Citizen Community Meeting #5
Minutes

March 19, 2024
Time: 5:00 pm

Location:
Higley High School
New Building Room 1201 2nd Floor
4068 E Pecos Rd
Gilbert, AZ 85295

The goal of the citizen's committee is to have thoughtful, public dialogue and provide our Governing Board with a recommendation that helps them make an educated decision on what critical needs should be addressed.

AGENDA

I. Call to Order

The meeting was called to order by HUSD CFO Tyler Moore at 5:03 pm.

The following committee members were present:

Tyler Moore	Robert Furneaux – online teams
Gustavo Landeros	Scott Hamilton
Marty Bender	Kathleen Richards
Michelle Bugg	Domingo Santos - online teams
Eric Braun	Taylor Francis
Melissa Johnson	Ozzie Lewis
Christopher Sexton	Melanie Shaha

Not in attendance: Vanessa Shepherd and Victoria Payne

II. Approval of the Agenda - Approved

III. Public Comment – Heather Balch, a teacher in Higley Unified School District shared her concerns if the M&O continuation and bond does not pass. Heather mentioned the economic struggles from 2008-2009, and how passing the bond and M&O continuation will ensure that teachers are not RIF’d (reduction in force) and the struggles the district would face it not passed. She doesn’t want to see it become worse for Higley.

IV. Approval of the Minutes - Meeting #4 Approved

V. Tax implications – Stifel.

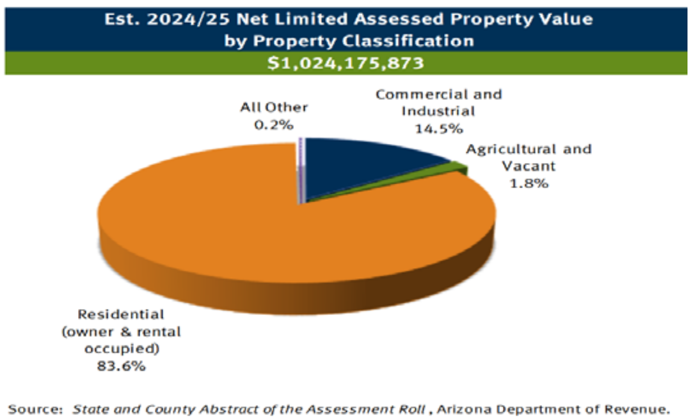
Mr. Moore introduced Michael LaVallee, with Stifel. Mr. LaVallee went through the PowerPoint presentation on the bond assessment.

Q - Who forms the assessed valuation?

A – The County assessor does.

Q - Which is assessed more heavily?

A – Commercial.



Q – Will the bond Pamphlet show a debt ratio, so community understands?

A – Yes.

Mr. LaVallee went through the Summary of New Bond Scenarios and Projected Tax Rates.

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Summary of New Bond Scenarios and Projected Tax Rates*

- **The District's current secondary tax rate for bonds is $1.32 (per $100 of Limited Assessed Value)**

	Scenario 1		
Total Bond Amount ($ MM)	$83.100		
Total FT&E Amount Eligibility ($ MM)	$39.875		
Total FT&E Amount Needs ($ MM)	$15.000		
Number of Sales	3		
Sale Dates	2025	2027	2029
Sale Amounts ($ MM)	$30.000	$30.000	$23.100
FT&E Amounts ($ MM)	$11.825	$17.050	$11.000

	Scenario 2		
Total Bond Amount ($ MM)	$55.300		
Total FT&E Amount Eligibility ($ MM)	$31.425		
Total FT&E Amount Needs ($ MM)	$0.000		
Number of Sales	2		
Sale Dates	2025	2027	
Sale Amounts ($ MM)	$30.000	$25.300	
FT&E Amounts ($ MM)	$12.475	$18.950	

