

Agenda of Board Workshop

The Board of Trustees Seguin ISD

A Board Workshop of the Board of Trustees of Seguin ISD will be held February 7, 2024, beginning at 6:30 PM in the Board Room, 1221 E Kingsbury, Seguin, TX 78155.

The subjects to be discussed or considered or upon which any formal action may be taken are as listed below. Items do not have to be taken in the order shown on this meeting notice.

1. **Call to Order**

- A. Establish Quorum
- B. Announcement that this meeting of the Seguin Independent School District has been duly called and that notice of this meeting has been posted in accordance with the Texas Open Meetings Act, Section 551.043 of the Texas Government Code.
- C. Pledges to the United States Flag and Texas Flag. Moment of silence.

2. **Audience with the Board**

The Seguin ISD Board of Trustees designates a time for audience participation at the beginning of each meeting to hear persons who desire to make comments. In accordance with Board Policy BED(Local):

- A. those wishing to speak shall sign up before the meeting begins stating the concern or noting the agenda item they wish to address; audience participation is limited to five minutes; the Board shall not deliberate any subject that is not on the posted agenda.

3. **Board Workshop:**

- A. Discussion Regarding Possible Bond Election in May 2024 2

4. **Closed Session:** Board will adjourn into closed session pursuant to the following sections of the Texas Open Meetings Act

- A. Pursuant to Texas Government Code Section § 551.071, consultation with legal counsel including possible telephone consultation with legal counsel, as necessary, to address legal concerns, implications, and answer any legal questions regarding posted agenda items.
- B. Pursuant to Texas Government Code Section § 551.074, discuss personnel matters, including appointment, employment, evaluation, reassignment, duties, discipline or dismissal of a employee(s).

- 1. Discussion regarding Superintendent Contract

5. **Adjourn**

NEEDS ASSESSMENT SEGUIN ISD

Exceptional Students to Exceptional Citizens

#WeAreSeguin

Seguin Independent School District

Community Meeting



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Purpose of the Presentation

Provide information to the Seguin ISD community on the following questions:

- 1) How do schools finance projects and what are the steps?
- 2) What are school bonds?
- 3) What is Seguin ISD's bond history?
- 4) What can Seguin ISD afford in new bonds without increasing the current I&S tax rate?



BONDS 101



SPECIALIZED PUBLIC FINANCE INC.
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Bonds 101

- Bonds are issued by local political subdivisions.
- They represent an obligation to repay investors an amount of money borrowed (principal) along with interest, according to a debt service schedule.
- Usually matures between 1 – 40 years from issuance date
 - Most debt matures between 20-30 years
- There is approximately \$4.0 trillion of outstanding taxable and tax-exempt municipal debt in the U.S.



What is a Municipal (School) Bond?

- A debt security issued by a local governmental subdivision, such as a School District, to finance its **capital expenditures**.
- These expenditures may include the purchase of land, the construction and renovation of schools, athletic facilities and the purchase of personal property such as buses, portables, computers and furnishings.
- Bonds may NOT be used for salaries or utility bill payments.

Buyer of Municipal Bonds

- Retail (“households”, “mom and pop”) – Consist of individual investors acting either directly with the underwriter or through a broker.
- Professional Retail – consist of financial advisors, money managers, and investor advisors.
- Bond Mutual Funds – include short-term and long-term bonds funds, money market funds and high yield funds.
- Institutional investors – consist of commercial banks, corporations, and property & casualty insurance companies.



Typically, municipal bond investors benefit from tax exemption due to being in a high tax bracket.

The Long View on Tax-Exempt Rates: The Bond Buyer's G.O. Index Since 1961



Texas School Finance

- Texas school districts are funded by the State and by local property taxes
- The State determines the assistance level for a school district by a ratio called “Wealth per Student” (i.e., Total Property Values divided by Attendance)
- SISD receives State-aid for daily operations but not for bond payments

- SISD has the following two funds:

General Operating Fund (Maintenance and Operations “M&O”)

Day-to-Day operations
and expenses,
including:

- Salaries
- Utilities
- Supplies
- Fuel



Debt Service Fund (Interest & Sinking “I&S”)

Payments on debt issued for
capital improvements,
including:

