

Ferris Independent School District



SPECIALIZED PUBLIC FINANCE INC.
FINANCIAL ADVISORY SERVICES

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Purpose of the Report

- As the District's Financial Advisors, we were requested to provide information on the District's current and projected bond capacity

- What you'll learn today:
 - What bonds are and how they help the District
 - The District's current debt and property value
 - What growth might mean for future bond opportunities

Bonds 101

➤ What are bonds?

- A bond is a loan the District takes from investors to fund big projects, such as new schools.

➤ How do they work?

- We pay back the loan over time, with interest, usually over 20-30 years



What is a School Bond?

What is it?

- A school bond is a loan the District takes from investors to pay for big projects like building new schools or renovating old ones.

What can it pay for?

- New buildings and renovations
- Athletic facilities
- Buses and equipment (like computers)

What can't it pay for?

- Teacher salaries or utility bills

Did you know?

- School bonds usually take 25-30 years to repay, but the buildings they fund are designed to serve students for decades.

FISD Current Tax Rate Components (Total Tax Rate of \$1.1408)

General Operating Fund (Maintenance & Operations)

Subject to Compression and Recapture



*No to very limited control by
the Board.*

Debt Service Fund (Interest & Sinking)

Not Subject to Compression or Recapture



Debt Payments on the
2004 Bond Program

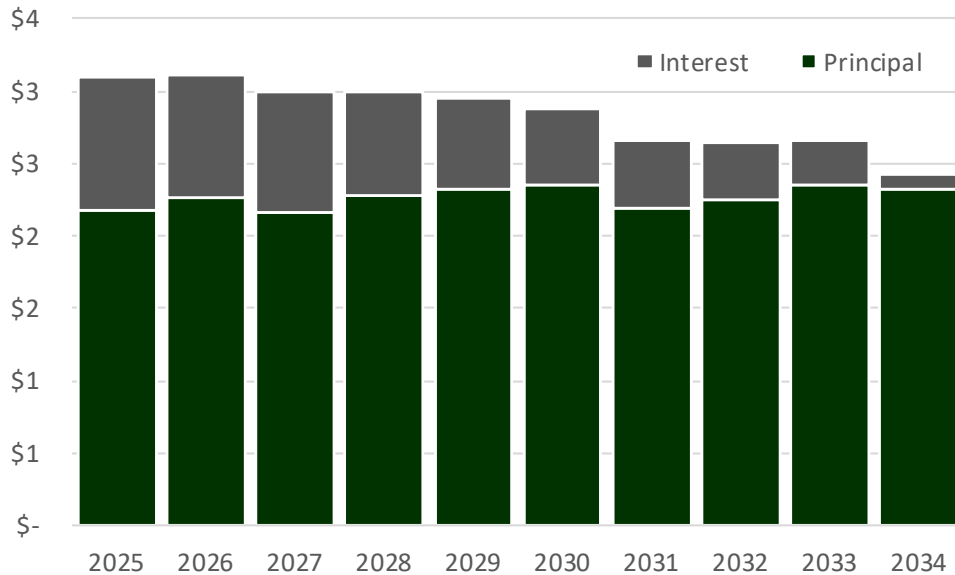
*Board has full control to
set this tax rate*

Unlimited Tax Debt Profile (I&S Tax Fund Supported)

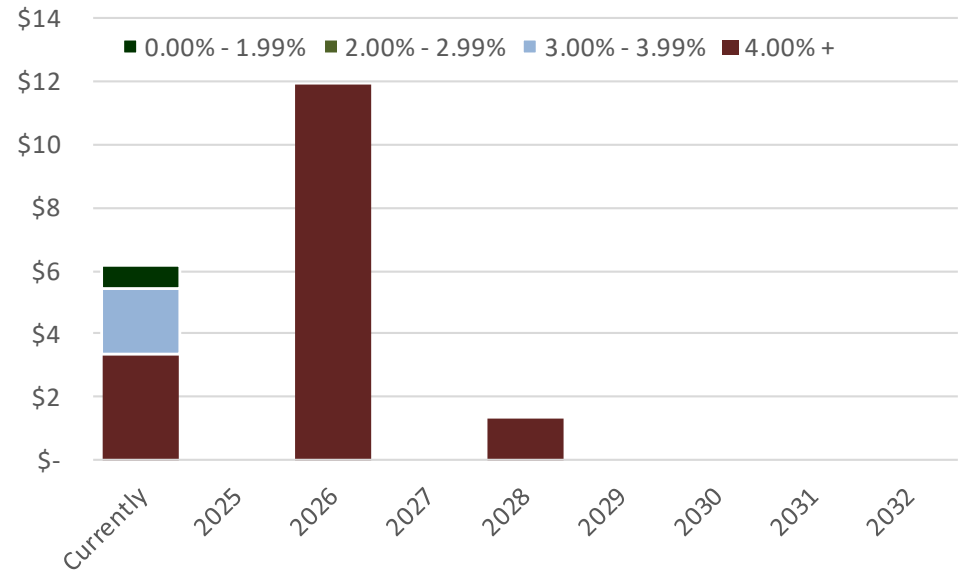
Outstanding Unlimited Tax Debt Portfolio as of 10/01/2024

