



Borger ISD 2017 Bond Election

Frequently Asked Questions

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 by voters and sold by a school district to lenders/underwriters to raise funds to pay for the costs of construction, renovations and equipment. Almost all school districts in Texas utilize voted bonds to finance new facilities and major renovation projects.

How will the bonds be repaid? – Bonds are repaid by a debt service tax rate that is already in place at Borger ISD. The increase in the debt service tax rate to pay off this proposed bond has been estimated at \$0.1975 per \$100.00 valuation. Citizens over 65 and the disabled have their taxes frozen at the levy amount when their exemption was filed.

What is the Term/Payback period of the Bonds? - The term of this bond issue is 30 years.

What will the Interest Rate be? – The interest rate will not be determined until the bonds are sold, which would occur after the passage of a bond election. Because Texas School District bonds qualify for the Permanent School Fund Guarantee, school districts are able to borrow money at lower, tax exempt rates. This means that the interest earned by the investors is not subject to Federal income taxes. This allows for the bonds to receive the highest AAA rating: meaning that they will be priced at the lowest available rates at the time the bonds are issued.

What will the District use the bond funds to accomplish? – As part of the bond improvements package, the district plans comprehensive renovations at the high school, middle school, and intermediate school. These renovations include plumbing and restroom improvements, classroom improvements, corridor improvements, and exterior parking lot replacement. Work at the Middle School will also include construction of a new multi-purpose space that can be used as both an auditorium and a gymnasium.

The bond also includes provisions to replace the existing construction at Bulldog stadium with new construction. This work includes new artificial turf, a new synthetic running track, new grand stands and press box, new stadium lighting and new parking lot. The existing restrooms, concession, and ticket areas will be replaced with new construction. In addition, the existing brick fieldhouse will be replaced with new construction.

As part of the bond project, a new Ag Barn will be constructed at the existing site and includes a classroom, a wash bay, a show area, and covered pens. Playground equipment and surfacing will be replaced at Paul Belton Elementary School and at Gateway/Crockett Elementary School.

How does Agrium affect the District's valuations and bond repayment? – Since 2006 the District's property valuations have increased substantially from approximately \$425 Million to the current property valuations that are slightly above \$900 Million. This increase is due to many factors, but Agrium is a substantial part of this increase. Local tax payers still make up a substantial portion of the District's property valuations.

Why not save up the additional revenue from Agrium taxes and pay for improvements out of the general operating fund? – Your total school tax bill has two parts: Operations & maintenance and debt service. The District only realizes the full value of the increase in property values from Agrium, on the debt service tax rate, but not the tax rate that funds the general revenue function. So, the proceeds in the operating funds taxes would not be enough to pay for the improvements identified in the facility master plan.

Why a bond now? – First, the district commissioned a facility condition assessment that identified physical needs and repairs for each campus.

Second, the district evaluated its educational program offerings and identified potential improvements in facilities for middle school, high school, intermediate school, and the athletic facilities at Bulldog Stadium.

Finally, we reviewed this information with a group of community members last fall and early this year and this committee recommended we call a bond election to fund the projects that they helped us prioritize.

What process was used to decide about a Bond? – The District sought the input of a group of Citizens who met regularly to review the results of the facility study and long-range plan to address facility needs. This Citizen's committee also reviewed information from the District's financial advisor and ultimately recommended that the Board of Trustees call for a bond election.