

June 9, 2022 - Wasatch County School District Board of Education Meeting*Generated by Brooke Wardle on Thursday, June 10, 2022***Board of Education Special Work Session June 9, 2022**

Meeting Called to Order 6:30 pm

Roll Call:

Board President, Tom Hansen

Board Vice, President Tyler Bluth

Board Members: Marianne B. Allen, Kimberly Dickerson, Cory Holmes

Board President Tom Hansen-discussing financial alternatives for school districts.

Special Guests:

Matt Dugdale

Randy Larsen

Matt Dugdale- school districts have fewer financing options than other businesses. There are many different bonds that are offered but school districts only have two.

General Obligation Bond- signals legally available funds. Capital funds. You issue the bonds along with property taxes and investors purchase those bonds and the district gets the capital. Very straightforward financing.

Lease revenue bonds- overlap with general obligation bonds. In the state of Utah this is becoming more popular.

Construction bonds are becoming so expensive so cities are using this bond along with other types of bonds. Lease Revenue bonds do not require a vote but there are other obligations to meet with this option.

The district could lock in interest rates within several weeks. Annual appropriation lease payment. It's in the Utah state constitution that this is a legit way to pay for new schools.

General Obligation Bond

1. Doing what the community mandated us to do.
2. Lower interest rate
3. Saves taxpayer money
4. Takes longer to lock in interest rates. The cost of projects is getting so expensive that this way might not be the best option.

Lease Revenue Bond

1. Higher notice requirement/Hearing posted in The Wave.
2. Does not allow the discretion of the board
3. Allows for quick lock on interest rates

Building Authority Bond

1. Truth and taxation – don't affect services of the budget and buildings get built.

Director Dr. Garrick Peterson- is there any advantage to establishing a building authority/lease revenue bond and then trying to pass a general obligation bond to lower the interest rate and then pay off the lease revenue bond?

We can do several different bonds together to allow us to get the schools built.

General Obligation bond allows the district to use the states AAA rating. With a lease revenue bond, the district would be on its own.

Interest rates are guaranteed to increase so it is better to get started now.

This could be a policy-driven debate.

Board Member Kimberly Dickerson-politics that take place in this kind of thing and the board is here to help kids and to get more schools for our kids.

Board Member Marianne B. Allen- Why are we seeing combination funding methods? It shows we can still keep the community's opinions in mind but still build schools because that is our job.

What is the tax impact now versus 2019? Make a comparison to show the community.

Randy- You can't go into debt beyond one year without an election with these two exceptions, limited stream of revenue you can control, and lease revenue. A local building authority is a nonprofit organization. It has no revenues itself. It is solely intended to create the option of lease revenue financing. The board is also the board of the building authority. The building authority is the bonding entity.

Truth in taxation pieces came out in 2019 and it scared people. The timing was terrible for our first bond election.

What is the process?

1. School board adopts resolution creating local building authority.
2. School board adopts and authorities bond parameters resolution, a notice of bonds to be issued, and notice of public hearing.
3. School board holds a public hearing.
4. District via LBA undertakes typical bonding activities.

- a. Drafting of preliminary official statement
 - b. Procuring bond ratings
 - c. Selling and closing on bonds
5. District leases project from LBA(memorialized by closing documents) \$100 a year to hold the corporate status.

You create the authority and then move on to other parts of the plan.

Randy Larsen - a building authority does not entitle you to raise property taxes. A general obligation bond does. The board would retain discretion at how much, when, if ever to raise property taxes to make that lease payment through the truth in taxation process.”

Board Member Marianne B. Allen-Because we establish LBA doesn't technically count against our debt ratio as a district right?

Randy: yes that is correct.

Property tax increases will be mailed to residents in July.

Adjourn meeting.