

**HAMILTON UNIFIED SCHOOL DISTRICT
SPECIAL BOARD MEETING
AGENDA
Hamilton High School Library
Tuesday, March 20, 2018**

5:30 p.m.

Open session

1.0 OPENING BUSINESS:

Call to order and roll call

_____ Gabriel Leal, President

_____ Rosalinda Sanchez

_____ Tomas Loera

_____ Hubert "Wendall" Lower, Clerk

_____ Rod Boone

2.0 PUBLIC SESSION/FLAG SALUTE:

3.0 ADOPT THE AGENDA: (M)

4.0 DISCUSSION ITEMS:

1. Overview of General obligation bonds and bond elections from Bond Counsel.

- i. Meredith Johnson, Attorney at Law for Dannis Woliver Kelly (DWK) presented on school district bonds and citizens' oversight committees.
- ii. The information below was presented during this meeting at information only for this meeting; no action was taken. Scenarios below are for presenting purposes only.
 - i. What is a General Obligation Bond? a constitutionally authorized debt or obligation; voter approved; secured by a pledge of property taxes; subject to constraints in Education Code on borrowing.
 - ii. How are G.O. Bonds Repaid? Ad Valorem property taxes- "according to value"
 1. Unlimited – no exemptions
 2. Assessed Value \$\$\$
 3. x 1% = Regular Property Taxes
 4. x .00?? = Debt Service on Bonds
 - iii. Procedural steps: District Calls Election, Voters Pass at 2/3 or 55%, District Appoints Citizens Oversight Committee (C.O.C.), Issue Series A Bonds, Prioritize and Build Projects, C.O.C. Reports to Taxpayers.
 - iv. Campaign promises: Max Tax Rate, Described Projects, Priorities, Citizen Oversight
 - v. Prop 39 v. Traditional 2/3rds-Considerations
 1. Voter approval threshold (2/3 or 55%)
 2. Use of proceeds/Prop 39
 - a. Construction, reconstruction, rehabilitation, replacement of facilities
 - b. Acquisition or lease of real property
 - c. Furnishing or equipping of school facilities
 3. Accountability provisions/Prop 39
 - a. Bond Project List
 - b. Citizens' Oversight Committee
 - c. Annual Audits
 4. Tax Rate Limits/Prop 39
 - vi. Bonds for technology: the average maturity of bonds may not exceed 120% of useful life of asset financed.
 - vii. Bond Proceeds are Segregated in Special Building Fund with County Treasurer.
 - viii. Bond proceeds may be spent only: On Qualified (Approved) Projects and NOT on Salaries or Other Operating Expenses.
 - ix. Education Code Limitations on Issuance:
 1. Bonding capacity:

- a. 2.5% of taxable property in District
 - b. May be waived by SBE
 - 2. Tax rate maximum:
 - a. \$60 per \$100,000 of assessed valuation
 - 3. (Ed. Code 15270(a))
 - a. Per Prop. 39 election
 - 4. Both tests performed at time of issuance
- x. From Successful Election to Construction Bond Issuance:
 - 1. Bond Team determines timeline for bond issuance
 - a. County officials notified
 - b. Documents drafted, reviewed, redrafted
 - 2. Legal documents brought to Board
 - 3. Offering document printed/circulated
 - 4. Bond rating obtained
 - 5. Bonds are priced
 - 6. Bond closing occurs (2-3 month process)
 - 7. Seek advice of counsel if you incur expenses prior to issuance of bonds
- xi. AB182
 - 1. Limits repayment ratio of any bond series to 4:1
 - 2. Maximum 8% interest rate
 - 3. Capital Appreciation Bonds
 - a. must be presented to Board as info item prior to meeting at which approved
 - b. may not exceed 25 years in maturity
 - c. must be callable after 10 years
- xii. Citizens' Oversight Committee (Ed. Code Sections 15278-82)
 - 1. 60 days after Election CERTIFIED
 - 2. Minimum 7 Members, WITH ONE EACH:
 - a. Senior Citizen
 - b. Taxpayer Ass'n Representative
 - c. Local Business Representative
 - d. PTA Member
 - e. Parent of Student
- xiii. Conflicts of Interest:
 - 1. COC may not include as Members:
 - a. Employees of the District
 - b. Vendors of the District
 - c. Contractors of the District
 - 2. Members' immediate family should also be independent
- xiv. Citizens' Oversight Committee
 - 1. Brown Act (no closed sessions)
 - 2. Annual Report
 - 3. Oversight & Comment Only;
 - No Control Over Bond Proceeds/Projects/Program
- xv. Purpose of committee: "To inform the public concerning expenditure of bond revenues." § 15278(b), Ed. Code.
- xvi. How to "Inform Public?"
 - 1. Understand Voter Approved Project List
 - 2. - Project List not MFP
 - 3. Get Data from District re: Construction
 - 4. Ask Questions
 - 5. Discuss, Agree at Committee
 - 6. Report
- xvii. Committee Will Be Supported Administratively by District (But Not With Bond Proceeds).
- xviii. Debt Management Policy:
 - 1. New requirement of all CA public agencies prior to issuing any debt, e.g. G.O. Bonds

