

**MEETING NOTES**

Meeting #4

Tuesday, November 19, 2019

V.R. Eaton High School

**1. WELCOME**

Assistant Superintendent Tim McClure welcomed the committee and reviewed the meeting agenda with the group.

**2. MEETING #3 RECAP**

Assistant Superintendent Tim McClure reviewed the potential schedule to keep up with growth, showing multiple new elementary schools in the next seven years, two new middle schools, an expansion at Northwest High School and a new comprehensive high school in 2027-28. He also reviewed the departmental lists and how the department leaders prioritized their lists.

**3. BONDING CAPACITY AND TAX IMPACT SCENARIOS**

The district's financial advisor, Jeff Robert of Hilltop Securities, explained the basics of bonds and answered several "frequently asked questions" at the beginning of his presentation. He talked about NISD's strong financial rating and how they get the most competitive rates available. He also talked about bond structuring variables, and how Hilltop Securities is conservative in their projections for Northwest ISD. He explained that most fast-growth districts look at 30 or 35 year terms. From a historical perspective, he said the interest rates are at the lowest they've been in a while.

He showed a 10-year history of Northwest ISD's tax base, compared to the tax rate. In 2010, the tax base was \$10,307,632,937 and in 2020 it's projected to be \$19,211,316,505. The tax rate was \$1.35 (per \$100 of property valuation) in 2010 and it's \$1.42 now.

Tring to be conservative, Hilltop Securities has assumed a growth rate of 7.5% for the first four years and 5% after that. The scenario they ran showed that the district could issue \$1 billion over the next seven years and keep the tax rate at the same

amount. This is attributed to tax rate growth and rates being favorable. He reiterated that the district's strong bond rating means the district will achieve the lowest interest rates available in the market on any given day. He also explained that if the NISD tax base grows at a slower than projected rate, the bonds will likely be issued at a slower rate. For example, current issuance scenarios project the issuance of potential new authorization over the next 7 years. If the tax base grows slower than what is projected, the potential new authorization would likely be issued over 8 or 9 years.

He also showed a slide that compares NISD to other fast-growth districts around the state and how the district compares in terms of debt and geographic size. A committee member asked how NISD compares in terms of debt per student. The financial advisor is going to provide that information and Tim McClure's office will share that with committee members.

#### **4. SURVEY RESULTS**

Matt Gamble of Baseline & Associates presented results of the recent voter survey. He explained the objectives of the survey and the methodology, including how they try to ensure there are appropriate number of responses among males/females, age distribution, geographic representation, etc.

He explained that respondents were very favorable toward the school district, higher than what they see in other districts across the state. He showed the initial (or uninformed) ballot and how – without knowing that the election could be held with no tax rate increase and without knowing what's included in the bond program – that it was a tie (43% support for and 43% against). He also explained the importance of paying attention to the “strong” sentiment, meaning whether respondents were strongly for or strongly against.

He went through each question that was asked in the survey and showed the total favor/total oppose percentages. Then, showing the responses to the “informed” ballot, the total support increased compared to the uninformed ballot and when respondents were told there would be no increase to the tax rate. The informed ballot showed that 62% of the respondents were in favor of the bond proposal, with 39% strongly for. He also explained the regression analysis and statements that tested strongly based on correlation scores.

These results were similar to the NISD survey results in 2012, and a little lower on the initial ballot compared to the 2017 survey.

#### **5. GROUP DISCUSSION**

According to the financial advisor, NISD can afford to issue more than \$1 billion of bonds with no increase to the school district tax rate. According to the survey, the

community supports the highest among that was tested: \$700 million. What are your thoughts and concerns?

1. Why wouldn't we go for \$1 billion? Would it just be because people are scared of that number?

It depends on what's included in the bond and where the committee decides to draw the line in terms of the length of bond.

2. How much does an elementary school cost to construct today?  
Approximately \$27 million today, which would be escalated out for future years.

3. Can the district issue bonds and then turn around and invest those funds to earn money that would basically pay for itself?

The financial advisor explained that no, this would be illegal.

## **6. POTENTIAL PROJECTS**

### **Capital Improvements/Aging Conditions**

Tim McClure outlined the capital improvement projects in several categories: flooring (hard floors, carpet, PE gym floors, kitchen floors), roofing, fire alarm panels, HVAC, turf, concrete work at Pike.

Questions:

- What about restroom facilities at Northwest High School and other older schools?  
NHS restrooms would be included as part of the campus renovations; and older campus restrooms (like Pike) are upgraded as needed.
- By including deferred maintenance in bond programs, is it true that it allows the district to spend more on M&O for teacher salaries, etc.?  
If you don't include deferred maintenance in bond programs, that puts a heavier burden on staff and the M&O budget.
- Do the types of facilities you have and what you put in them help attract teachers?  
Yes, and that's supported by the district's core belief that "learning is influenced by environment." That's also why committee members have been encouraged to tour schools.

### **Equity/Evolving Expectations**

Tim McClure outlined projects to consider for equity and evolving needs, including elementary additions/storm shelters (using the Beck model), collaboration space at elementary schools, an open library concept, classroom furniture, library furniture, playground surfaces and play spaces, and courtyard surface material.

### **Renovations/Replacements**

Tim McClure outlined renovation and renovation projects to consider. These include replacing the district's oldest campuses (depending on where the growth comes) like Hatfield, Justin, Prairie View and Seven Hills and repurposing Hatfield and Prairie View. He also mentioned the potential of renovating the Administration Building (new roof and some refresh) and the Support Services Building which also houses DAEP.

### **7. CLOSING**

McClure reminded the committee that the next meeting would be at 6 p.m. on December 10 at Northwest High School. Tours of the campus will begin at 5:30 and committee members should use the east entrance (the side that faces 156). He encouraged everyone to tour the campus since it could be receiving major renovations and said the meeting will start at 6:15, if extra time is needed for the tour.

He also asked the committee to send him any questions they have or to send him any additional projects they'd like to be considered.