- Construction / Renovations
- Buses
- Parking Lot Re-pavement
- Renovations
- Roofing



Steps Required for a Bond Program

- 1) School Board calls for a Bond Election
- 2) Bond Election is conducted
- 3) School Board issues the Bonds (i.e., locks-in a fixed interest rate)
- 4) Texas Attorney General's Office reviews the legal documents related to the Bond Election and Sale and gives "final approval" for the Bond Sale
- 5) School District receives the bond proceeds in a "construction fund"

Bond Election Propositions based on Projects

1. Several categories must get their own ballot question:
 - a) *Stadium with seating for more than 1,000 spectators*
 - b) *Natatorium;*
 - c) *Recreation facility other than a gym, playground or play area;*
 - d) *Performing arts facility;*
 - e) *Teacher housing; and*
 - f) *Technology equipment, other than security or infrastructure integral to other construction.*

2. Mandatory ballot language: “This is a property tax increase”

3. Requires a district to post a sample ballot and “Voter Information Document”.

Bond Election Calendar for May 4, 2024

- Texas allows for bond elections to be held on “Uniform Election Dates” in May and November of each year.

Event	May 4, 2024
Last day to adopt an order calling a Bond Election	February 16, 2024
Last day to register to vote	April 4, 2024
First day for Early Voting	April 17, 2024
Last day for Early Voting	April 30, 2024
Election Day	May 4, 2024



SEGUIN ISD BOND HISTORY AND FACTORS



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Bond Election History

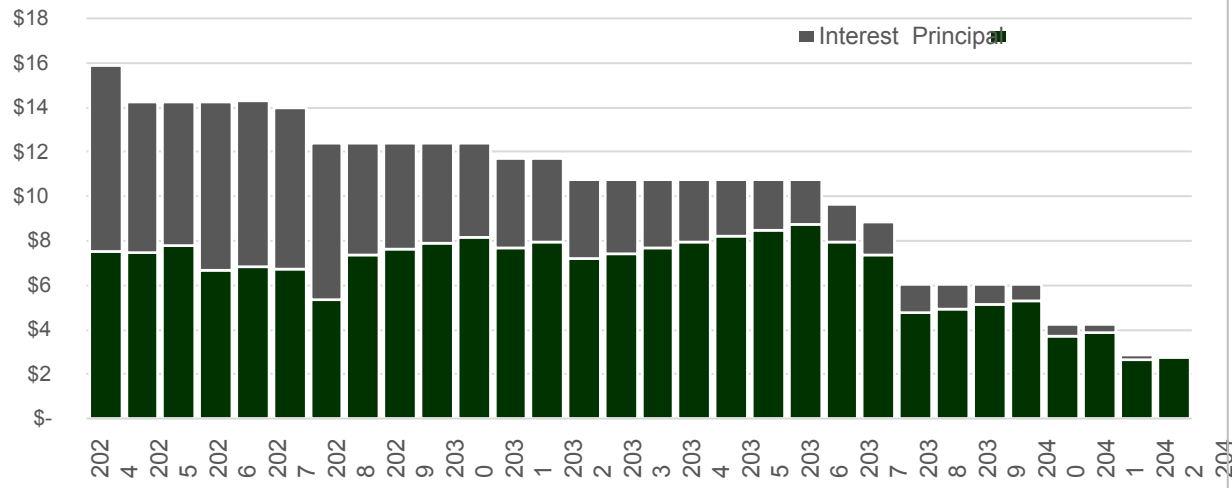
Election Date	Proposition	Purpose	Bond Amount	Passed / Failed	For / Against
12/13/1997	A	School Building Improvements	\$22,505,000	Passed	N/A
4/5/2002	A	Renovations	\$22,385,000	Passed	1,455 / 786
	B C	Gymnasium School Building	4,255,000	Passed	1,330 / 894
			<u>9,220,000</u>	Passed	1,416 / 817
			\$35,860,000		
5/10/2008	A	High School Building	\$84,700,000	Failed	1,523 / 2,008
	B	Elementary School Building	5,492,583	Passed	1,795 / 1,734
	C	Renovations	29,995,699	Passed	1,793 / 1,722
	D	Stadium	<u>4,900,000</u>	Failed	1,531 / 2,003
		\$125,088,282			
5/14/2011	A	High School Building	\$97,500,000	Failed	1,690 / 2,326
11/5/2013	A	High School Building & Technology	\$83,300,000	Passed	3,826 / 1,914
5/4/2019	A	School Building	\$64,700,000	Passed	1,569 / 799
11/8/2022	A	School Building	\$131,000,000	Passed Failed	6,991 / 6,492
	B	Softball Complex	<u>7,500,000</u>		5,489 / 7,969
			\$138,500,000		
5/6/2023	A	Softball Complex	\$7,500,000	Passed	1,522 / 942