Fiscal Year	Projected Secondary Bond Tax Rates: Scenario 1	Scenario 2
2023/24	$1.32	$1.32
2024/25	$1.24	$1.24
2025/26	1.23	1.23
2026/27	1.23	1.23
2027/28	1.23	1.23
2028/29	1.23	1.23
2029/30	1.09	0.90
2030/31	0.92	0.69
2031/32	0.84	0.60
2032/33	0.75	0.52
2033/34	0.57	0.40
2034/35	0.45	0.30
2035/36	0.33	0.21
2036/37	0.25	0.12
2037/38	0.21	0.10
2038/39	0.20	0.09
2039/40	0.20	0.09
2040/41	0.19	0.09
2041/42	0.19	0.09
2042/43	0.19	0.09
2043/44	0.15	0.09
2044/45	0.10	0.03
2045/46	0.09	0.03
2046/47	0.06	
Proj. Avg. Annual Tax Rate Impact:	$0.32	$0.23

Mr. LaVallee reviewed scenario 1 ($83.1 MM) vs. scenario 2 ($55.3 MM), with a tax impact of either .32 cents or .23 cents depending on the bond scenario.

SCENARIO 1: One Bond Question for $83.1MM
Estimated Debt Service Requirements and Projected Impact on Secondary Bond Tax Rate*

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(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)	(14)	(15)
			Bonds Currently Outstanding		$30,000,000 School Improvement Bonds Project of 2024 Series A (2025) Bonds Dated: 2/01/25		$30,000,000 School Improvement Bonds Project of 2024 Series B (2027) Bonds Dated: 2/01/27		$23,100,000 School Improvement Bonds Project of 2024 Series C (2029) Bonds Dated: 2/01/29		Estimated Additional		Estimated Combined	
Fiscal Year	Combined Valuation (a)(b)	Estimated NLAPV Growth	Debt Service	Secondary Bond Tax Rate (c)	Principal	Estimated Interest 4.500%	Principal	Estimated Interest 5.000%	Principal	Estimated Interest 5.000%	Debt Service	Secondary Bond Tax Rate (c)	Debt Service	Secondary Bond Tax Rate (c)
2023/24	$963,026,349	9.01%	$11,342,988	$1.32							$0	$0.00	$11,342,988	$1.32
2024/25	1,037,519,034	7.84%	11,350,838	1.24							0	0.00	12,450,838	1.24
2025/26	1,119,813,539	8.51%	11,347,888	1.01	$475,000	$1,912,500					$2,387,500	0.21	13,735,388	1.23
2026/27	1,208,697,288	8.51%	11,347,788	0.94	2,150,000	1,328,625					3,478,625	0.29	14,826,413	1.23
2027/28	1,304,695,778	8.51%	5,411,738	0.41	2,950,000	1,231,875	$4,300,000	$2,125,000			10,606,875	0.81	16,018,613	1.23
2028/29	1,414,614,832	8.51%	5,413,938	0.38	3,650,000	1,099,125	6,000,000	1,285,000			12,034,125	0.85	17,448,063	1.23
2029/30	1,533,890,121	8.51%	5,409,625	0.35	2,600,000	934,875	2,200,000	985,000	$3,000,000	$1,636,250	11,356,125	0.74	16,765,750	1.09