Issue	Delivery	Original Principal	Outstanding Principal	Final Maturity	Next Call Date	Callable Principal	Callable Coupons
U/L Tax Refunding Bonds, Series 2013	8/1/13	\$ 9,280,000	\$ 5,425,000	2034	8/15/23	\$ 5,425,000	3.50 - 4.25%
U/L Tax School Building and Ref. Bonds, Series 2015	2/15/15	2,903,059	732,629	2035	8/15/24	732,629	0.00%
U/L Tax Refunding Bonds, Series 2017	7/15/17	4,684,743	1,855,000	2026	Not Callable	-	None
U/L Tax School Building and Ref. Bonds, Series 2018	6/1/18	15,245,000	12,850,000	2034	8/15/26	11,890,000	4.00 - 5.00%
U/L Tax Refunding Bonds, Series 2020	8/1/20	2,170,000	1,825,000	2034	8/15/28	1,295,000	4.00%
TOTALS			\$ 22,687,629			\$ 19,342,629	

Fiscal Year Debt Service (\$MM)

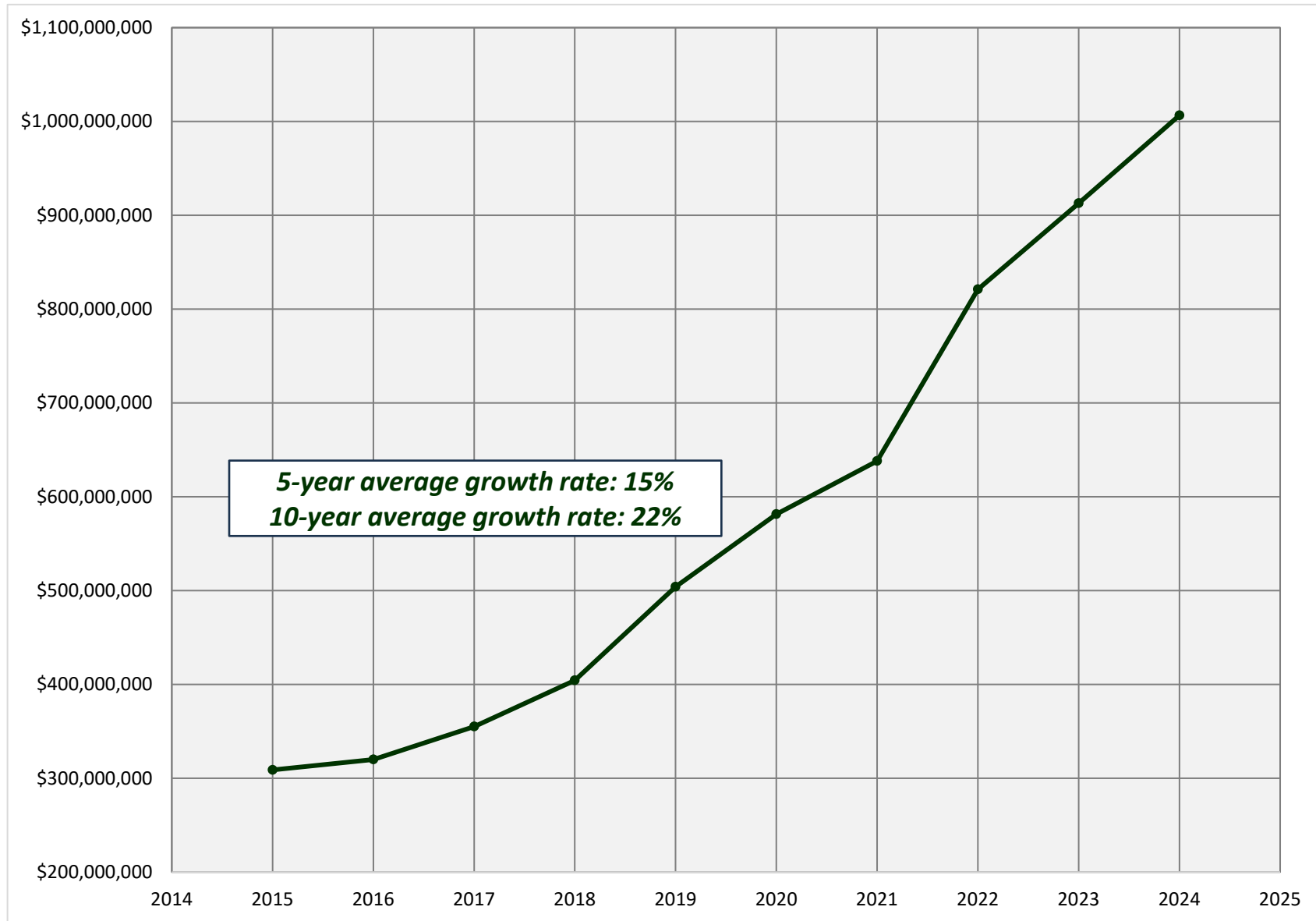


Fiscal Year Call Dates and Coupon Map (\$MM)



Taxable Assess Valuation

➤ The value of properties in the District directly affects how much we can borrow.



Source: Municipal Advisory Council of Texas

Top Ten Taxpayers

Taxpayer	Type of Property	2024 Net TAV	% of Total TAV
Waste Management of Texas	Landfill	\$ 31,726,297	3.15%
Oncor Electric Delivery Co. LLC	Electric Utility/Power Plant	18,517,470	1.84%
Port 45 LLC	Commerical Building	14,198,660	1.41%
Trinity Valley Reclamation Inc.	Water & Sewer Utility	12,561,060	1.25%
ATCO Products Inc.	Industrial Manufacturing	9,786,057	0.97%