Unlimited Tax Bonds Outstanding (I&S-Supported)

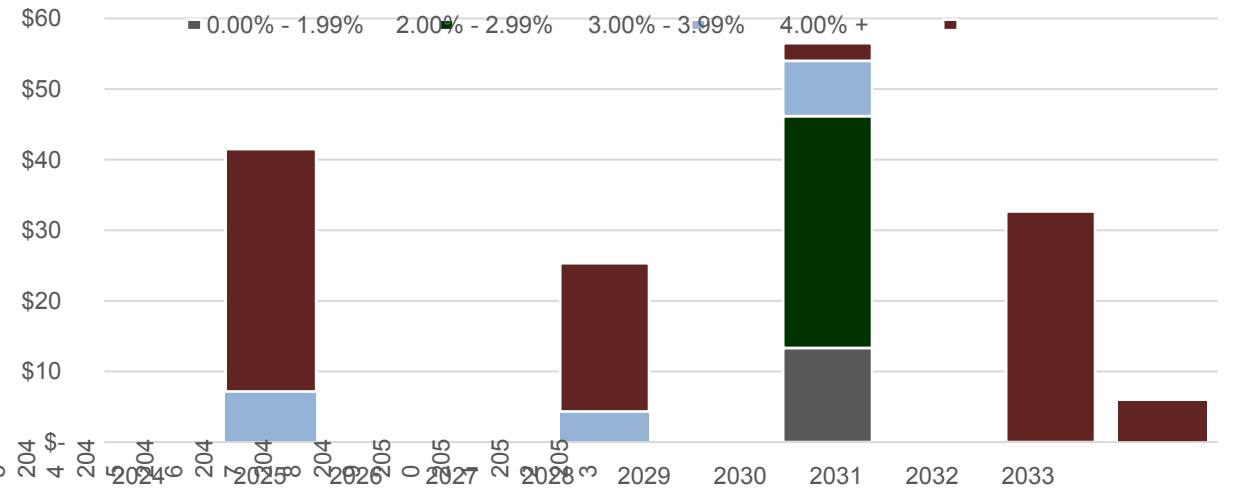
Outstanding Unlimited Tax Debt Portfolio as of 1/25/2024

Issue	Delivery	Original Principal	Outstanding Principal	Final Maturity	Next Call Date	Callable Principal	Callable Coupons
U/L Tax School Building Bonds, Series 2015	9/29/15	\$ 37,065,000	\$ 25,725,000	2045	8/15/25	\$ 23,920,000	3.375% - 5.00%
U/L Tax Refunding Bonds, Series 2016	3/30/16	33,375,000	16,590,000	2035	8/15/25	14,325,000	3.125% - 5.00%
U/L Tax Refunding Bonds, Series 2016A	6/8/16	7,045,000	6,330,000	2027	8/1/25	3,325,000	3.00% - 4.00%
U/L Tax School Building Bonds, Series 2019	8/14/19	31,565,000	28,780,000	2049	2/15/28	25,355,000	3.00% - 5.00%
U/L Tax Refunding Bonds, Taxable Series 2020	10/28/20	44,769,951	42,024,951	2044	8/15/30	33,905,000	1.495% - 2.362%
U/L Tax School Building Bonds, Series 2021	2/18/21	27,665,000	27,135,000	2051	2/15/30	22,585,000	2.00% - 4.00%
U/L Tax School Building Bonds, Series 2023 (Non-PSF)	4/5/23	39,860,000	39,860,000	2053	2/15/32	32,750,000	4.00% - 5.00%
U/L Tax School Building Bonds, Series 2023A	8/3/23	7,430,000	7,430,000	2053	2/15/33	5,855,000	4.00% - 5.00%
TOTALS			\$ 193,874,951			\$ 162,020,000	