2. Policy must include:
 - a. The purposes for which the proceeds may be used;
 - b. The types of debt that may be issued;
 - c. The relationship with the issuer's capital improvement program;
 - d. Policy goals;
 - e. The internal control procedures to ensure that the proceeds are spent for intended use.
- iii. Need to develop a specific list of projects.
- iv. Money doesn't go into general fund – fund established at the county – building fund. No risk that the money would become lost.
- v. Bond proceeds only spent on the project list. Not to be spent on other operating needs of the district
- vi. Wendall Lower, Board Member: 2.5% of current taxable property and what we intend to buy?
- vii. Meredith Johnson, Attorney at Law for Dannis Woliver Kelly (DWK): Yes
- viii. Rosalinda Sanchez, Board Member: how are committee members chosen?
- ix. Meredith Johnson, Attorney at Law for Dannis Woliver Kelly (DWK): There are no requirements but you need to follow this:
 - i. Minimum 7 Members, WITH ONE EACH:
 - ii. Senior Citizen
 - iii. Taxpayer Ass'n Representative
 - iv. Local Business Representative
 - v. PTA Member
 - vi. Parent of Student
- x. Gabriel Leal, Board President: Taxpayer? Just someone who lives here and pays taxes?
- xi. Meredith Johnson, Attorney at Law for Dannis Woliver Kelly (DWK): No that individual has to be a member of an association.
- xii. Greg Isom, Isom Advisors: You don't have to live in the district – anyone who is part of the association.
- xiii. Blanca Godinez, Hamilton Elementary School Teacher: retired members or teachers can be on it?
Meredith Johnson, Attorney at Law for Dannis Woliver Kelly (DWK): that is acceptable.
- xiv. The COC is to produce an annual report to board of activities.
- xv. Froylan Mendoza, Parent: Once project list is put together, can the projects be shuffled?
- xvi. Meredith Johnson, Attorney at Law for Dannis Woliver Kelly (DWK): The list is priorities and how we want to spend it; everything we might need. It always shifts based on needs of priorities. Project list cannot change but priorities can move within the list.
- xvii. Tom Conwell, Community Member: Chico Unified didn't spend the money the way they were supposed to.
- xviii. Greg Isom, Isom Advisors: I am familiar with this case. Building a high school was on that list for Chico Unified because there was a projected spike in ADA, but it did not happen as large as expected so they did not build the high school, they used the money for other items needed on the priority list. If HUSD were do get a bond I do not believe it would be used for something off the priority list. Enrollment did not materialize for Chico Unified so they fixed up additional sites instead.
- xix. Charles Tracy, Superintendent: priorities list discussed at prior board meetings and created in Fall of 2017 being handed out Board and citizens in attendance of this meeting. Some priorities have been addressed (lower cost items), some have not.