Park Environmental Equipment	Commerical Equipment	8,606,814	0.86%
Atmos Energy/Mid-Tex Pipeline	Pipeline	5,715,893	0.57%
Union Pacific Railroad	Railroad	5,517,796	0.55%
Xtreme Race Holdings	Race Track	5,279,247	0.52%
SFR JV-HD Property LLC	Commerical Building	4,296,397	0.43%
Top 10 Total:		\$ 116,205,691	11.55%

Source: Municipal Advisory Council of Texas

Bond Capacity Analysis

- “Bond Capacity” is the amount of bonds the District can afford while maintaining a projected I&S tax rate of \$0.50 or less
- Based on the State legal debt limitation of a maximum I&S Tax Rate of \$0.50, FISD’s **current** “bond capacity” is \$46,000,000 for a 30-year bond issue
- The analysis summary below shows the District’s bond capacity if the proposed commercial properties added \$1 billion, \$2 billion, and \$2.6 billion:

Ferris ISD Bond Analysis			
Bond Capacity based on Various Taxable Valuation Amounts:			
<u>Assumption:</u>	<u>Property Value:</u>	<u>Bond Capacity*</u>	<u>Monthly Impact to a \$300,000 Home**</u>
<i>Current Value</i>	\$1,006,467,727	\$46,000,000	\$18.33
<i>Current Value + \$1 Billion</i>	\$2,006,467,727	\$136,925,000	\$18.33
<i>Current Value + \$2 Billion</i>	\$3,006,467,727	\$214,285,000	\$18.33
<i>Current Value + \$2.6 Billion</i>	\$3,606,467,727	\$259,940,000	\$18.33

