

2020 Citizens' Bond Committee Follow Up Questions 5-4-20

General Questions

1. Can I get a list of current bonds that the District has outstanding?

Please see the attached excerpt from the most recent continuing disclosure report.

2. I would like to also know if and/or when any of the outstanding bonds were renegotiated to a lower rate?

Administration works with our advisory firm, Post Oak Municipal Advisors, to determine when bonds are eligible for refinancing and when the cost of the transaction does not exceed the benefit. Typically, a refinancing transaction is done along with a sale of new money bonds. Over the years, the District has saved taxpayers millions of dollars as a result of refunding bonds. As reported in our 2019 Stewardship Report, since 2005, almost \$431 million in bonds has been refunded, saving taxpayers as much as \$68 million over the life of the outstanding bonds.

<u>Year of Refunding</u>	<u>Par Amount Refunded</u>	<u>Gross Savings Amount</u>
2005	72,220,000	5,283,740
2008	9,940,000	947,622
2012	49,915,000	7,066,435
2013	61,580,000	6,098,671
2015	77,475,000	7,893,500
2016	159,520,000	41,042,863

Recent legislation has severely limited the ability to refund bonds. However, there are some upcoming opportunities that we are currently reviewing. An item will be on the board agenda this month that will authorize the issuance of refunding bonds, should an opportunity arise in the next few months. Any results of any transactions that evolve will be shared at future meetings.

3. Also, what is the rate that is anticipated for the currently proposed bond?

At the recommendation of our advisor, we are modeling 3% for the first sale and 3.75% for the two additional sales. This is for a scenario involving a referendum of \$880 million and the specific projects and construction timelines estimated. Changes in the amount of the referendum would require a change to the number of sales and the amount of each. Those changes would most likely impact the rates that we would use for modeling.

4. Can you tell me how long it takes to bring a school online once it approved by taxpayers?

When the bonds are passed by the taxpayers it takes about 3 to 4 months to sell the bonds and get the funds in the bank. However, the District does not always sell the bonds immediately. The District is strategic in how and when it sells bonds. Once the funds are in the bank, the District can begin the procurement process and enter into contracts to design and build the school. An elementary school from design to completion takes about 18 months. A high school takes about 36 months. A repeat design can reduce the time by about 3 months. The demographic report also helps to determine when the schools need to open, based upon need.

5. Has anyone looked at the open security issues that Zoom has? I have read several articles recently which state that Zoom has broad security issues and that they are not being fully addressed. Specifically, there is a concern that folks conducting business through the Zoom app may be getting data drawn from their computer and sent to various sources such as Facebook, LinkedIn and others. Further the Chinese Communist Party ,CCP, regime has demanded the encryption keys for all servers that operate in their country. Why is this alarming? If true, and the intelligence community believes it is, the CCP could gain access to all Zoom user systems without their knowledge. This is why many governmental entities throughout the world are prohibiting the use of Zoom for any of their employees and on any governmental devices. The list is growing. Can I be so bold as to ask what the district did to vet the security of Zoom and the above issues prior to creating the video conferencing we are using now? As an aside, I believe most, if not all, schools get Zoom for free. Was this a significant consideration when selecting this application? Sometimes free really isn't free. Looking forward to a response from our district technical team.

Zoom is a tool that the District has been evaluating for over a year because of its usability and integration with a variety of systems used in Lamar CISD. The District began implementing Zoom with select groups in January and February, prior to the COVID-19 crisis.

While Zoom can bring a great deal of value to the online learning experience and provides many benefits during this time of learning at a distance, it is also important to understand possible shortcomings of this tool and to have systems in place to ensure a safe online environment.

Zoom does allow free access which many of our staff use, but Lamar CISD pays for "Pro" licenses that allow for more control and systemic settings/security. The licensed environment allows the District to securely integrate with the Active Directory to ensure only our staff are creating Zoom meetings in our domain and that all our security settings are applied to all Zoom meeting rooms within our tenant.

Lamar CISD uses the following settings for all District Zoom meetings:

1) Requiring passwords to all meetings. (This is now a Zoom requirement, but Lamar CISD instituted this Districtwide prior to that update.)

2) Requiring waiting rooms for all calls. (This is now a Zoom default, but Lamar CISD instituted this Districtwide prior to that update.)

3) Users with lcisd.org accounts are more secure because the District paid for a “vanity” or static URL (lcisd.zoom.us). This allows the District to have more granular control as mentioned above.

The District’s third-party facilitator N2 Learning also utilizes waiting rooms for Bond Committee meetings.

While there are still limitations to this tool outside of District control, Zoom recently acquired a company to develop end-to-end data stream encryption that should further strengthen the security of their platform.