Fiscal Year Debt Service (\$MM)

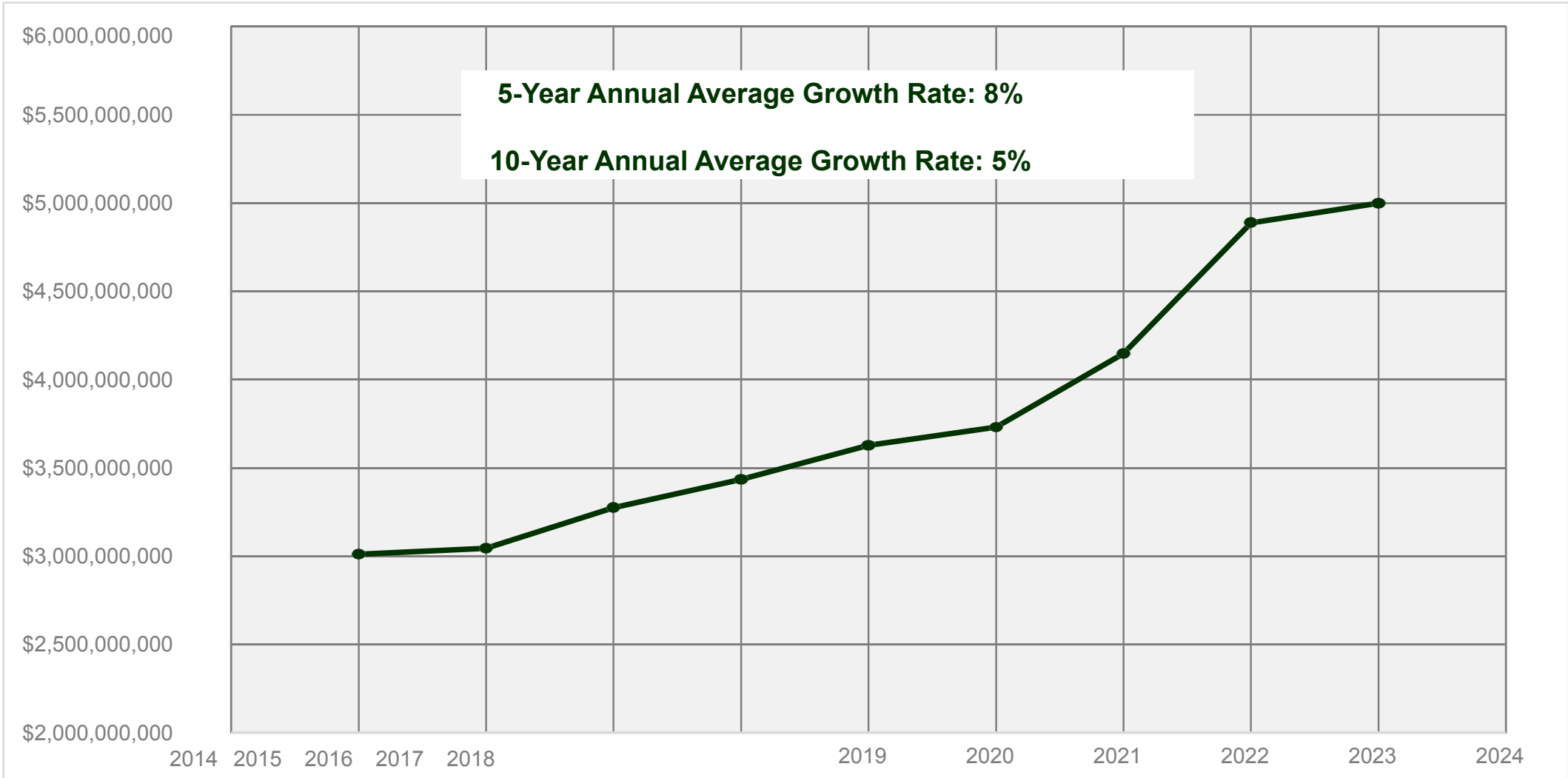


Fiscal Year Call Dates and Coupon Map (\$MM)



