

**SYLVAN UNION SCHOOL DISTRICT
SPECIAL MEETING OF
THE BOARD OF TRUSTEES
September 5, 2017**

MINUTES

Members Present: Mmes. Cynthia Lindsey, Terriann Zeek, and Jennifer Miyakawa.
Messrs. David Collins and George Rawe.

Members Absent: None

District Administration Present: Debra Hendricks, Yvonne Perez, Sharon Roddick, Laura Wharff, Cheryl Phan, and Didi Peterson.

Audience Present: Carol Smith, Dave Olson, and Travis Manley.

Call to Order: The meeting was called to order at 5:30 p.m.

Pledge of Allegiance: Mrs. Zeek welcomed everyone to the meeting and led the audience in the pledge of allegiance.

Adoption of Agenda: The motion was made by Mrs. Miyakawa, seconded by Mr. Collins, adopting the Agenda.

AYES: Collins, Lindsey, Miyakawa, Rawe, Zeek

NOES: None

ABSENT: None

ABSTENTIONS: None

Information and Discussion:

INFORMATION AND DISCUSSION

a. Financing Options for the Orchard HVAC Replacement Project

Mrs. Perez introduced Dave Olson, Financial Advisor with PFM Financial Advisors LLC. Mr. Olson provided a presentation to the Board of Trustees regarding two potential sources of funding options for the District to pursue for replacement of the HVAC system at Orchard Elementary School.

Mr. Olson stated the first option would be Lease Financing through Certificates of Participation or a direct lease through a financial institution, which is a commonly used type of financing designed to spread costs of capital projects over the useful life of the project, and are typically repaid with general fund dollars over a five, ten, or twenty year period. Although this is an option, there is not a

MINUTES

Special Meeting of the Board

September 5, 2017

Page 2

INFORMATION AND DISCUSSION Continued

dedicated revenue source to support the debt, and it takes dollars away from the general operating funds of the district. Large facility improvements are typically paid from General Obligation Bond resources.

Mr. Olson further explained the conceptually complicated details of lease financing. Through this option, the district leases an existing school site to a third-party lessor in exchange for an upfront payment. The district then leases the school site back from the lessor in exchange for lease payments made over a period of time. The lessor sells their rights to receive these payments to an outside investor for a fixed amount, including interest. The district is then obligated to make annual lease payments. Therefore this type of arrangement is considered a contingent obligation and would not be in violation of statutory debt limitations placed on school districts. This type of financing does not require voter approval and it is relatively common for a school district to issue Certificates of Participation (COP) debt.

The other alternative option Mr. Olson proposed was issuing general obligation bond financing from the six million dollars remaining on the voter approved 2006 Measure A Bond authorization. Funding the project through the sale of general obligation bonds provides a dedicated revenue source to service the debt through property taxes. He explained that selling the last of the authorization will not raise taxes above the \$30.00 statutory limit for a Prop 39 authorization. The dollars must only be spent on projects identified from the 2006 Measure A Bond Authorization.

He further explained the process involves the district choosing the amount to be funded and a repayment structure, which will need to be developed within the context of the tax rate impact of the overall 2006 voter approved Measure A bond program so that overall 2006 Measure A tax rates do not exceed Proposition 39 maximums. Once the Board approves financing documents, applies for bond ratings, arranges the sale of bonds to underwriters, and executes closing documents, the county levies annual tax rates to service the debt. Debt is generally repaid within 15-30 years, but in this case would not extend beyond 20 years. As of today, the District has additional bonding capacity of \$51,010,031.

MINUTES

Special Meeting of the Board

September 5, 2017

Page 3

INFORMATION AND DISCUSSION Continued

In closing, Mr. Olson stated the District is well positioned to fund facility improvements through either lease financing or the issuance of the remaining 2006 Measure A bonds.

Action Items:

ACTION ITEMS

Approval of Request to Provide Direction to Staff on Method for Financing the Orchard HVAC Replacement Project:

- a. The motion was made by Mrs. Miyakawa, seconded by Mr. Collins, approving to move forward with the sale of \$6 million of bonds authorized from the 2006 Voter Authorization as the method of financing for the Orchard HVAC Replacement Project.

AYES: Collins, Lindsey, Miyakawa

NOES: Rawe, Zeek

ABSENT: None

ABSTENTIONS: None

Approve Bid and Contract for Boyer Construction for the Orchard HVAC Project:

- b. **After discussion, the Board agreed to vote on the contract with Boyer Construction as separate items as listed below.**

Approval of the base bid and contract with Boyer Construction:

- i. The motion was made by Mr. Collins, seconded by Mr. Rawe, approving the base bid and contract with Boyer Construction for the Orchard Elementary HVAC Project.

AYES: Collins, Lindsey, Miyakawa, Rawe, Zeek

NOES: None

ABSENT: None

ABSTENTIONS: None

Approval of Addendum #2/Alternate Bid with Boyer Construction for countertops:

- ii. The motion was made by Mr. Collins, seconded by Mr. Rawe, approving Addendum #2/Alternate bid with Boyer Construction for replacement of the countertops at Orchard Elementary School.

AYES: Collins, Miyakawa, Rawe, Zeek

NOES: Lindsey

MINUTES

Special Meeting of the Board

September 5, 2017

Page 4

ACTION ITEMS Continued

ABSENT: None

ABSTENTIONS: None

*Approval of
Addendum
#1/Alternative Bid
with Boyer
Construction for
exterior painting
and roof
replacement:*

- iii. The motion was made by Mrs. Lindsey, seconded by Mrs. Miyakawa, approving to table Addendum #1/Alternate bid with Boyer Construction for exterior painting and special metal roof replacement at Orchard Elementary School.

AYES: Collins, Lindsey, Miyakawa, Zeek

NOES: Rawe

ABSENT: None

ABSTENTIONS: None

*Approval of
Contract with
Meridith Holloway
for Inspector of
Record Services
(Orchard HVAC
Replacement
Project and Child
Care Shade
Structure Project:*

- c. The motion was made by Mrs. Miyakawa, seconded by Mr. Collins, approving the contract with Meridith Holloway for Inspector of Record Services for the Orchard Elementary HVAC Replacement and Child Care Shade Structure Project.

AYES: Collins, Lindsey, Miyakawa, Rawe, Zeek

NOES: None

ABSENT: None

ABSTENTIONS: None

Mrs. Zeek thanked everyone for attending the meeting.

*Final
Adjournment:*

The meeting was adjourned by Board President Mrs. Zeek at 7:34 p.m.

WITNESS:

Mrs. Lindsey, Vice President of the Board

Date