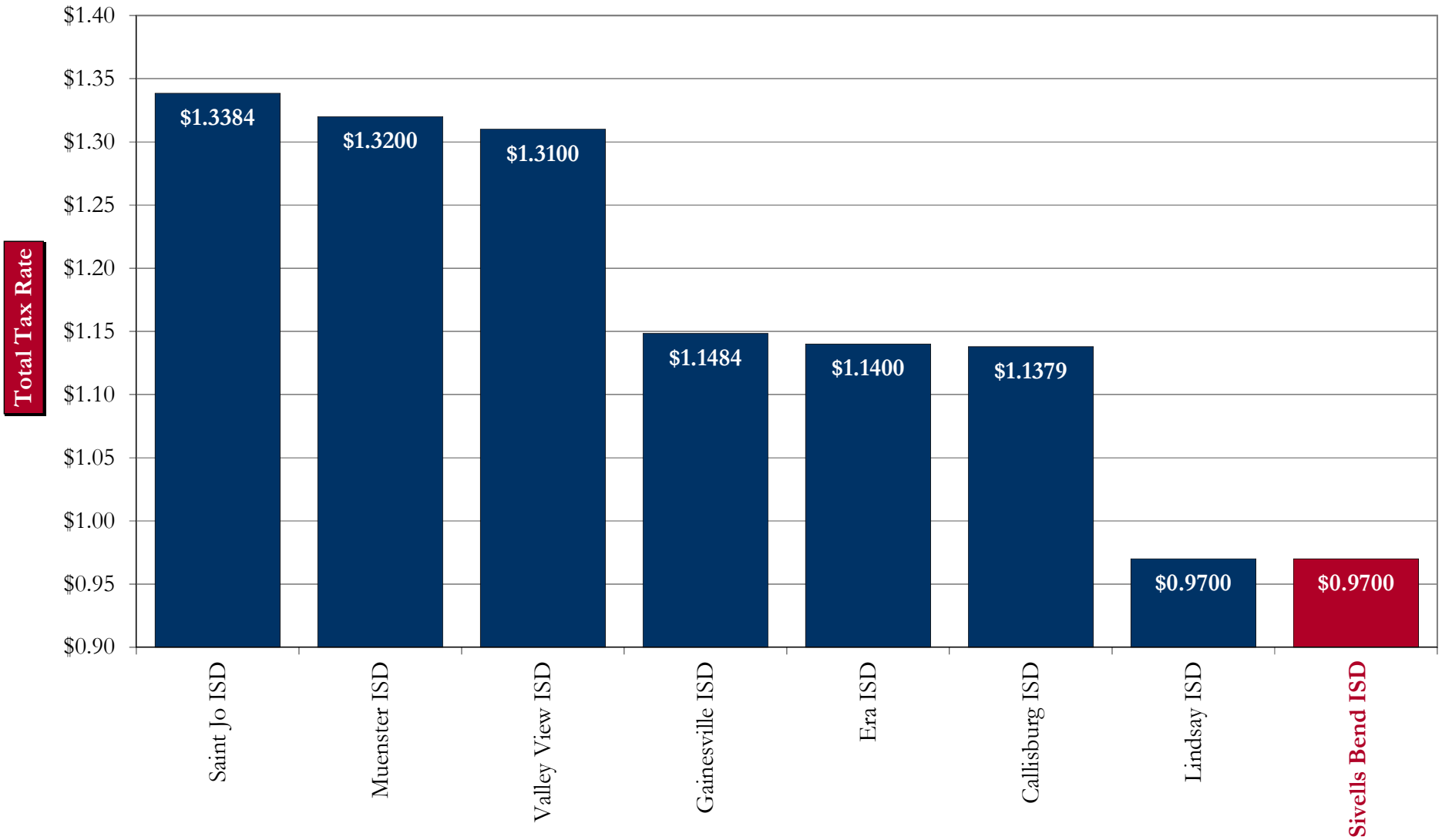
Ranked By Bond Principal Outstanding as a Percentage of Taxable Value