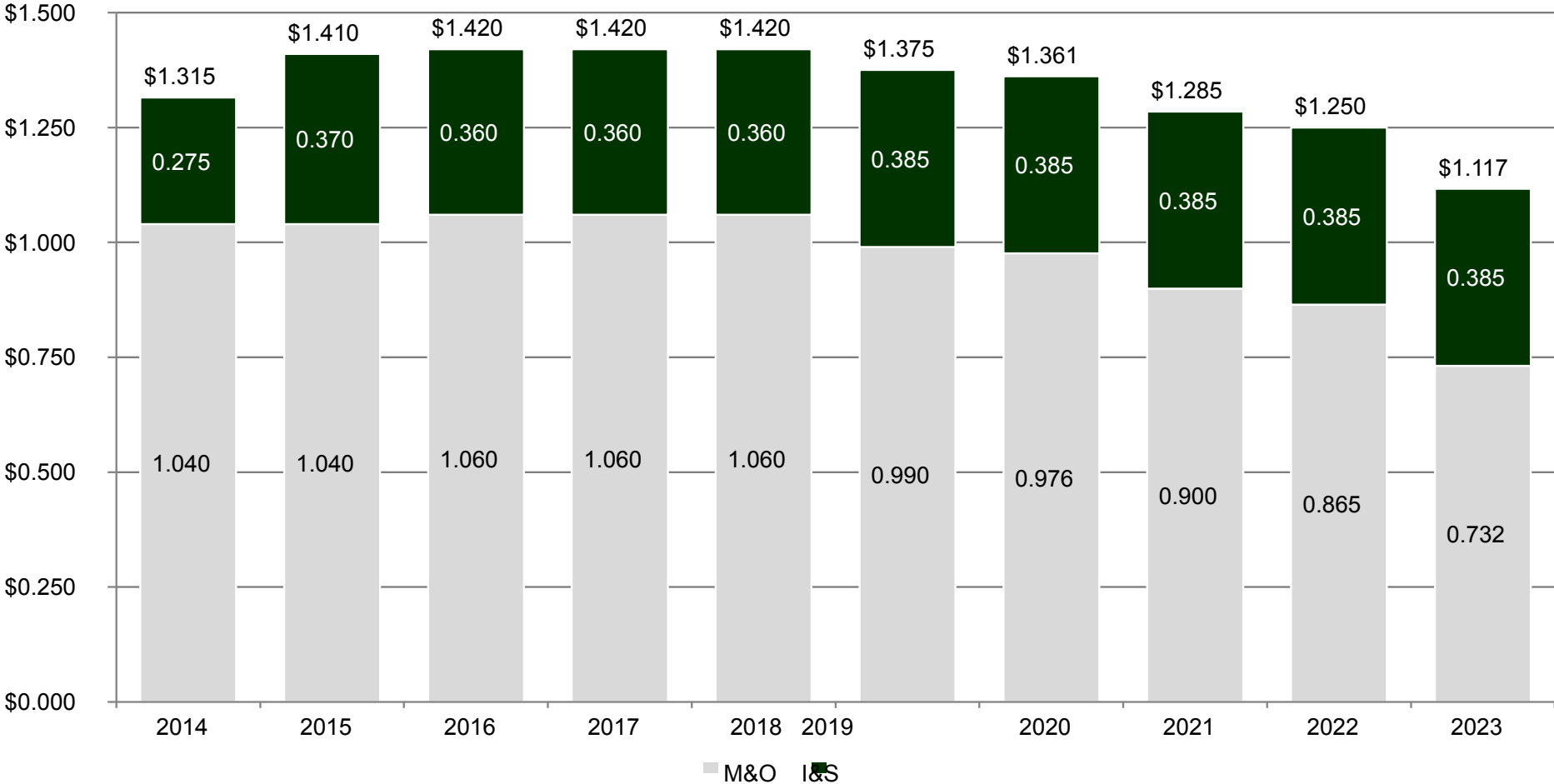
Taxable Assessed Valuation

□ Property value is the largest bond affordability factor for a school district



Tax Rate History

- The current tax rate is \$1.12
- The highest tax rate was in 2018 at \$1.42



Source: Municipal Advisory Council of Texas



Credit Ratings: Seguin ISD is a highly rated School District

The District's voted outstanding bonds carry "AAA" ratings due to the TEA PSF Bond Guarantee Program (except S-2023)

The District is a highly rated bond issuer with assigned ratings of "AA-" and "Aa3" by S&P and Moody's, respectively.