2030/31	1,559,775,705	1.70%	5,413,025	0.35	1,500,000	817,875	2,550,000	875,000	2,250,000	1,005,000	8,997,875	0.58	14,410,900	0.92
2031/32	1,586,101,962	1.70%	5,410,550	0.34	1,000,000	750,375	2,000,000	747,500	2,500,000	892,500	7,890,375	0.50	13,300,925	0.84
2032/33	1,612,876,394	1.70%	5,411,694	0.34	1,075,000	705,375	1,450,000	647,500	2,000,000	767,500	6,645,375	0.41	12,057,069	0.75
2033/34	1,640,106,629	1.70%	3,403,600	0.21	1,575,000	657,000	1,200,000	575,000	1,250,000	667,500	5,924,500	0.36	9,328,100	0.57
2034/35	1,667,800,429	1.70%	1,792,200	0.11	1,875,000	586,125	1,500,000	515,000	685,000	605,000	5,766,125	0.35	7,558,325	0.45
2035/36	1,695,965,684	1.70%	0	0.00	2,375,000	501,750	1,000,000	440,000	710,000	570,750	5,597,500	0.33	5,597,500	0.33
2036/37	1,724,610,420	1.70%	0	0.00	1,500,000	394,875	600,000	390,000	925,000	535,250	4,345,125	0.25	4,345,125	0.25
2037/38	1,753,742,801	1.70%	0	0.00	1,000,000	327,375	750,000	360,000	755,000	489,000	3,681,375	0.21	3,681,375	0.21
2038/39	1,783,371,127	1.70%	0	0.00	1,000,000	282,375	750,000	322,500	780,000	451,250	3,586,125	0.20	3,586,125	0.20
2039/40	1,813,503,842	1.70%	0	0.00	1,000,000	237,375	850,000	285,000	805,000	412,250	3,589,625	0.20	3,589,625	0.20
2040/41	1,844,149,532	1.70%	0	0.00	1,015,000	192,375	900,000	242,500	835,000	372,000	3,556,875	0.19	3,556,875	0.19
2041/42	1,875,316,930	1.70%	0	0.00	1,090,000	146,700	900,000	197,500	860,000	330,250	3,524,450	0.19	3,524,450	0.19
2042/43	1,907,014,917	1.70%	0	0.00	1,175,000	97,650	950,000	152,500	975,000	287,250	3,637,400	0.19	3,637,400	0.19
2043/44	1,939,252,527	1.70%	0	0.00	995,000	44,775	600,000	105,000	920,000	238,500	2,903,275	0.15	2,903,275	0.15
2044/45	1,972,038,946	1.70%	0	0.00			800,000	75,000	825,000	192,500	1,892,500	0.10	1,892,500	0.10
2045/46	2,005,383,515	1.70%	0	0.00			700,000	35,000	825,000	151,250	1,711,250	0.09	1,711,250	0.09
2046/47	2,039,295,739	1.70%	0	0.00					1,200,000	110,000	1,310,000	0.06	1,310,000	0.06
2047/48	2,073,785,279	1.70%	0	0.00					1,000,000	50,000	1,050,000	0.05	1,050,000	0.05
			$83,055,869		$30,000,000		$30,000,000		$23,100,000		$115,473,000			
$39,875,000 = Amt Avail for FT&E					$11,825,000		$17,050,000		$11,000,000			$0.3177 = Projected Avg. Annual Tax Rate		