Comparison of Neighboring School Districts

Ranked By Total Tax Rate – Year 2019/20

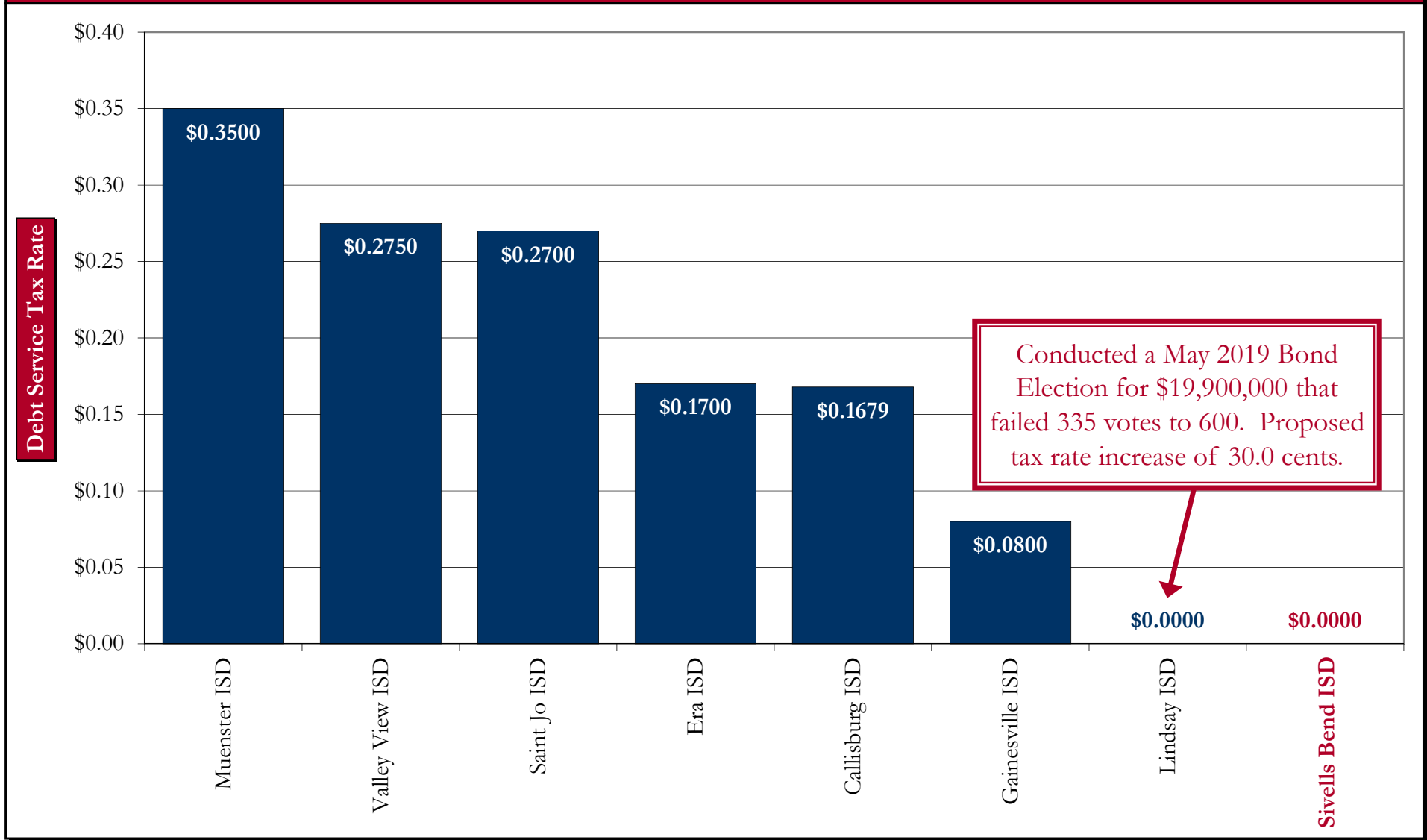


Source: The Municipal Advisory Council of Texas and respective county appraisal districts and tax offices.