The District's underlying rating is only 3-notches from the best rating available of "AAA".

Standard & Poor's Ratings Scale
AAA
AA+
AA
AA-
A+ A
A-
BBB+
BBB+
BBB-

Moody's Ratings Scale
Aaa
Aa1
Aa2
Aa3
A1 A2
A3
Baa1
Baa2
Baa3

Prudent District Actions that Generated Taxpayer Savings

- Since 2006, the District has conducted six (6) successful refinacings and two (2) defeasances, resulting in taxpayer savings of over \$23.1 million
- Possible action in 2024 may yield in additional taxpayer savings of \$3.1 million

<i>Summary of Refinacings</i>			
Year Refinanced	Bond Issue Refinanced / Deceased	Principal Amount	Interest Savings
2006	Series 2002	\$8,895,000	\$796,546
2010	Series 2002	9,725,000	438,641
2013	Series 2005	10,135,000	1,034,294
2016	Series 2008	34,955,000	3,890,271
2016	Series 2006	8,065,000	1,302,857
2020	Series 2014	44,770,000	11,391,429
2022	Series 2013 *	1,445,000	22,816
2023	Series 2015 *	5,105,000	<u>4,303,150</u>
	Realized Taxpayer Savings:		\$23,180,004
2024	Estimated Additional Savings **:		<u>3,100,000</u>
	Total Taxpayer Savings:		\$26,280,004

(*) Represent defeasances only.

(**) Includes budgeted defeasance and possible Escrow to Maturity Refunding of the S-2020 Taxable Bonds; preliminary, subject to change.



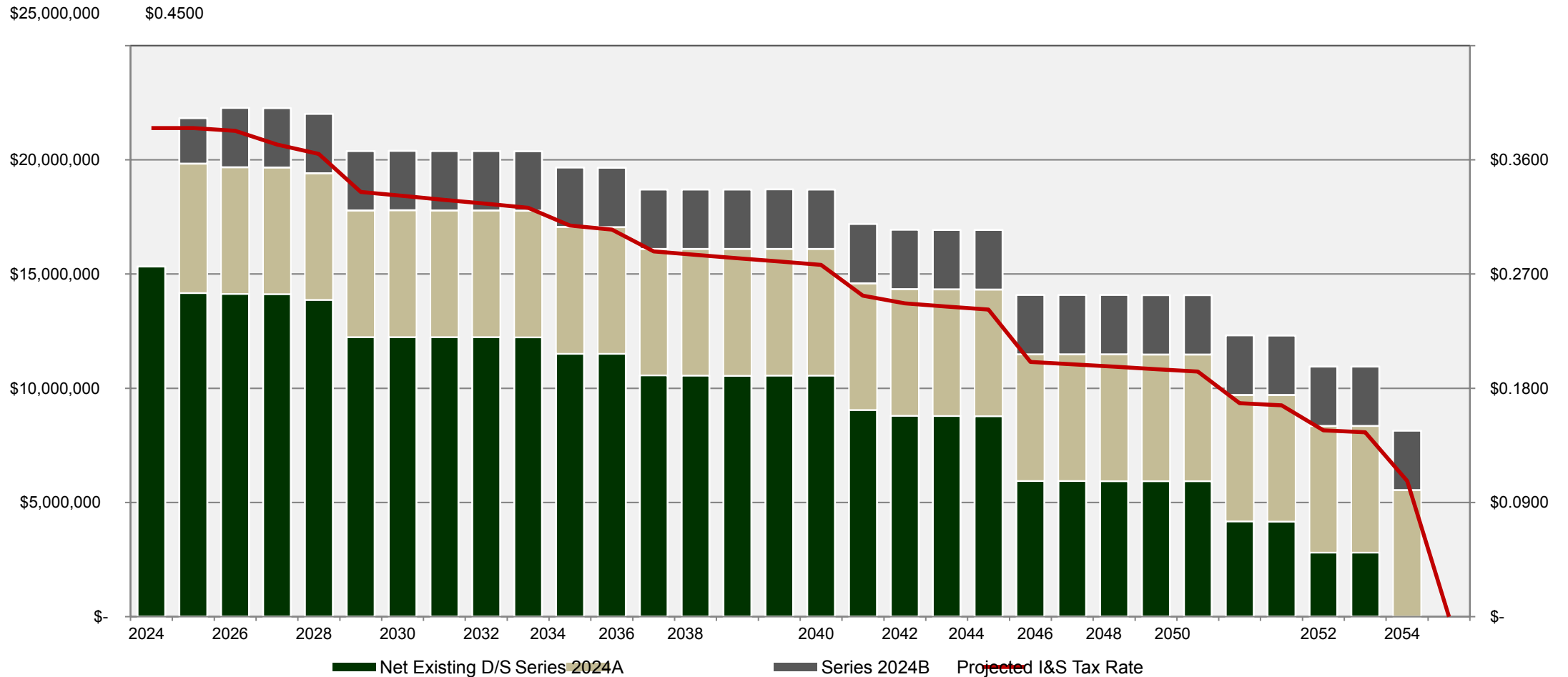
"NO I&S TAX RATE INCREASE" BOND CAPACITY FOR MAY 2024



