

NATOMAS UNIFIED SCHOOL DISTRICT
Citizens' Bond Oversight Committee Meeting
Measure L

Location: Virtual Meeting Via Zoom

Monday, April 27, 2020 - 6:30 p.m.

MEETING MINUTES

I. Roll Call

Present: Mariana Sabeniano, Sumiti Mehta, Stacy Scarborough, David Kawada, Scott Lipton, Kathleen Fullerton, Rebecca Bitter, Rachel Davis, Joseph Earl, Selah Schoech, Laura Zuniga, Majannie Akintinde, Margaret Mack

Absent: Erin Naudin, Kristopher Lewis, Moises Lopez

Staff Present: Javetta Cleveland, Lalanya Rothenberger, Jen Mellor, Erica Sazo

Chair: Rebecca Bitter

Vice Chair: David Kawada

Meeting called to order by Rebecca Bitter at 6:37 pm

II. Communications

A. Welcome/Introductions- Javetta shared we are continuing with our projects despite the COVID-19 issues. We are continuing with Paso Verde school, we are starting the modernization at Jefferson, and we are looking to do the Natomas High School track this summer. NUSD passed a Resolution that establishes the construction work in the school district as essential services to be able to move those projects forward.

III. Public Comments

Presentations from the public are limited to two (2) minutes regarding any item that is within the Committee's subject matter jurisdiction. Please note that Government Code Section 54954.2(a) limits Committee Members responses to public comments.- No public comments.

IV. Information Items

A. Committee Membership- No membership changes at this time.

B. Form 700-In light of the current COVID-19 pandemic, the Fair Political Practices Commission (FPPC) has announced it is allowing a 60-day extension for those required to file a 2019 Annual Statement of Economic Interests (Form 700). Forms are due no

later than June 1, 2020.-Erica asked the members to complete the Form 700 provided in their packets and to email it back to her by the extended due date of June 1, 2020.

C. Board of Trustees (Items from Board Meetings)-Javetta shared the first item is the Annual Report from the CBOC. The Board approved the Annual Report at the February 12th Board meeting. Next item is to accept the resignation from committee member Jamye Richards. The Board approved this item on February 26th. The next item is a District Waiver request to the State Board of Education. Lalanya will provide a presentation as to why we would like to move forward with the waiver. We are looking for support in the form of a letter from CBOC members as part of the application package. The final item is the actual resolution that the Board approved. We are required to approve a resolution in order to move forward with the submission of the waiver to the State Board of Education.

D. Measure L Projects and Financial Update- Jen shared we are limited to what we are spending because we have allocated so much for the initial issuance to the K-8 conversions. We have started two projects, Bannon Creek and Jefferson. Those two projects have Board approval for their contracts. We are expecting to get DSA approval for American Lakes next week. We will then take the contract to the Board and start the project. We have made our first payment to the joint use of the Aquatic Center. The City is continuing to move along with the project. Our second payment of \$2.6 million will be due in the coming months.

Question from Scott Lipton- Given the pandemic are all projects still on schedule? Jen shared we are seeing some delays in some projects for example lighting. Which was supposed to come from the bay area but now it is coming from Texas. Jen explained all projects are meeting construction project deadlines and practicing social distancing as much as they can. They are taking temperatures, practicing social distancing and making sure people are not sick on the job.

Question from Scott Lipton- Given the additional process requirements is there anticipation of cost increases? Jen explained, we have been warned that there might be a little bit of a cost impact on some items but not sure what it is yet because the contractor does not know what it is yet either. We do carry contingencies in these projects and they are there for these reasons, to take care of any unforeseen circumstances.

V. Action Items

- A. Approve January 13, 2020 Meeting Minutes
Moved by: Kathleen Fullerton Seconded by: Sumiti Mehta
Roll Call-by previous roll call Vote: 13-0
- B. Election of Officers: Chair (1 year term)
Moved by: Margret Mack Seconded by: Sumiti Mehta
Roll Call-by previous roll call Vote: 13-0