SCENARIO 1: One Bond Question for $83.1MM
Estimated Debt Service Requirements and Projected Impact on Secondary Bond Tax Rate*

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* Estimated, subject to change.

(a) Fiscal year 2023/24 is actual as provided by the Assessor of the County and reflects 9.01% growth. Fiscal year 2024/25 is estimated by the Assessor of the County and assumes 7.84% growth. Subsequent fiscal years estimated as provided in column (3), per the District. Subsequent fiscal years estimated as provided in column (3), per the District. Values are also adjusted to reflect the statutory assessment ratio phase down in class 1 from 18% in 2021/22 to 15% in 2027/28. (Per Arizona Revised Statutes 35-454: "(i) For the first five years of the estimated debt retirement schedule, the average of the annual percentage growth for the previous ten years in the net assessed valuation of the political subdivision. (ii) For the remaining years of the estimated debt retirement schedule, twenty per cent of the average of the annual percentage growth for the previous ten years in the net assessed valuation of the political subdivision.")

(b) 2023/24 includes the Salt River Project in-lieu valuation in the amount of $13,343,161. Fiscal years thereafter include the Salt River Project in-lieu valuation reduced by 0.00% annually.

(c) Secondary tax rates are per $100 of assessed valuation. Fiscal year 2024/25 assumes a delinquency rate of 3.0% and estimated cash defeasance per the District. Subsequent projected tax rates are not adjusted for interest earnings, arbitrage rebate or delinquent tax collections (if any).

November 5, 2024 Authorization	$83,100,000
Series A (2025)*	30,000,000
Series B (2027)*	30,000,000
Series C (2029)*	23,100,000
Total	$83,100,000
2024 Election Authorization expires November 5, 2034	
* Estimated future issue(s), subject to change.	

Note: The information in this analysis is not intended to be used as the primary basis for determining an issuer's bonding capacity, tax rate or ability to sell bonds. This analysis is based on assumptions provided by sources considered to be reliable, including the issuer, but is not guaranteed as to accuracy and does not purport to be complete. Any information expressed in this analysis is subject to change.

SCENARIO 2: One Bond Question for $55.3MM

Estimated Debt Service Requirements and Projected Impact on Secondary Bond Tax Rate*

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(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)
			Bonds Currently Outstanding		$30,000,000 School Improvement Bonds Project of 2024 Series A (2025) Bonds Dated: 2/01/25		$25,300,000 School Improvement Bonds Project of 2024 Series B (2027) Bonds Dated: 2/01/27		Estimated Additional		Estimated Combined	
Fiscal Year	Combined Valuation (a)(b)	Estimated NLAPV Growth	Debt Service	Secondary Bond Tax Rate (c)	Principal	Estimated Interest 4.500%	Principal	Estimated Interest 5.000%	Debt Service	Secondary Bond Tax Rate (c)	Debt Service	Secondary Bond Tax Rate (c)
2023/24	$963,026,349	9.01%	$11,342,988	$1.32					$0	$0.00	$11,342,988	$1.32
2024/25	1,037,519,034	7.84%	11,350,838	1.24					0	0.00	12,450,838	1.24
2025/26	1,119,813,539	8.51%	11,347,888	1.01	$475,000	$1,912,500			$2,387,500	0.21	13,735,388	1.23
2026/27	1,208,697,288	8.51%	11,347,788	0.94	2,150,000	1,328,625			3,478,625	0.29	14,826,413	1.23
2027/28	1,304,695,778	8.51%	5,411,738	0.41	2,950,000	1,231,875	$4,650,000	$1,792,083	10,623,958	0.81	16,035,696	1.23
2028/29	1,414,614,832	8.51%	5,413,938	0.38	3,650,000	1,099,125	6,250,000	1,032,500	12,031,625	0.85	17,445,563	1.23
2029/30	1,533,890,121	8.51%	5,409,625	0.35	3,250,000	934,875	3,500,000	720,000	8,404,875	0.55	13,814,500	0.90
2030/31	1,559,775,705	1.70%	5,413,025	0.35	1,425,000	788,625	2,550,000	545,000	5,308,625	0.34	10,721,650	0.69
2031/32	1,586,101,962	1.70%	5,410,550	0.34	925,000	724,500	2,000,000	417,500	4,067,000	0.26	9,477,550	0.60
2032/33	1,612,876,394	1.70%	5,411,694	0.34	1,000,000	682,875	950,000	317,500	2,950,375	0.18	8,362,069	0.52
2033/34	1,640,106,629	1.70%	3,403,600	0.21	1,500,000	637,875	700,000	270,000	3,107,875	0.19	6,511,475	0.40
2034/35	1,667,800,429	1.70%	1,792,200	0.11	1,800,000	570,375	600,000	235,000	3,205,375	0.19	4,997,575	0.30
2035/36	1,695,965,684	1.70%	0	0.00	2,300,000	489,375	500,000	205,000	3,494,375	0.21	3,494,375	0.21
2036/37	1,724,610,420	1.70%	0	0.00	1,425,000	385,875	100,000	180,000	2,090,875	0.12	2,090,875	0.12
2037/38	1,753,742,801	1.70%	0	0.00	925,000	321,750	250,000	175,000	1,671,750	0.10	1,671,750	0.10
2038/39	1,783,371,127	1.70%	0	0.00	925,000	280,125	250,000	162,500	1,617,625	0.09	1,617,625	0.09
2039/40	1,813,503,842	1.70%	0	0.00	925,000	238,500	350,000	150,000	1,663,500	0.09	1,663,500	0.09
2040/41	1,844,149,532	1.70%	0	0.00	940,000	196,875	400,000	132,500	1,669,375	0.09	1,669,375	0.09
2041/42	1,875,316,930	1.70%	0	0.00	1,015,000	154,575	400,000	112,500	1,682,075	0.09	1,682,075	0.09
2042/43	1,907,014,917	1.70%	0	0.00	1,100,000	108,900	450,000	92,500	1,751,400	0.09	1,751,400	0.09
2043/44	1,939,252,527	1.70%	0	0.00	1,320,000	59,400	300,000	70,000	1,749,400	0.09	1,749,400	0.09
2044/45	1,972,038,946	1.70%	0	0.00			550,000	55,000	605,000	0.03	605,000	0.03
2045/46	2,005,383,515	1.70%	0	0.00			550,000	27,500	577,500	0.03	577,500	0.03
			$83,055,869		$30,000,000		$25,300,000		**$74,138,708**			