2. Consideration of the exploration and feasibility of a bond measure for the Hamilton Unified School District.

BACKGROUND: It has been determined that the District needs to explore ways to improve facilities and technology, buy land, and construct and/or modernize /renovate classrooms and school facilities within the Hamilton USD. There are numerous options for districts to fund these items including Federal dollars, fundraisers, State-matching grants, parcel taxes, local G.O. Bonds, and joint-use monies.

EDUCATIONAL IMPACT: Modernized, renovated and/or improved facilities are beneficial to the learning environment for all students.

- a. Greg Isom, Isom Advisors: I have been with Hamilton Unified since 2009, communities are still supporting education.
 - i. The information below was presented during this meeting at information only for this meeting; no action was taken. Scenarios below are for presenting purposes only.
 - i. District Financial Analysis by Isom Advisors, a Division of Urban Futures, Inc.
 - ii. About the firm:
 1. #1 in new bond programs for K-12 school districts in California

2. Isom Advisors is a full service planning, campaign, and financial advisory firm that serves California school districts
3. The leading financial advisor to school districts since 2011
4. We are independent with no conflicts of interest
5. Our staff has over 50 years' experience providing honest advice and the highest level of service
6. Regional experience includes:
 - a. Butte Glenn CCD
 - b. Chico USD
 - c. Corning HSD
 - d. Durham USD
 - e. Gridley USD
 - f. Hamilton USD
 - g. Manzanita ESD
 - h. Paradise USD
 - i. Pierce JUSD
 - j. Princeton JUSD
 - k. Red Bluff ESD
 - l. Wheatland HSD
 - m. Williams USD
- iii. Isom Advisors worked on over 70 successful K-12 bond measures in June and November 2016, which was approximately 1/3rd of all bond programs.
- iv. About the district:
 1. District's tax base has grown by 78% since 2005.

Hamilton USD Historical Assessed Value

Fiscal Year Ending	Total Value	% Change
2005	\$194,250,978	
2006	\$210,435,008	8.33%
2007	\$228,622,327	8.64%
2008	\$245,776,295	7.50%
2009	\$267,047,921	8.65%
2010	\$277,289,368	3.84%
2011	\$283,537,129	2.25%
2012	\$281,213,709	-0.82%
2013	\$284,774,956	1.27%
2014	\$299,287,770	5.10%
2015	\$297,477,353	-0.60%
2016	\$331,468,751	11.43%
2017	\$332,740,874	0.38%
2018	\$345,052,731	3.70%
Average		4.59%

- In 1998, Hamilton HSD voters approved a \$1.34 million bond measure at 73.9%
- District has no remaining authorization from the Election of 1998
- 2017-18 tax rate is \$15.59 per \$100,000 of assessed valuation

2. District's 2017-18 assessed value is approximately \$345.1 million; thirteen-year average assessed value growth rate is 4.59%
3. District's gross bonding capacity is approximately \$8.6 million (2.50% x assessed value); District's outstanding G.O. bond debt is approximately \$497,000
4. District's net bonding capacity, or current debt limit, is approximately \$8.1 million

- v. District can generate between \$5.2 million and \$7.0 million

Hamilton USD Bond Proceeds at Varying Tax Rates(1)

Tax Rate per \$100,000	Series A 2019	Series B 2022	Total Bond Proceeds
\$45.00	\$2,600,000	\$2,600,000	\$5,200,000
\$50.00	\$2,900,000	\$2,900,000	\$5,800,000
\$60.00	\$3,500,000	\$3,500,000	\$7,000,000

(1) Assumes average AV growth of 3.50% and 35 year bond terms; Preliminary –Subject to change, Source: Isom Advisors

1. With projected annual assessed value growth of 3.50%, the District can generate up to \$7.0 million.
2. At more aggressive growth rates or a longer bond program, the District could generate up to \$9.0 million.
3. Depending on tax rate selected and assessed value assumptions, District can generate significant proceeds.

