PRESENT
Jane Howard
Dawn Johnson
Dave Matuszak
Jay Mechaca
Dave Silva
Clint Zollinger
Paul Nadeau
Anna O’Connor

APPROVAL OF MINUTES
• First: Clint Zollinger, second: Dave Matuszak.
• Dawn Johnson, Dave Matuszak, Jay Mechaca, Dave Silva, Clint Zollinger in favor. Jane Howard abstaining.

BOND FINANCING UPDATE
• Presenter Randy Merritt of Raymond James Public Finance. Also in attendance: Alexis Fuke of Raymond James and Jon Isom of Isom Advisors.
• The district has two primary types of debt: certificates of participation (COP) and general obligation bonds (GO bonds).
• Measure E is the current general obligation bond. It was originally authorized for $170,000,000. It has $94,680,000 in remaining authorization. That is the amount the district would like to access later next spring.
• The district has refinanced general obligations bonds that have accrued to the benefit of taxpayers.
• One of the main drivers for valuation is the assessed valuation in the district and property taxes based on those values.
• California school districts have parameters they must follow when issuing debt. One of those is a statutory debt capacity (limit on debt). The state defines that as 2.5% of the district’s current assessed valuation.
• From slide in the presentation, the way this works is: the district’s assessed valuation $11.9B. The gross bonding capacity is 2.5% of that or $371.5M. The district has about $274M in outstanding general obligation bonds. That means: The gross bonding capacity ($371.5M) minus the outstanding GO bonds ($274M) equals the net bonding capacity of $24.9M.
  o This is designed to require that whenever the district goes to sell new bonds, it has to check the bond within the tax rate tolerances voters approve as well as to apply this formula.
• At this point, the district would like to sell $90M of bonds, which doesn’t meet the criteria set by the formula. But the district can use a process to increase the bond capacity. The district can wait to see if the net bonding capacity will change over time – as the principal is paid down through property taxes or as the assessed valuation grows. Raymond James’ calculations don’t forecast those factors changing enough to allow the district to allow the desired $90M in the time the district has set. If the district were to wait, RJ’s prediction is that the $90M wouldn’t be available until 2024.
A waiver process through the California Department of Education (CDE) allows districts to increase bond capacity. Non-unified school districts are subject to 1.25% increase and unified school districts are subject 2.5% increase. Since 2017, 46 districts have requested waivers. None have been turned down.

The waiver application process is a 10-12 week that includes items that needs to be completed: summary of key issues, public hearing/board approval, consultation with advisory committee (GUSD Facilities Subcommittee and Citizens’ Oversight Committee), consultation with bargaining units.

The state board of education meets every two months. The plan is to target the board’s Jan. 13 meeting.

If the waiver is approved, bonds would be sold in early spring.

The waiver request will be to ask to increase the debt capacity to 3.10% to be able to issue $96,805,747 in bonds. For context, other districts have asked to increase capacity to 5%, so this is less than other waivers have requested.

Another reason selling the bonds in the amount that’s needed at this time is that interest rates are extremely low. This will be part of the rationale that’s given to the CDE as part of the waiver request.

RJ has prepared two tentative timelines for the waiver process. One would get the waiver request to the Jan 14, 2021, CDE board meeting. A second schedule is in the waiver request has to go to the March 17, 2021, meeting. This provides a timeline in case the CDE board has to move the item from the January agenda to the March one. The bond issuances would be roughly at the same time, though.

**Questions from the committee:**
- Will the CDE consider waiver requests as action items on the agenda?
  - These are action items with a roll call vote.
- Why does the district want these funds by April 2021?
  - The district’s next large project is the modernization of South Valley Middle School. We already in design phase for this project. The timing for this is going to help in funding this project.
  - Isom Advisors: As we advise districts on issuing bonds, we ask them to consider if if the money can be spent in three years before issuing bonds like this. That also includes consideration of the cheapest time to borrow money. Because of the historically low interest rates, savings to taxpayers may potentially be tens of millions of dollars.
- Does this have impact on the scope of the South Valley MS project?
  - This will not have impact on the school of the project.

**PROJECT OVERVIEW**

**BROWNELL MIDDLE SCHOOL MODERNIZATION**
- $70.8M project
- The project is on time and on budget.
- It is deep in Phase II, which includes Library, sixth-grade pod and new kitchen. Phase II is expected to finish in February.
- Phase III: Update of playfields, landscaping, new running track.
- Entire project will complete by July 2021.
- COC should tour once sixth-grade pod is installed.
- Extras worth noting: Outdoor learning environments inside pods as well as other parts of campus. The campus has a pollination station, which is required for a project this size. Solar panels that power each pod.
• Classroom interiors were designed with input from teachers. Furniture is flexible to be arranged in multiple configurations. Classroom capacity for 32-36
• Each classroom has a “garage” slide-up door to open to the interior areas.
• Maker spaces are larger (about 1,300 square feet) and one per pod for more lab-based work.

GILROY HIGH SCHOOL POOL PROJECT
• $5.7M project
• The project is on time and on budget.
• Working on final punch list items.
• 550,000 gallons, single-structure pool.
• 12 racing lanes, plus four learn-to-swim lanes.
• Sports light allows for evening sports activities.
• Students have started swim conditioning this week, with COVID restrictions.

SOUTH VALLEY MIDDLE SCHOOL MODERNIZATION
• Aedis Architects and Flint Builders won the bids for this project. Same team that worked on Brownell MS.
• In design phase, expected to last until late spring. If it’s out of DSA in spring, dirt can start to be moved.
• Full rebuild of entire campus.
• Final completion targeted for June 2024.

GILROY HIGH SCHOOL PORTABLE PROJECT
• Budget is $370K from Measure E.
• Nine unoccupied portables were removed from this area to make room for a courtyard in this area.
• The area will be redone with new concrete courtyard with some landscaping.
• Targeted for completed in January 2021.

ANNUAL FINANCIAL REPORT STATUS AND COMMITTEE REP FOR BOARD REPORT
• Next meeting will be scheduled for November to go the financial report. We also will discuss the COC report for December board meeting.