Comparison of Neighboring School Districts

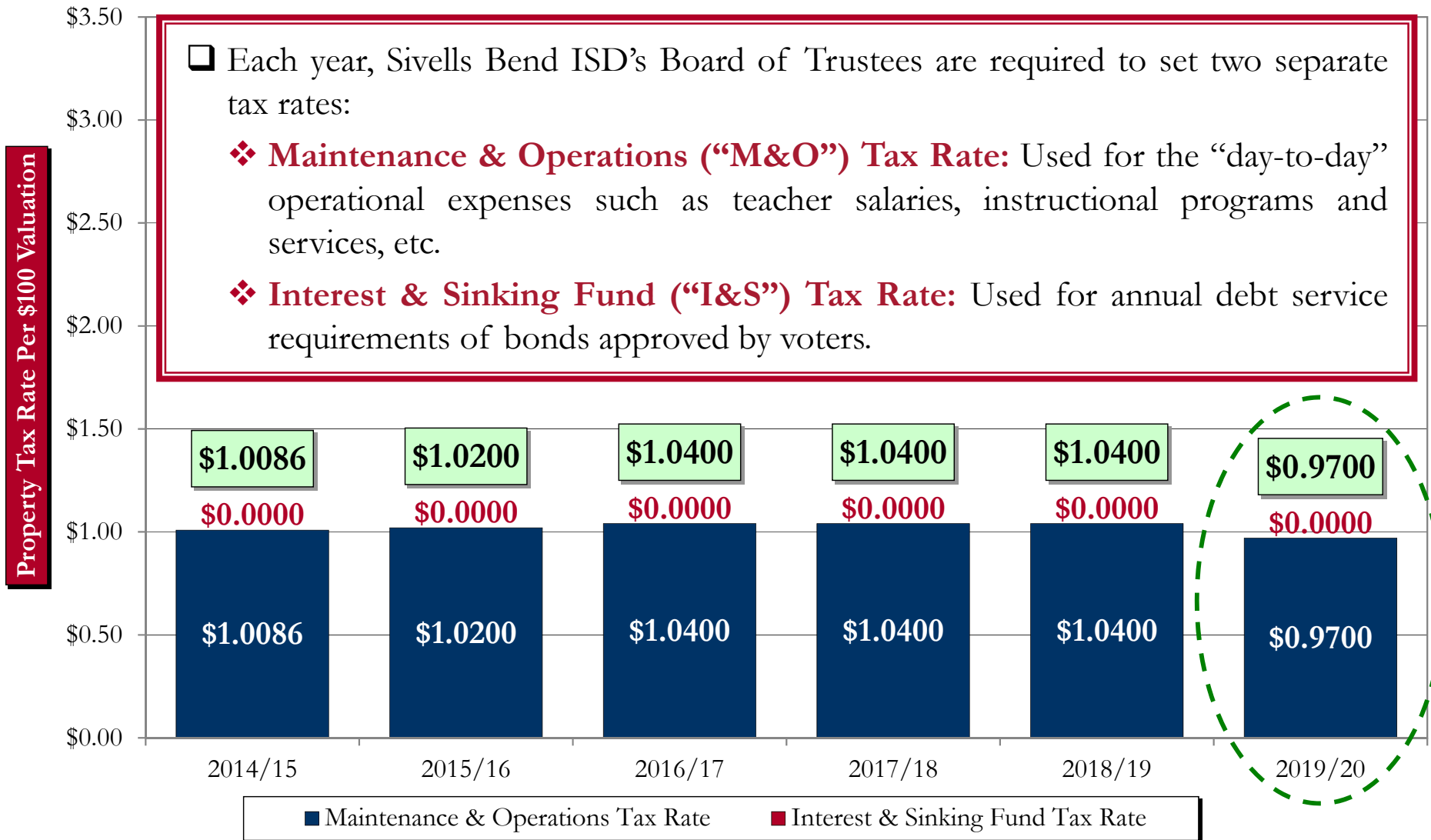
Ranked By Debt Service Tax Rate – Year 2019/20





Comparison of Neighboring School Districts

District's Historical Tax Rates





Summary of Project Priorities and Estimated Costs

❑ Sivells Bend Independent School District (the “District”) has approximately \$4,980,000 of recommended repair and renovation improvements identified within its recent facilities assessment as summarized below.

- ❖ \$ 780,000 – Priority 1 Projects (0-3 Years);
- ❖ \$ 700,000 – Priority 2 Projects (3-5 Years); and
- ❖ \$ 3,500,000 – Priority 3 Projects (5-10 Years)

\$ 4,980,000 – Total Recommended Improvements

Summary of Project Priorities and Estimated Costs				
<u>Project Category</u>	<u>Priority 1 – 0-3 Year Projects</u>	<u>Priority 2 – 3-5 Year Projects</u>	<u>Priority 3 – 5-10 Year Projects</u>	<u>Total 2020 Bond Program</u>
Building Systems and Components	\$ 278,624	\$ 192,278	\$ 1,850,650	\$ 2,321,552
Educational Adequacy	---	---	364,680	364,680
Building Safety and Security	78,000	248,500	---	326,500
Site Improvements	136,447	---	---	136,447
Total “Hard Costs”	\$ 493,071	\$ 440,778	\$ 2,215,330	\$ 3,149,179
“Soft Costs”	\$ 286,598	\$ 256,201	\$ 1,287,661	\$ 1,830,460
Total Anticipated Expenditures	\$ 779,669	\$ 696,979	\$ 3,502,991	\$ 4,979,639
Potential Bond Sale Amount	\$ 780,000	\$ 700,000	\$ 3,500,000	\$ 4,980,000



Preliminary Tax Rate Impact Analysis

This Preliminary Tax Rate Impact Analysis is based upon the assumptions summarized herein. To the extent the District's actual results differ from the assumptions herein, the financial impact to Sivells Bend ISD will correspondingly change.