$31,425,000 = Amt Avail for FT&E

$12,475,000

$18,950,000

$0.2334 = Projected Avg. Annual Tax Rate

SCENARIO 2: One Bond Question for $55.3MM

Estimated Debt Service Requirements and Projected Impact on Secondary Bond Tax Rate*

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November 5, 2024 Authorization	$55,300,000
Series A (2025)*	30,000,000
Series B (2027)*	25,300,000
Total	$55,300,000

2024 Election Authorization expires November 5, 2034

* Estimated future issue(s), subject to change.

* Estimated, subject to change.

(a) Fiscal year 2023/24 is actual as provided by the Assessor of the County and reflects 9.01% growth. Fiscal year 2024/25 is estimated by the Assessor of the County and assumes 7.84% growth. Subsequent fiscal years estimated as provided in column (3), per the District. Subsequent fiscal years estimated as provided in column (3), per the District. Values are also adjusted to reflect the statutory assessment ratio phase down in class 1 from 18% in 2021/22 to 15% in 2027/28. (Per Arizona Revised Statutes 35-454: "(i) For the first five years of the estimated debt retirement schedule, the average of the annual percentage growth for the previous ten years in the net assessed valuation of the political subdivision. (ii) For the remaining years of the estimated debt retirement schedule, twenty per cent of the average of the annual percentage growth for the previous ten years in the net assessed valuation of the political subdivision.")

(b) 2023/24 includes the Salt River Project in-lieu valuation in the amount of $13,343,161. Fiscal years thereafter include the Salt River Project in-lieu valuation reduced by 0.00% annually.

(c) Secondary tax rates are per $100 of assessed valuation. Fiscal year 2024/25 assumes a delinquency rate of 3.0% and estimated cash defeasance per the District. Subsequent projected tax rates are not adjusted for interest earnings, arbitrage rebate or delinquent tax collections (if any).

Note: The information in this analysis is not intended to be used as the primary basis for determining an issuer's bonding capacity, tax rate or ability to sell bonds. This analysis is based on assumptions provided by sources considered to be reliable, including the issuer, but is not guaranteed as to accuracy and does not purport to be complete. Any information expressed in this analysis is subject to change.

Mr. Moore thanked Mr. LaVallee for sharing the information and answering questions about the bond.

VI. Mr. Bender Comments - Summarized

Mr. Bender thanked the committee for letting him share with them some key points. Mr. Bender mentioned he was involved in the 21-22 bond elections, and the first roadshow in 21/22 he was the only one who attended He said, seeing so many people attend this committee’s meetings really makes his heart happy because we need more community involvement.