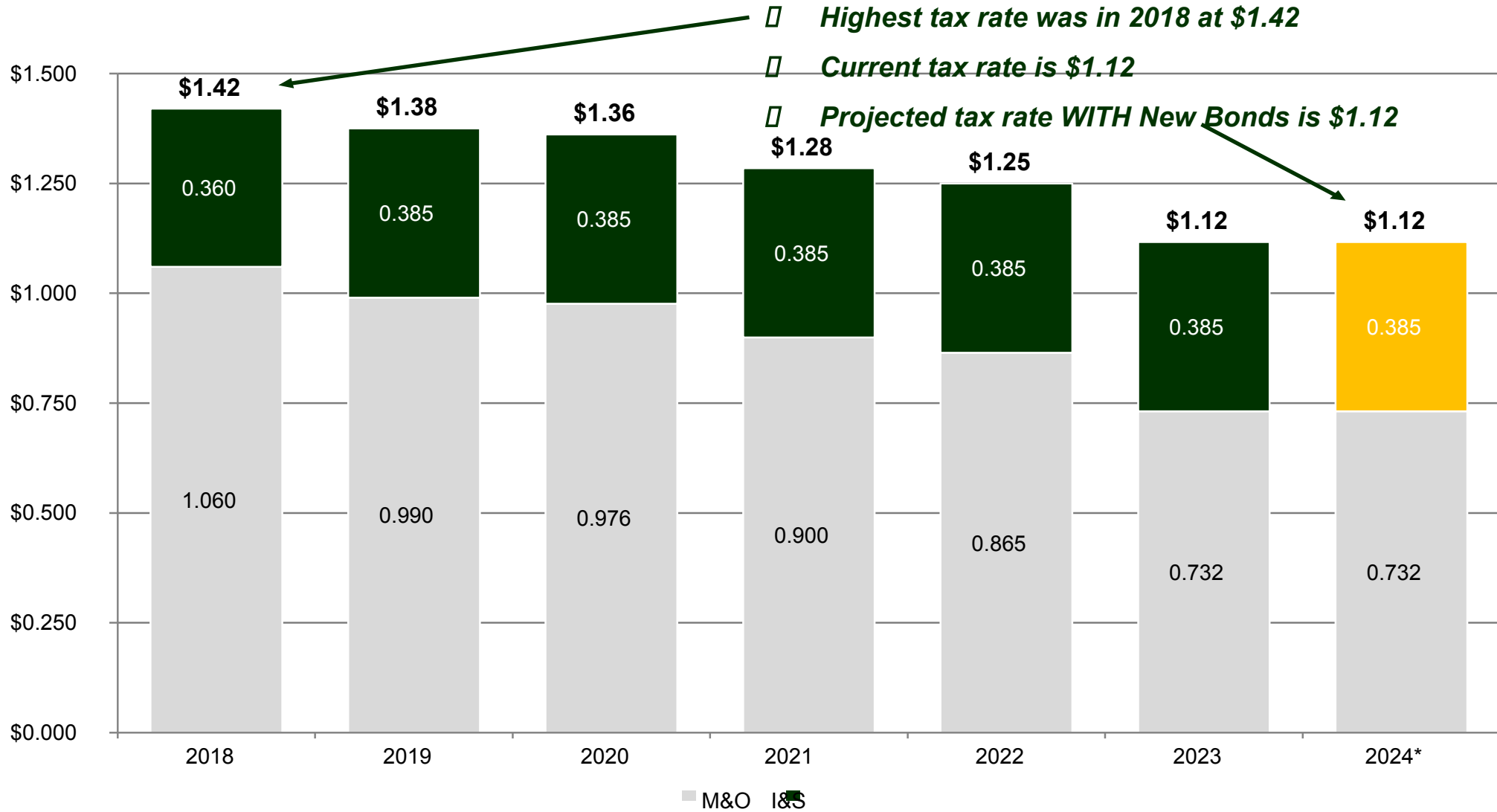
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Bond Capacity Available with No I&S Tax Rate Impact = \$41,850,000