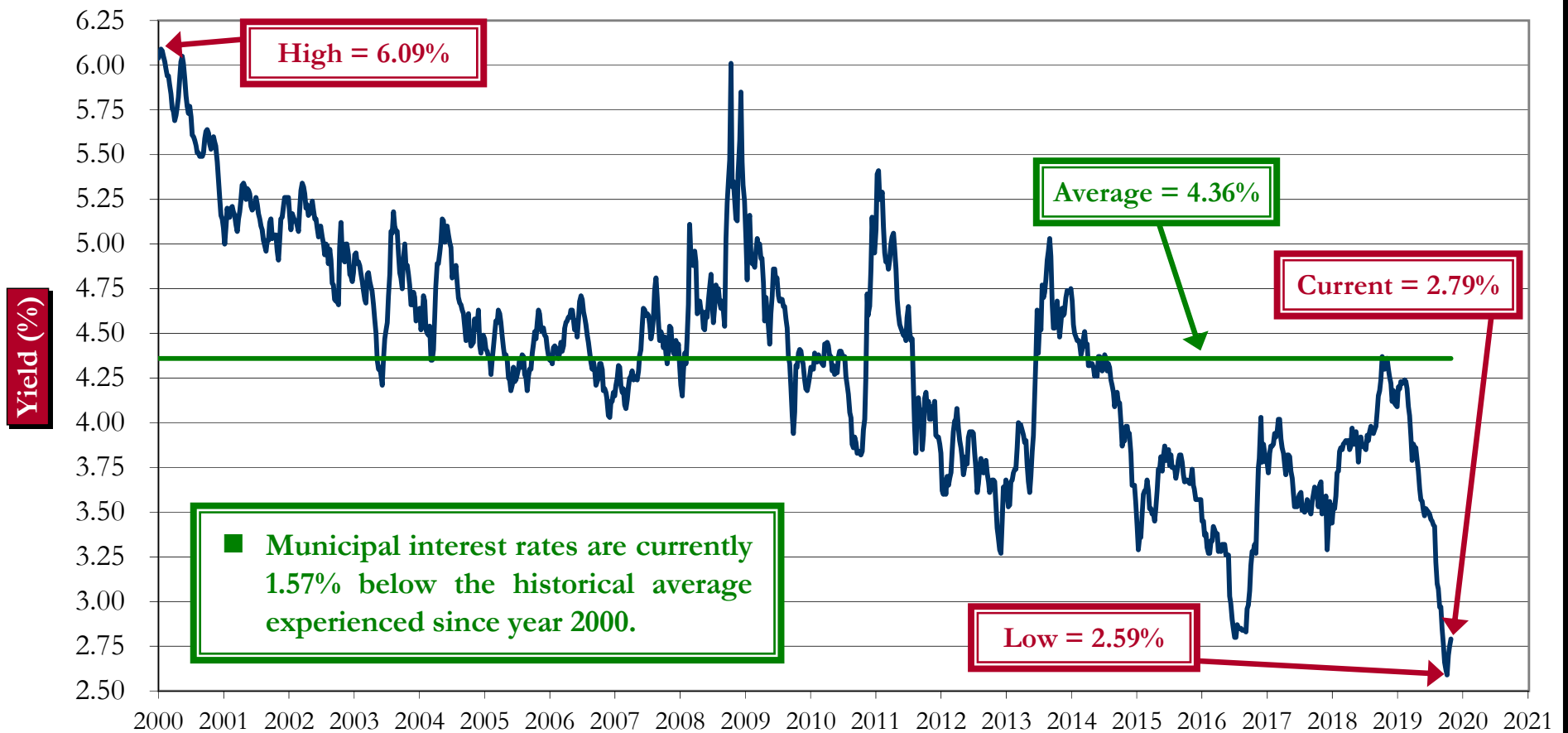
□ Scenarios Presented

- Determine the projected I&S tax rate impact of a new bond program within the District.
 - ❖ **Scenario 1:** \$780,000 Bond Program (Priority 1 Projects Only) – 10-Year Repayment;
 - ❖ **Scenario 2:** \$1,480,000 Bond Program (Priorities 1 & 2 Projects) – 10-Year Repayment;
 - ❖ **Scenario 3A:** \$4,980,000 Bond Program (Priorities 1, 2 & 3 Projects) – 10-Year Repayment;
 - ❖ **Scenario 3B:** \$4,980,000 Bond Program (Priorities 1, 2 & 3 Projects) – 15-Year Repayment; and
 - ❖ **Scenario 4:** \$9,600,000 Bond Program – 30-Year Repayment.