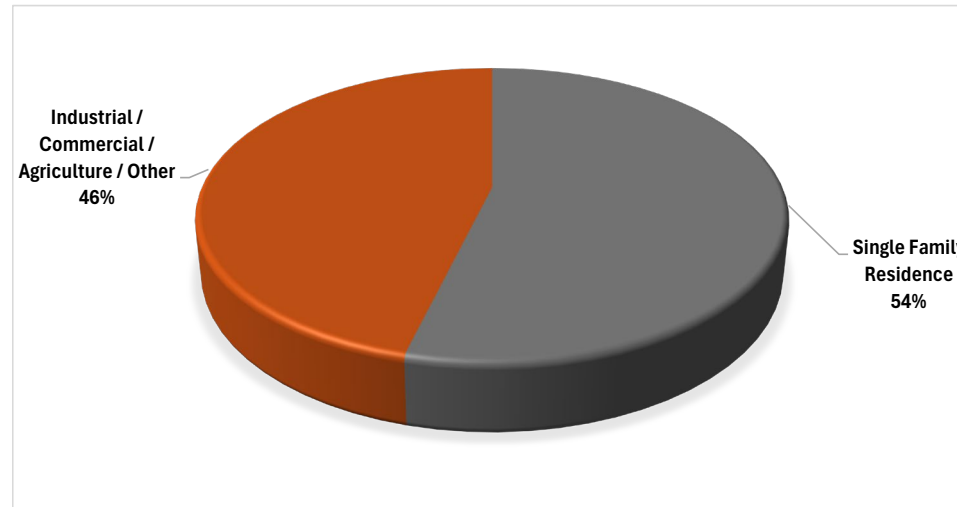
Homeowners with the “Over-65 Homestead Exemption” will not incur a tax increase

* Assumes a 30-year payment term with a conservative interest rate of 4.94% for illustration purposes only.

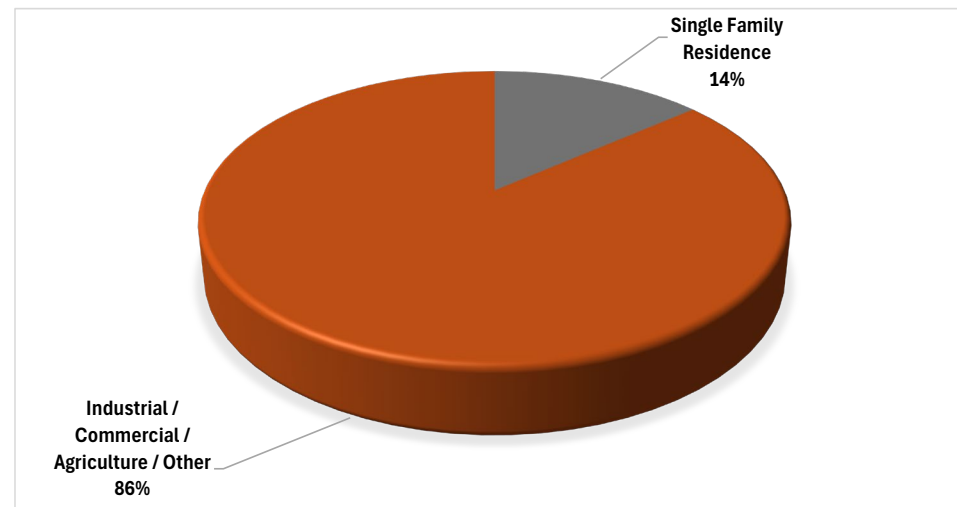
** Monthly impact shown is based on taxable value of \$200,000, accounting for the \$100,000 State-mandated exemption.

Current vs Potential Tax Base Composition (i.e., Who pays for a bond?)

- **Single-Family Residence (“rooftops”) currently accounts for 54% of Taxable Values**



- **With the potential of a large new commercial entity in the District, the percentage of Single-Family Residence taxable value percentage may be 14%***



** Preliminary, for illustration purposes only.*

Bond Election Propositions based on Projects

A. Several categories must get their own ballot question:

- 1) *Stadium with seating for more than 1,000 spectators*
- 2) *Natatorium;*
- 3) *Recreation facility other than a gym, playground or play area;*
- 4) *Performing arts facility;*
- 5) *Teacher housing; and*
- 6) *Technology equipment, other than security or infrastructure integral to other construction.*

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

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

Bond Election Calendar for May 3, 2025

- Bond elections in Texas are held on uniform dates in May and November each year.

Event	May 3, 2025
Last day to adopt an order calling a Bond Election	February 14, 2025
Last day to register to vote	April 3, 2025
First day for Early Voting	April 21, 2025
Last day for Early Voting	April 29, 2025
Election Day	May 3, 2025

Summary

- Bonds are essential for school improvements.
- The District's bond capacity depends on property values.
- New commercial growth can reduce the tax burden on homeowners.
- The impact to the M&O tax fund, which would be neutral at best, should be carefully evaluated by the District's CFO and school finance consultants