

**Minutes of the SB411 Committee Meeting
on October 28, 2015 at the
Douglas County School District Office, Minden, Nevada**

Call to Order and Opening Items:

The meeting was called to order at 5:35 p.m. by Dave Brady, Committee Chairman, and roll call was taken. Committee members present were as follows: Dave Brady representing Carson Valley Chamber of Commerce, AJ Frels representing Carson Valley Visitors Authority, Cleo Whipple representing Nevada Resort Authority, Mandee Kuskie representing Carson Valley Middle School PTO, Brad Spires representing Nevada Association of Realtors, Piper Brown representing Retail Association of Nevada, Steve Thaler representing Douglas County Commissioners, Valerie Melendez representing Northern Nevada Development Authority, and Teri White, DCSD Superintendent. Holly Luna, CFO of Douglas County School District (DCSD), Marty Johnson, JNA Consulting, and Heather Lunsford Government Affairs Director at Carrera Nevada were also present.

Dave Brady requested adoption of the agenda which was motioned by Steve Thaler and seconded by AJ Frels and was unanimously approved 8/0.

Minutes of the September 29th meeting were reviewed. AJ Frels requested a revision to note that he represented the Carson Valley Visitors Authority. It was moved to approve the minutes with the proposed revision by Brad Spires, and seconded by Cleo Whipple, and was approved 7/0 with Steve Thaler abstaining.

Dave Brady welcomed Committee members, Senator Settelmeyer, and Blayne Osborn representing Assemblyman Wheeler. Committee member's place of residency was discussed, and while Valerie Melendez was not, it was also noted that no member of NNDA resided in Douglas County. She was asked if she wished to continue and she indicated she would do so, but not as a voting member.

Dave Brady began with requesting input from Marty Johnson as to the Committee's timeline. Marty shared current experience with other Committees and indicated that the Committee would likely want to make a determination of need by no later than end of year in order to allow several months for the Committee to review taxing options and to make a recommendation, if any, before the deadline of April 2, 2016.

Administrative Reports for Committee Review and Discussion:

Dave Brady suggested that the Committee begin by requesting Superintendent, Teri White, to provide an overview of the school district's capacity and enrollment trends as well as the impact made by the recent grade-level configuration changes. Teri reviewed that the configuration changes were effective with the start of this school year, and elementary sites changed from K-6 grades to K-5 with the 6th grade moving to middle school. The middle schools transitioned from 7-9 grades to 6-8 grades with the 9th grade moving to Douglas High School. These transitions alleviated the capacity issues at several of the elementary schools. Mrs. White was asked if there

were capacity issues – either now or in the near future – to which she answered no. General discussion around capacity, right size of a high school, and available enrollment trend data ensued. Additional input from Brad Spires and AJ Frels provided insight as to the future housing starts and population mix of incoming new residents. It was noted that potential two-thirds of incoming residents were of retirement age, and that affordability of housing was prohibitive to families in Douglas County. Valerie Melendez offered a statistic from a recent review provided by the State’s demographer that Douglas County was only projected to grow ½ to 1% in the next 3-4 years. Group consensus was that a capacity issue did not exist and would not need to be considered as this Committee moved forward.

Chairman Brady then asked Holly Luna, DCSD CFO, to lead the Committee through the requested data pertaining to capital projects. Holly began with the KIDS Committee List and compared the original to the current tracking log to show progress made with the priorities and projects logged by the KIDS Committee. Senator Settelmeyer, as a KIDS Committee member, provided insight as to how the KIDS Committee had prioritized “needs” versus “wants” and indicated that their main objective had been to articulate and prioritize projects that had the potential to close a school as well as life/safety concerns. Dave Brady indicated that the list and the KIDS Committee’s project prioritization provided this Committee with an excellent baseline, and said it seemed to be a prudent methodology of continuing forward.

Holly then provided an overview of the District’s 10-Year Facilities’ Master Plan (FMP) and how the plan had provided the District’s Board of Trustees with a roadmap for assessing all of the District’s facilities and programming needs to include proposed phasing, cost, and priority of needs based on an analysis of each school site’s scoring. The scoring of each site was also reviewed. The software used, BASYS, was explained to be a proprietary software provided at the time of the 10-Year FMP, and that District staff had maintained to annually review the various factors which allowed the District’s Board of Trustees to continue to monitor and plan for upcoming projects and potential reprioritization of projects. Holly reviewed the various components of the scoring system and how District personnel (Gary Cullen, Director of Buildings and Grounds Maintenance, and John Endter, Director of Information Technology) were critical in updating the assessment scores. She also reviewed the Board’s intent of using the FMP as a guiding document, and not as an absolute directive, when keeping both middle schools open and foregoing the option of a K-8 elementary.

Holly was then joined by Marty Johnson, JNA Consulting, who acts as the District’s financial consultant on bond matters. Marty provided an overview of the District’s bond funding, and the various avenues that the District took to maximize the 2008 voter approved authority including ARRA funding, State PSF guaranty, Bank Qualification program, and the District’s maintenance of the AA- rating. He also reviewed the District’s actions with an Energy Savings Performance Contract (ESCO) that was not financed with any bond proceeds but rather with savings from utility efficiencies. He noted that annual debt service of \$2.6 - \$3.1Million through fiscal year 2029 and projected revenue growth of 1.7% limited the District’s ability to bond. Also, while the he monitored the possibility of any potential bond refundings, the original issuances were overall the lowest in the state. He also reviewed Douglas County’s overlapping tax rates noting that while the school district’s debt rate had dropped from 21 cents in 2003 to 10 cents in 2008, the county’s overall rates had shifted from 2.93 to 3.54 in the same time frame, and currently the

rates were maxed at 3.66, the state cap. Holly then expanded on the current available non-bond revenues and provided historical trend data noting that she did not expect to see increases beyond the current receipts of either the governmental services tax or residential building permit tax. Ms. Luna also provided two recent legislative options of revenues: NRS 350.020(5) would allow the Board of Trustees to reduce the current debt service reserve from 100% to 50%; Senate Bill 207 from 2015 Legislative Session would allow the Board of Trustees to continue to collect Pay As You Go cash for an additional 10 years beyond voter approved authorization.

Holly then reviewed the District's 5 Year Capital Improvement Plan (CIP) which is statutorily required to be renewed on an annual basis. She also provided an overview of the cycle which was to review BASYS trend data, review potential new capital projects, and revisit capital funding during the March/April timeframe, and then compile the 5 Year CIP to align with the new fiscal year's budget presentation in April or May. Ms. Luna again noted the revenue streams for the Capital Projects fund as governmental services taxes and residential building permit taxes. Holly pointed out that if the District were to sell land and/or buildings (e.g. Kingsbury Middle School), that the receipts were required to be deposited into the Buildings and Sites Fund. Additionally, all Capital Projects, Buildings and Sites, and Bond funds were restricted funds and could not be used for general operations. Ms. Luna further distinguished between projects that could be funded and those that could not be funded. Items of general or deferred maintenance were to be paid for with general operations funding and she used examples such as painting and recarpeting. Major renovations and rehabilitations of buildings or systems were acceptable projects and she used examples such as fan coil or HVAC replacements.

Dave Brady requested that Holly provide the Committee with a summarized list of unfunded projects while specifically highlighting KIDS Committee projects both completed and unfinished at the next meeting for continued discussion.

Next Meeting(s) Date(s): The next Committee Meeting was set for **Thursday, November 12th at 5:30 p.m. at the District Office.**

The meeting adjourned at approximately 7:05 p.m.

Respectfully Submitted,
Holly Luna, CFO, Business Services
Douglas County School District
(775) 782-5131