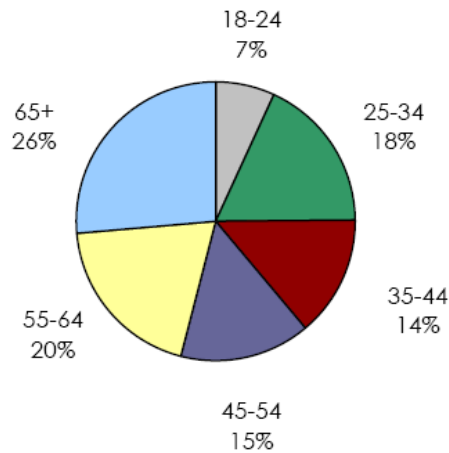
ii. Voter demographics:

1. Voter demographics are favorable to bond programs
2. District has 1,327 total voters
3. Majority of voters are Democrats (43%)
4. 53% of voters vote-by-mail
5. District has an older voting population with 46% of voters aged 55 and older
- 6.

District Voter Demographics

	Total	Percent
Republicans	422	32%
Democrats	564	43%
Other	341	25%
VBM Voters	706	53%

7. Voter Age Demographics:

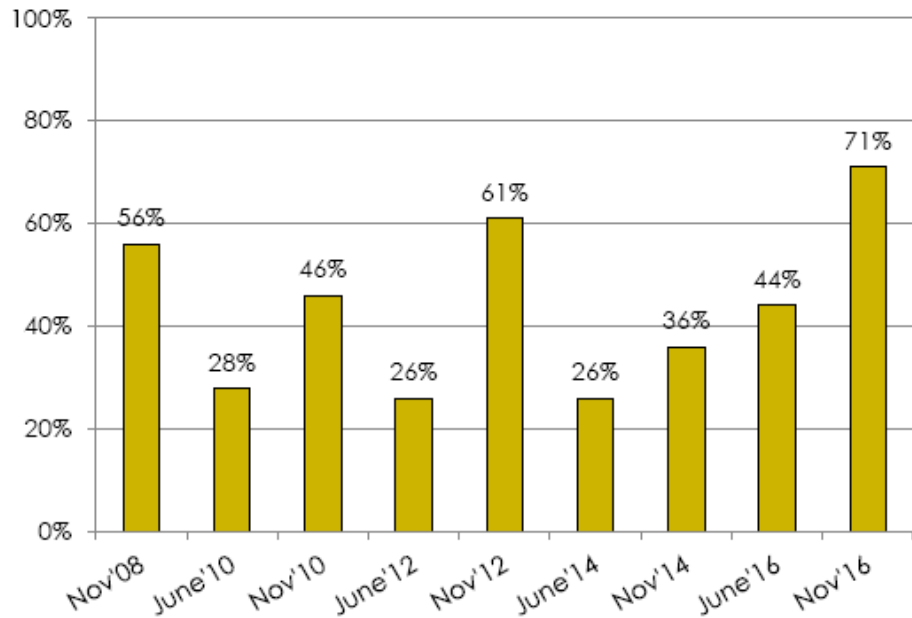


Source: Political Data

iii. Voter turnout

1. Turnout can have a significant bearing on success
2. Historical voter turnout has ranged from a low of 26% in June of 2012 and 2014 to a high of 71% in November 2016
3. Voter turnout varies considerably by election date and type of election and must be considered as different voters show up for different elections.
4. November 2018 turnout is estimated to be 40%.

Recent District Voter Turnouts



Source: Political Data

iv. Next steps

1. Following these steps are key to District's success

TASK	RESPONSIBLE PARTY	NOVEMBER 2018
Prepare ² /Revise Facilities Needs' Analysis	District/Architect	March
Board Meets to approve exploring feasibility for a GO Bond	District	March/April
Initiate public information program, speaking with elected officials, large taxpayers, community service groups to discuss proposed measure	District/Consultant	March –May
Conduct survey	Consultant	April
Present survey results to the Board	Consultant	April
Finalize Capital and Financing Plan	Consultant	May
Finalize the Project List	Consultant/District	May
Prepare Resolution Calling Election, including Ballot Language, Project List, and Tax Rate Statement	Consultant/Bond Counsel	June
Board Meeting -Board action to adopt Resolution Calling Election	District	June
Deadline to submit to county Resolution Calling Election and Tax Rate Statement	District	August 10th
Prepare Argument in Favor of Measure	Consultant/District	August
Submit Argument in Favor of Measure	Consultant/District	August
Form campaign committee and conduct campaign kick-off meeting	Campaign Committee	August
Run campaign	Campaign Committee	Aug. –Nov .
Election Day		November 6, 2018