C. Election of Officers: Vice Chair (1 year term)

Moved by: Sumiti Mehta

Seconded by: Margaret Mack

Roll Call-previous roll call

Vote: 13-0

D. Approve Meeting Dates for 2020-2021

4th Monday of 2020-21 School Year

August 24, 2020

October 26, 2020

January 25, 2021

April 26, 2021

Moved by: Margaret Mack

Seconded by: Mariana Sabeniano

Roll Call-by previous roll call

Vote: 13-0

VI. New Business-Bond Capacity Waiver Presentation: Lalanya gave a presentation on the Bond capacity waiver presentation. During the presentation she shared Measure J was passed in 2014 with a 72% voter approval and it authorized \$129 million in bonds. We currently have \$20.5 million remaining that is scheduled to be sold this year. Measure L passed with 68% voter approval in 2018 and authorized \$172 million in bonds. We sold \$60 million last year and we have left \$112 million remaining to be sold. Without a waiver we can sell \$50-70 million this year, with a waiver we can sell up to \$112 million. Lalanya explained that with a waiver the Education Code establishes a bonding capacity limitation of 2.5%, however, any district has the right to request a waiver from the State Board of Education. Previously the District has requested and obtained approved waivers in 2015 for Measure J to increase our bonding capacity from 2.5% to 3% and in 2019 for Measure L to increase our bonding capacity 2.5 % to 3%. If approved by the SBE the waiver will increase our bonding capacity from 3% to 4% and it is valid for 2 years. This will be for all Bond Measures and will also include Measure D. We would like to refinance Measure D to save the taxpayers millions of dollars. If approved, it will increase our bonding capacity up to 4%. Other districts have also requested waivers in the range of 4-5%. This is not unusual for districts to ask for a waiver. Why do we need a waiver? Impacts from COVID 19 will likely affect our ability to sell bonds later. In order to make sure that we can keep all of our bond construction projects going forward and not have any delays or any costs of escalation is the reason we are asking for the waiver. Javetta shared, if we sell this year the assessed value is based on the January 2020 assessment. So later if the housing market declines it will really impact what we can sell and how much money we would have available for the facilities.

Question from Margaret Mack- if that does happen, what would we do in that instance? Javetta answered- we would sell bonds for a lot less than we would like and we would have to hold off on some projects we have planned because we would not have the cash.

Lalanya shared the benefits of a waiver is an early sale is estimated to increase tax levies by \$1.00 per hundred thousand dollars of assessed value. With this we will also be able to refinance

Measure D which will save taxpayers an estimated \$6 million over time. That is not money that will come back to the district. It is only to the taxpayers. The waiver nets millions of dollars in savings that could be applied to need facilities improvements. NUSD took out a COP for \$60 million to pay for Paso Verde School. We have to pay that back with Measure L, if we get the money sooner we would like to pay that back sooner and that will save us about \$12 million in interest. For every project we move up sooner there is savings and lower interest rates. We will also get a bond savings by selling all at one time, of about \$500,000. Lalanya showed the committee renderings of Paso Verde, Natomas High School, Inderkum High School, American Lakes, Bannon Creek and Jefferson. Lalanya shared we plan to submit our waiver application at the end of April. We hope to get the waiver on the Dept of Education's agenda for their July 8-9 meeting. If approved, we will sell our remaining bonds and refinance Measure D.

Question from Joseph Earl-going back to the COP. In order to start Paso Verde early we got financing through a COP right? And at some point we will pay off COP with bonding money. My question is around this committee's role in reviewing or understanding the initial expenditures, the proceeds that were used under the COP is that under our committee? What were the expenditures for? Javetta answered- the COP is not under the CBOC committee, however, when we make those payments from Measure L then it will become part of something that the CBOC would review. Whatever portion of Measure L that is used to pay for it, you have the right to review those expenditures. Right now the COP is only being used to pay for Paso Verde. The Board approved that early on because of escalation costs. Escalation the last couple of years has been really high.. When we make the payments to pay off the COP that will be reviewed by CBOC.

Lalanya showed renderings of PV, NHS track and field projects. Rendering of what will look like when complete. IHS completed track and field. Rendering of American Lakes as well. New DG track and field and classroom building and gym. Plan to start this summer. BC and Jefferson have already started.

Next steps plan to submit a request next month and get on their July agenda.

Javetta what we are looking for is a letter of support that will be submitted with the district's submission.

Rebecca-by selling these bonds earlier the tax levies will end and give an opportunity to bond again sooner. Does not see a reason to not support it. Makes sense to borrow when money is cheap.

Scott-Getting money earlier what does that do for spending the funds? Will it be expedited as well? Lalanya shared yes, it will be expedited. A lot will go to pay off COP.

Javetta explained if the group feels comfortable with moving with Rebecca witting the letter she will do so. Rebecca shared she was comfortable and no one objected.

Moises-Outcome of that waiver request be reported back to the committee.

Javetta yes, they have approved similar waiver requests.

VII. Adjournment-Rebecca moved to adjournment 7:12 pm.

Note: Assistance for the Disabled: Please contact the Deputy Superintendent's Office at (916) 567-5457 at least 24 hours before the scheduled Citizens' Bond Oversight Committee meeting to request disability-related accommodations in order to participate in the public Citizens' Bond Oversight Committee meeting.