Current Market, Fixed Rates of Interest

The Bond Buyer 20-Bond Index – A Tax-Exempt General Obligation Bond Yield Index January 1, 2000 To The Present



Economic uncertainty, including the ongoing U.S.-China trade war and U.S. recession fears, coupled with low municipal bond market supply has caused a sharp decline in interest rates over the past several months.



Preliminary Tax Rate Impact Analysis

□ Bond Program Considerations

- Pursuant to State law, the District may only issue new bonds to the degree it can demonstrate its I&S tax rate will not exceed 50.0 cents (the so-called State mandated “50-Cent Debt Test”).
- However, there is not a limit on the amount of bonds that may be authorized in a bond election.

□ Assumptions

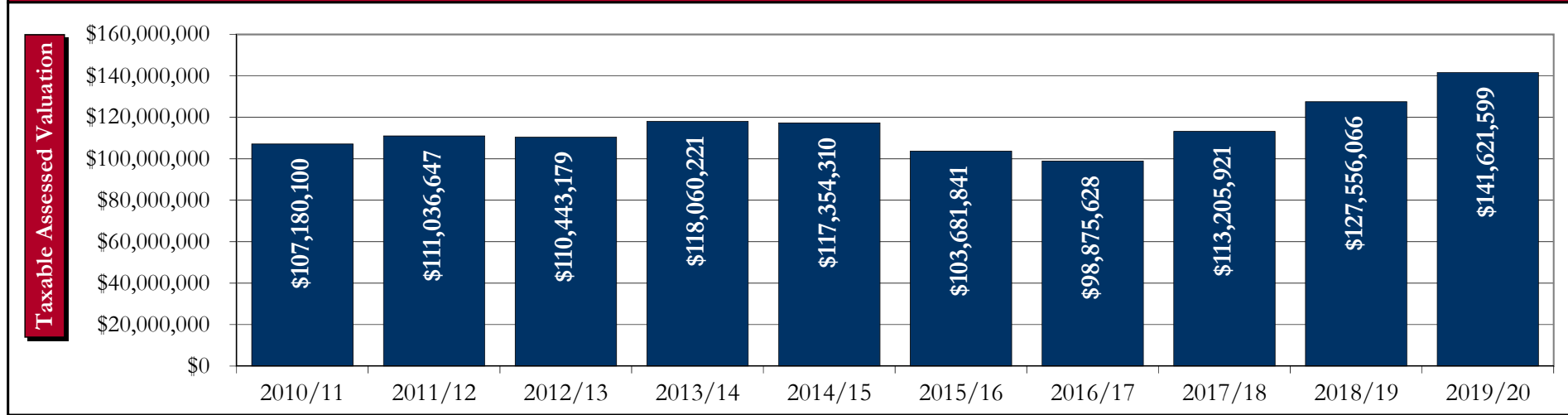
- The District has no bond debt outstanding at this time.
- The I&S tax rate increase for the new bond program occurs in year 2020/21.
- The new bond program is sold at an interest rate of 3.00% (Scenarios 1, 2 and 3A), 3.25% (Scenario 3B) or 4.50% (Scenario 4) – Current market rates of interest are approximately 2.00%, 2.25% and 3.25%, respectively.
- District will not receive any State assistance for the repayment of bonds.
- Tax collection rate of 98.0%.



Summary of District's Historical Taxable Assessed Valuation

- ❑ The value of the District's tax base is the primary factor impacting the District's bond capacity, as this determines the annual revenues generated from the District's I&S tax rate.
- ❑ The District's taxable assessed valuation (net of frozen values) is \$141,621,599 for year 2019/20.
- ❑ The following summarizes certain taxable value growth statistics over the last decade:
 - Maximum tax base increase occurred in Year 2018/19: \$14,350,145;
 - Average tax base increase last 3 years: \$14,248,657; and
 - Average tax base increase last 10 years: \$4,153,337.
- ❑ For planning purposes, this analysis assumes the District's current taxable value will remain constant.