- b. Gabriel Leal, Board President: based on 25 years?
- c. Greg Isom, Isom Advisors: This is based on 2 to 1 payback in 35 years.
- d. Rosalinda Sanchez, Board Member: If we wanted to extend it, does it have to go back to the voters?
- e. Greg Isom, Isom Advisors: you are limited.
- f. Meredith Johnson, Attorney at Law for Dannis Woliver Kelly (DWK): The voters give you authorization and you tell them what you need.
- g. Greg Isom, Isom Advisors: You (the district) decide when to sell. And how long the terms are.
- h. Gabriel Leal, Board President: if the taxpayers approved a large amount we are only capped at a certain amount
- i. Greg Isom, Isom Advisors: Yes. Protected by max tax rate
- j. Meredith Johnson, Attorney at Law for Dannis Woliver Kelly (DWK): 60 for each bond.
- k. Wendall Lower, Board Member: possibility, stemming on potential growth.
- l. Greg Isom, Isom Advisors: If it doesn't happen you do not have to use it. So the district doesn't owe debt and the taxpayers aren't paying. Only have to repay what you issue. You lock in the rates when you sell it.
- m. Charles Tracy, Superintendent: refinanced the library in 2010 for the bond to save taxpayers some money.
- n. Rosalinda Sanchez, Board Member: Interest in purchasing property, how does that work for buying it. Need to approach owner.
- o. Matt Juhl-Darlington, Attorney at Law for Dannis Woliver Kelly (DWK): the idea you can go to the person and ask the owner? Need pre-negotiation meetings. Beforehand authorize property – offer based on bond even passing. As a board you would need to give the Superintendent direction.
- p. Greg Isom, Isom Advisors: Only 2 real ways, real district funds or Bonds. Financing plan is how much the taxpayers will pay. Needs analysis
- q. Ray Odom, Community Member: Board is to take no position on the bond.