Based on modest property value growth and a conservative interest rate, Seguin ISD may borrow up to \$41,850,000 with no impact to the current I&S tax rate of \$0.3850



Tax Rate Comparison with a New \$41,850,000 Bond



(* Assumes no change in M&O rate; projected for illustration purposes only.)

Recent Legislation Change Benefiting Homeowners

□ On November 7th, Texas voters approved a Constitutional Amendment to increase the State-Mandated Homestead Exemption from \$40,000 to \$100,000

Comparison of Previous and New Homestead Exemption		
	Previous Exemption	New Exemption
Appraised Value	\$200,000	\$200,000
State-Mandated Homestead Exemption	<u>- \$40,000</u>	<u>- \$100,000</u>
TAXABLE VALUE	\$160,000	\$100,000

Summary

- **Municipal bonds, especially from Texas, are highly sought after due to good credit backing and tax-free income to the investor**
- **Conducting a bond election is the only method a Texas school district can address large capital improvement needs**
- **SISD is a highly rated district, according to Moody's and S&P rating agencies**
- **The District has been prudent with taxpayer funds and generated interest cost savings of \$23.18 million**
- **SISD's current "No I&S Tax Rate Increase" Bond Capacity is \$41.85 million bond**
- **Last day for the Board to call for a May 2024 Bond Election is February 16, 2024**

Seguin ISD Bond 2024 Proposed Projects

Proposition A:

- Irma Lewis-Outdoor Learning Center: \$7,500,000
- Land Acquisition: \$3,000,000
- School Safety & Security: \$6,500,000
- Student Activity Buses: \$750,000
- Welding Project (reimbursement): \$250,000

Proposition B:

- Classroom Technology: \$3,750,000

Total: \$21,750,000

Proposition A

Irma Lewis-Outdoor Learning Center Projects:

Cost: \$7,500,000

- Infrastructure, Mechanical, Structural and Functional Improvements
- Landscape Architecture and Sitework
- Furniture, Fixtures, Equipment
- Ropes Course Removal and Replacement

Proposition A

Land Acquisition:

Cost: \$3,000,0000

- Future School Site
- Land Inventory

Proposition A

Safety and Security

Cost: \$6,500,000

- Safety & Emergency Communications
- Silent Panic Alarm
- Campus Intercom
- Wearable communication device
- Effortless communication across the entire school.

Proposition A

Transportation - Student Activity Buses

Cost: \$750,000

Six 15-passenger student activity buses (commonly called activity or shuttle buses)

- No CDL required - 1 Day Certification Training
- Allows for different departure times - less school time missed
- Eliminate rentals
- Increase efficiency

Proposition B: Classroom Technology Cost: \$3,750,000

- **Interactive Touch Screen Display**
 - A high-tech educational tool that boosts classroom participation and learning. It's a big touchscreen display serving as a digital whiteboard, letting teachers and students engage with digital content through touch or a stylus.
- **Document Cameras**
 - The document camera is a tall robot arm with a camera. When the teacher places a document or object under it, it shows a live image on a screen for the whole class, turning it into a shared experience.
- **Mobile Teacher Devices**
 - Works collaboratively with the interactive display to provide teachers with the flexibility to move around the classroom.