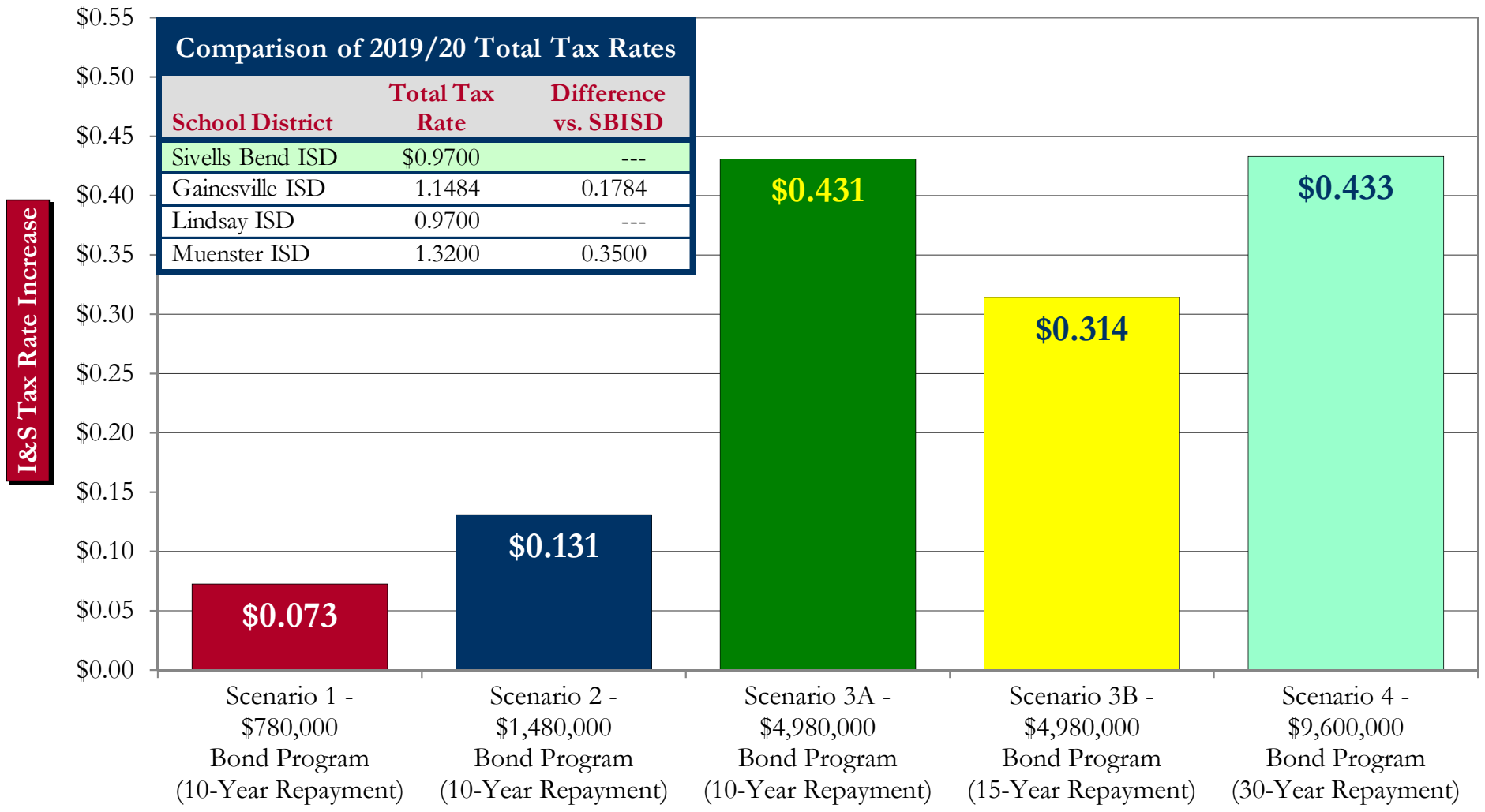
Historical Taxable Valuations (Net of Frozen Values)