- r. Meredith Johnson, Attorney at Law for Dannis Woliver Kelly (DWK): as a board member – you are to provide only facts on needs. The district is able to provide impartial information about the bond – not in favor or against – how money will be spent and priorities. You can respond with facts or say in my opinion as a community member.
3. Potential bond financed projects and property and necessity for additional research and direction to Superintendent.
- i. Gabriel Leal, Board President: I think we should proceed – we could pass it – it gives us the option – plan for the future. It is important to look at our priorities.
 - ii. Rod Boone, Board Member: I am not sure how diverse I want to list.
 - iii. Tom Conwell, Community Member: if we can get the land – he should donate the land – not us buy it. You don't have the money and you should be working against the county planning commission. Tax payers should not pay for him to subdivide that property.
 - iv. Ray Odom, Community Member: It is going to take time – money is not available right now. What do we do if he sells. I know he wants to sell it. If they put in houses, they should have responsibilities to donate land?
 - v. Greg Isom, Isom Advisors: Imminent domain has been done but there are strings attached.
 - vi. Wendall Lower, Board Member: We are making assumptions on all of the houses being built, no solid info.
 - vii. Rod Boone, Board Member: imminent domain – the person did not want to sell the property.
 - viii. Matt Juhl-Darlington, Attorney at Law for Dannis Woliver Kelly (DWK): imminent domain can be combative – it can become more formal negotiations. Encumbering property – you can go through the bond process and make commitments and try to sell it. Direct superintendent – there is other land around here. Have superintendent explore and gather information and come back with report. What are the items they need – what are the top priorities.
 - ix. Tomas Loera, Board Member: Yes, we should give direction to superintendent and do survey.
 - x. Matt Juhl-Darlington, Attorney at Law for Dannis Woliver Kelly (DWK): you are not committing to it, a bond – you are working towards it.
 - xi. Froylan Mendoza, Community Member: Looking into future – new selling point is for where kids to go to school. If there is nowhere to send them they won't come here.
 - xii. Tomas Loera, Board Member: We should stay east of canal.
 - xiii. Tom Conwell, Community Member: deal with the planning commission – they said there is nothing ever being approached. No maps or drawing pulled. Levy – 75 year flood. Flood insurance will need to be paid. Get with the planning commission – restriction that he (owner of the property north of Hamilton High School) gives us the property.
 - xiv. Rod Boone, Board Member: We are just investigating.
 - xv. Tom Conwell, Community Member: If he benefits from it – get your stuff together.
 - xvi. Rod Boone, Board Member: we don't have money and need to explore this bond option.
 - xvii. Rosalinda Sanchez, Board Member: we should explore all our options – what is best.
 - xviii. Gabriel Leal, Board President: we need to give direction to the superintendent.
 - xix. Blanca Godinez, Hamilton Elementary School Teacher: Will the bond be this year?
 - xx. Rod Boone: We are looking into it for this year's ballot.
 - xxi. Wendall Lower, Board Member: We are not trying to push anything. The way I see it there are 3 options. 1) We do go for a bond and then there is growth and all is good. 2) There is no growth 3) you get the bond and are prepared even if you don't use it. This is extremely heavy – we need to push exploration ASAP. Need all opinions. A lot of things at stake. Need to make contact with seller and planning commission.
 - xxii. Gabriel Leal, Board President: it is not our duty to push it but it is our duty to look at the facts and see what our future is.
 - xxiii. Greg Isom, Isom Advisors: Explore – can't do bonds in 2018 or 2020, that's why it is important to move forward if this is something you want to do. Lots of moving targets.
 - xxiv. Rosalinda Sanchez, Board Member: I want 100 transparency – timely fashion –community needs information timely. Need to explore and all information before we decide.
 - xxv. Tomas Loera, Board Member: what are we going to have the superintendent do?
 - xxvi. Tom Conwell, Community Member: Community services commissioner needs to be talked to, a unit.
 - xxvii. Froylan Mendoza, Parent: you don't need to give him (the superintendent) a plan, just what he needs to explore.
 - xxviii. Rod Boone, Board Member: Let's direct the superintendent.
 - xxix. Matt Juhl-Darlington, Attorney at Law for Dannis Woliver Kelly (DWK): broadly give your superintendent direction on exploration. If you give him direction he will update you.
 - xxx. Charles Tracy, Superintendent: We need the flavor of the community as well, need survey.

- xxxi. Gabriel Leal, Board President: the Board gives the superintendent direction to proceed and to look at options (i.e. talk to planning commission and land owner/manager (if possible) and agendize a survey contract with Isom Advisors for approval in next week's meeting; community needs and wants.
- xxxii. Wendall Lower, Board Member: Is there conflict of interest if a board member went to the planning commission?
- xxxiii. Meredith Johnson, Attorney at Law for Dannis Woliver Kelly (DWK): you can as a private citizen. If you would like to go that is fine.
- xxxiv. Matt Juhl-Darlington, Attorney at Law for Dannis Woliver Kelly (DWK): If you are going to go, please let the superintendent know what you are doing. Remember, any more than 2 board members together makes it a serial board meeting – do not do that.

5.0 **PUBLIC COMMENT:** Public comment on any item of interest to the public that is within the Board's jurisdiction will be heard (agenda and non-agenda items). The Board may limit comments to no more than three minutes per speaker and 15 minutes per topic. Public comment will also be allowed on each specific action item prior to board action thereon.

No comment.

6.0 **ADJOURNMENT:** 8:40 p.m.

Wendall Lower, Clerk

Charles Tracy, Superintendent