



Bond Planning Committee Meeting 9

January 7, 2010

The ninth meeting of the GCISD Bond Planning Committee was held at 6 p.m. on Thursday, January 7, 2010, at the Professional Development and Education Center. Thirty-five members of the 52-member committee were present.

Welcome and Review

Paula Barbaroux, GCISD Chief Operations Officer and Administrative Facilitator/ Advisor to the Committee, welcomed members and introduced Superintendent Dr. Kay Waggoner to share a summary of the budget planning workshop on December 14, 2009.

Budget and Bond Program Workshop Update

Dr. Waggoner reported that Chief Financial Officer Hank Johnson provided Trustees with an overview of the budget process and shared the financial outlook for the District. After analyzing budget detail, investment performance, and student enrollment projections, Mr. Johnson met with the District's financial advisors and considered different scenarios for a bond program to finance facility repairs and technology, and a Tax Ratification Election (TRE) to fund daily operating expenses for existing programs and services.

In terms of a bond program, Mr. Johnson recommended a program with no tax rate increase, which would total approximately \$63.3 million. He recommended a term of three years vs. five years and a focus on maintenance requirements vs. enhancements.

For a TRE, Mr. Johnson recommended an election one year after the bond election to allow for proper planning and communication with the community. He added that while 100 percent of bond money stays in the community, a TRE would be subject to state recapture (Robin Hood) at approximately 50 percent.

Dr. Waggoner reported that Trustees wanted to hear the recommendation of the Bond Planning Committee based on the months of work members have put into the process. The Board wanted the committee to consider a bond that would sustain the District for five years and felt the community is comfortable with a five-year cycle on bond elections. Trustees referenced the telephone survey conducted in July 2009 that indicated the community would support a reasonable tax increase. Therefore, the charge to the committee is to consider a bond program to sustain the District for five years at a tax increase above zero percent tax increase but within what the community will support.

Bond Program Budget and Proposal

Ms. Barbaroux reminded members that the maximum amount tested in the telephone survey was \$120 million, which received a 55 percent passage rate. At the end of the December 10 meeting, the committee's recommendation totaled just more than \$128 million without the bond cost. Several subcommittees have already eliminated items based on a three-year plan and now may have to add back some items (i.e. roofing to sustain five years vs. three) while making additional cuts in other areas. The total amount for the recommendation still exceeds what the community indicated on the survey that it would support; therefore, more work is needed. Ms. Barbaroux encouraged members to consider the survey results, feedback from Trustees and their constituents, and the members' own discussions with friends and neighbors as they continue refining their recommendations.

Ms. Barbaroux shared the following examples:

- \$90 million in recommendations + bond cost (based on percentage) = \$96.3 million total for bond program
- \$95 million in recommendations + bond cost = \$101.6 million total for bond program
- \$115 million in recommendation + bond cost = \$123 million total for bond program and top threshold of community support indicated on survey
- \$123 million in recommendations + bond cost = \$131.6 million total for bond program

Based on the examples, the committee's target cost for recommended items is \$115 million or less.

Ms. Barbaroux stated that the committee's first presentation to the Board is February 8. During the January 14 BPC meeting, each subcommittee will present a second report regarding priorities and rationale for items recommended and removed. The final meeting to finalize the committee's recommendation is January 28. The Board will consider the committee's recommendation on February 22.

Q: At what point do we get a chance to discuss as a whole committee where we're going with the entire package? The committee does need consensus in terms of priorities for the bond. Since additional work is needed in the subcommittees to revise/refine those recommendations, the January 14 meeting may be a better time for the large group discussion.

Comment: We need to make sure we take care of any opposition or questions we may have about what is in the whole program rather than make a recommendation and then go out into the community and have to defend something that was in one of the subcommittees that we haven't really discussed.

Comment: Some of that was done at the December 10 meeting (i.e. netbooks, painting) and we had a pretty good consensus for what is coming out of the subcommittees. Then the subcommittee chairpersons met to discuss recommendations and everyone received a copy of what each subcommittee is planning to keep. Perhaps we should all review those and bring back comments to the next meeting?

Comment: Ms. Barbaroux and Scott Monaghan, Director of Facilities and Construction, have reviewed the recommendations for inconsistencies and notified subcommittees with suggestions of items they might want to revisit. The presentations on January 14 will need to

include line-item recommendations and allow for discussion of individual items on any subcommittee recommendation. The District will provide revised lists from each subcommittee at that meeting.

Q: What was the dollar threshold for no tax increase? If we go from a three-year bond to a five-year bond, does that number go up? The District's debt service can support \$63.3 million with no tax increase. This is the maximum the District could levy with no tax increase.

Q: Was the Board comfortable with moving forward with a \$120 million bond program? The survey was supportive of \$120 million at a low threshold (55%); \$75-\$100 million was the most comfortable.

Comment: With a low threshold, it seems getting to that \$120 could be problematic in terms of the community.

Discussion: Possibly, but members of the committee and supporters in the community will have to campaign. That's why everyone on this committee has to know what the big things are in this bond.

Discussion: When you look at trying to sell this, you have to look at the things you're going to get push-back on, particularly in this economy. For example, with technology people think of bonds as long term and don't want to be taxed on something that could only last 18 months-2 years.

Discussion: Dr. Waggoner explained that the bond debt can be staggered to align with the asset being financed – pay off technology in 5-7 years, buses in 10-12 years, and facilities for longer term. The District has the ability to structure that debt to some degree, but the committee's efforts to communicate that detail to the community will be important.

Subcommittee Work

The committee broke into five subcommittees: Elementary School Renovations & Additions and Early Childhood Development Center, Secondary School Renovations & Additions, Technology, Sports Facilities & Ancillary Facilities, and Fixtures, Furniture & Equipment. Sub-committees continued prioritizing, evaluating, and paring down the list of requested items.

Handouts provided:

- Agenda