Preliminary Tax Rate Impact Analysis

Projected I&S Tax Rate Increases – New Bond Program

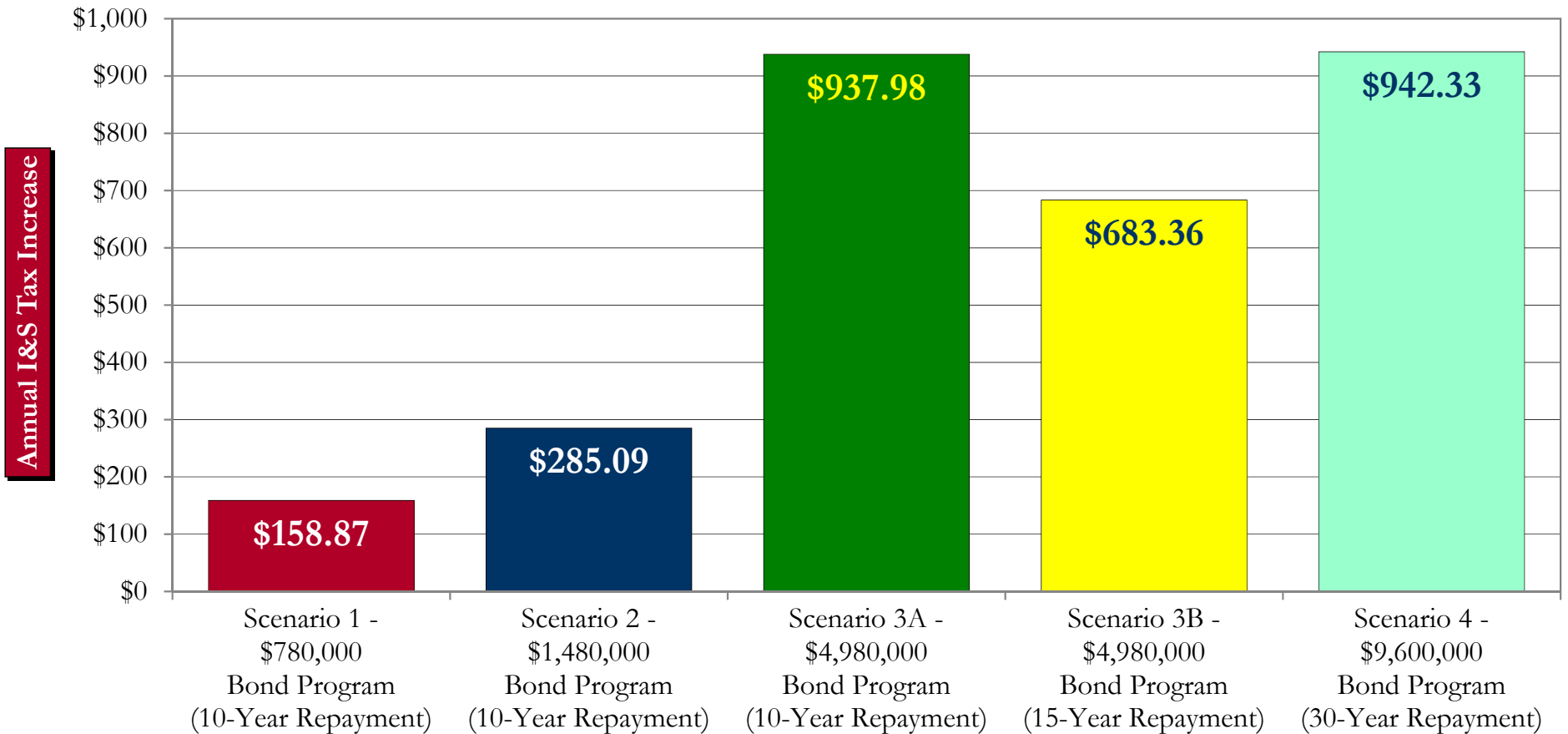


School District	Total Tax Rate	Difference vs. SBISD
Sivells Bend ISD	\$0.9700	---
Gainesville ISD	1.1484	0.1784
Lindsay ISD	0.9700	---
Muenster ISD	1.3200	0.3500



