



MEETING MINUTES

POUDRE SCHOOL DISTRICT BOARD OF EDUCATION
2407 LAPORTE AVENUE • FORT COLLINS, CO 80521 • 970-490-3607

Minutes of Special Business Meeting
August 4, 2016

SPECIAL BUSINESS MEETING – 4:00 PM

PRESENT: President Cathy Kipp and Vice President David Trask; Directors Nate Donovan, Christophe Febvre, Susan Gutowsky, Carolyn Reed, and Rob Petterson; Superintendent Sandra Smyser; and Executive Director Dave Montoya.

Also in attendance were Dan O’Connell and Rudy Andras with RBC Capital Markets and Attorney Tom Weihe.

ABSENT: None.

The special meeting was called to order at 4:08 p.m.

1. Ballot Language Discussion

Introductions were made.

\$375 million bond will be issued in two phases to remain under the Mill Levy of 52.63.

Two options regarding the debt structure were presented. A “level” debt service option and a “hybrid” structure. The district will need to decide between slightly additional interest in the “hybrid” structure vs. a lower step-down in debt service.

Discussion included:

- Having a ballot measure during a presidential election tends to bring out more voters.
- Does RBC have a recommendation? It is up to the Board which option to go with.
- The structure does not have to be determined until after the election (if Bond passes).
- If it is decided to pay the extra approximately \$18 million in interest, and pushing the debt off for later, can it be recalled? Bonds have been called off early in the past to save money.
- The \$18 million in additional interest cost may push problems to the future.
- The debt ceiling will be higher further out.
- Voters will look at the numbers.

- TABOR requirements are structured to make sure voters know if taxes will be raised.
- Is the district saving tax payers money?
- Income increase compared to increase in home values in the future.
- What interest rates will do in the future are only assumptions; nothing is known for sure.
- Locking in interest rates reduces risk.
- Because it is long-term, it may be valuable to do the \$18 million now to lower the obligation to tax payers in a future Bond.
- Should make sure the ballot language puts the district in a good position.
- Planning to have the step down in 10 years is planning for the future.
- Used Bond history at PSD to determine options.
- Generally, if long term interest rates are low, people tend to borrow long.

Draft Bond ballot language was reviewed.

Discussion included:

- Bullet points in the language are broad-reaching on purpose. TABOR doesn't require it but it is recommended.
- The first two sentences are required by TABOR.
- The maximum repayment amount will be determined by the Board, depending on which option they choose.
- RBC will need to provide the amount that taxes will be increased annually.
- Regarding BEST program language, Bonds would be issued instead of cash to match grant money.
- Statute has been amended so the portion about interest rate may not be necessary to include any longer.
- The last sentence is the *de-brucing* portion.
- Would like language that allows more flexibility with fiscal obligations/lease agreements.
- Make sure what was promised the charter schools is in the language.
- Suggest reordering bullet points.

Draft Mill Levy language was reviewed.

Discussion included:

- Mill Levy will appear before the Bond on the ballot. Law determines this.
- The order is determined by the County based on when ballot language is submitted. (First to submit, first on the ballot)

- Our voters will only see our measures, not measures of other school districts in the County.
- The first couple of lines are dictated by TABOR.
- Bullet points are a matter of policy, not law.
- Suggest moving the first bullet into the ballot language because the county may not be able to show bullet points with multiple levels.
- Recommend against tying the Mill and the Bond together.
- Mill language was more broad last time because new buildings was not part of it.
- The bullet points as written may be too limiting. More flexibility is needed in the language.
- What happens if the Mill passes and the Bond doesn't?
- What would be done with the \$8 million since the Mill language is tied to the Bond?
- Promised charter schools money and need flexibility in the language to be able to honor the promise.
- Make language changes to better reflect what the money will be used for.
- Is there a danger to changing the language to not tie it into the Bond? Will it cause voters to only vote for the smaller amount?
- Tie the new schools together with ongoing operational costs that benefits kids.
- Remove redundant language.

Discussions resumed regarding which option to choose.

Discussion included:

- Having a step down is valuable. Perhaps make a statement during the meeting stating the intent to save taxpayers money.
- Like the benefit of leaving the \$18 million in. May find that the \$18 million is relatively small compared to the impact of growth outside of 2024.
- Prefer financial expert make the recommendation. There is no right answer.
- Know there will be a tax increase for the next Bond.
- Step-downs have been important to the district.
- Need to be able to explain to the public why the district is asking for \$18 million more than needed.
- There is no cost difference over the next eight years.

The Board President polled the Board. They indicated interest in adding \$18 million to the Bond for the long-term benefit.

The Board President announced adjournment at 5:40 p.m. Board members indicated they were not ready to adjourn. The meeting resumed at 5:40 p.m.

Revised ballot language will be in the packet for the August 9 meeting. Because of this there will be a delay in getting the packet.

A Board member requested considering holding a vote to adjourn meetings to avoid these instances. The Board President will check with each member before adjourning in the future.

The special meeting adjourned at 5:43 p.m.

Respectfully submitted,

Tessa Oppenheimer
Secretary to the Board of Education