Preliminary Tax Rate Impact Analysis

Projected Annual I&S Tax Increase For A \$217,629 Average Taxable Home Value

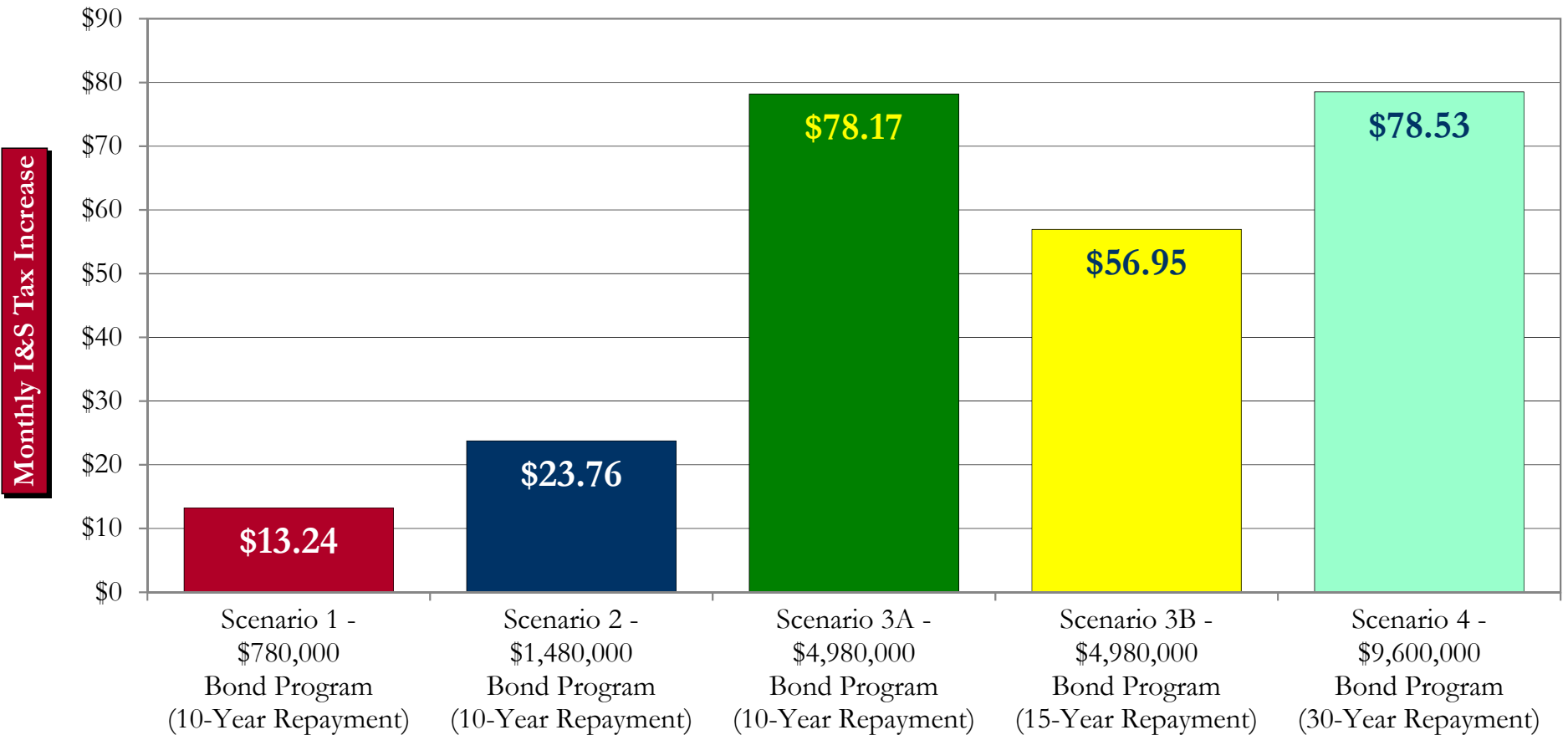


Note: The State Property Tax Code allows for school property taxes on an individual homestead to be “frozen” at the age of 65. If you are 65 years of age or older and you have filed for the “Over 65 Homestead Exemption”, there is a ceiling on the amount of school taxes to be paid – The only exception is if improvements are made to a home. As such, a tax increase from a new bond program cannot increase the applicable tax ceiling of a taxpayer that has qualified for the “Over 65 Homestead Exemption.”



Preliminary Tax Rate Impact Analysis

Projected Monthly I&S Tax Increase For A \$217,629 Average Taxable Home Value



Note: The State Property Tax Code allows for school property taxes on an individual homestead to be “frozen” at the age of 65. If you are 65 years of age or older and you have filed for the “Over 65 Homestead Exemption”, there is a ceiling on the amount of school taxes to be paid – The only exception is if improvements are made to a home. As such, a tax increase from a new bond program cannot increase the applicable tax ceiling of a taxpayer that has qualified for the “Over 65 Homestead Exemption.”



Preliminary Bond Election Timetable – May 2, 2020

Financing Team Members

SBISD	---	Sivells Bend 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 2, 2020

Date	Action	Responsibility
On or Prior to February 14, 2020^(A)	Board Meeting – Board of Trustees Calls the Bond Election	SBISD, BOKFS, MPH
April 2 – 22, 2020	Publish Notice of Election	SBISD, MPH
Prior to April 13, 2020	Post Notice of Election	SBISD, MPH
April 20 – 28, 2020	Early Voting Period	SBISD
May 2, 2020	Bond Election	SBISD, BOKFS
May 5 – 13, 2020	Board Meeting – Canvass Election Results	SBISD, BOKFS
June 4 – 12, 2020	30-Day Contest Period Ends	N/A
July 2020 or Thereafter	Bond Sale	SBISD, BOKFS, MPH
August 2020 or Thereafter	Bond Closing (District Receives Bond Proceeds)	SBISD, BOKFS, MPH

^(A) 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.



Questions