Mr. Bender addressed the following 4 main topics, he felt were important before a vote to make our recommendation to the board. In his view, the committee's purpose is to make our recommendation in such a way to ensure two things:

- That we help ensure the district has the finances it needs to meet its mandate of properly educating the youth in the community.
- That we help ensure the district is doing it in such a way to minimize taxation to voters and "live within their means" as we all have to if we are trying to be sound for decades into the future.

Mr. Bender commented on the results of the last two bond measures were 46-54 then 42-58 both failed.
Four points mostly centred on financial aspects of the district except for point #1

1. **<u>Results of the Survey should give us concern about potential passage.</u>**

    a. More respondents said they felt OUR community education was headed in the wrong direction.
    b. Only 37% said they thought Higley was doing good or great – not great numbers for a group asking for more funding.
    c. Arts/Music/PE/Gifted Programs/Special Ed and EVEN all-day kindergarten had more "its very important" responses than athletics. The OVERRIDE SUPPORTS those programs…NOT a bond.

With regards to bond questions on the survey:
Safety/Security was #1 by far with HVAC spending a close second. Less than 3% of the bond money would be spent on safety/security issues.
"The more they heard – the less they liked".

Mr. Bender shared this point: He said, "the likelihood of passage goes down dramatically IF BOTH QUESTIONS ARE ON THE BALLOT". Mr. Moore concurred that if NEITHER ISSUE PASSES then the school really gets into making tough decisions.

2. **<u>Bond plan is not in-line with voter desires</u>**

    a. I believe that taxpayers would largely agree the district should be run efficiently. Remember the capacity report?? Currently, all elementary schools except Bridges are under ¾ capacity. Seven of the 9 are below 70% full (one is under 50% full). This is a horrific waste of space leading to additional admin costs. Remember the demographic survey? Enrolment trends are DOWN NOT UP!!
    b. The bond plan they proposed spends $2.5M on "safety" and $14M on "athletics".

3. **<u>Awash with more cash than EVER in carryovers</u>**

    a. Even with bonds being voted down in '21 and '22 and ALL the building maintenance we have paid for AND the Higley High extension and LAPTOPS and LARGE pay increases for teachers
    b. We can use monies saved (carryovers) AND HOPEFULLY M&O extension to ensure we maintain competitive salaries/reasonable class sizes/and achieve needed maintenance for many years without needing bond money.

4. **<u>M&O ONLY plan is an easier "sell" to voters</u>**.

    a. The OVERRIDE supports teachers AND ESSENTIAL NEEDS to meet our education mandate even if tough times come our way.
    b. We can sell the idea of a small tax break in three years AND the eventual possibility of being out of debt unlike any large district in the state by 2035.

c. Maximizes our ability to borrow in the future in case we have LARGE unforeseen needs. If we use that capacity up now when it is not truly NEEDED it may be harder to sway voters to give even MORE MONEY if times do get very tough for the district.
d. Will help to show district IS trying to be responsible – may have MORE negative press coming our way via the new Superintendent we hired and the shape of the district he just left.

Regardless of how we vote – the board ultimately decides. We can send them a strong message tonight. We should give them a NO recommendation on a bond and a YES recommendation to an override extension.

The Committee asked Mr. Bender to share his calculations on how he thinks (Higley) doesn't need a bond.

Q. Does the assessment of the student population show growth as going up or down? The Demographic Tyler shared in a past meeting showed huge increases.

Committee member, Domingo Santos points: HUSD is an excellent school district, and we should keep that. We don't want to lose students to other schools, or charter schools in the area that have newer facilities. This is a problem. We want our students to go to Higley and have nice things. If we don't ask for what the district needs, we won't get anything. We have to be a team, and a community. We need and want our students to have a better education, and better facilities.

Committee members discussed that on the flyer from previous year was the opening of a new school, which they feel hurt the bond. The committee also discussed the following areas:

- The new school was on there and that is why it didn't pass this year. Changing up wording on the flyer could make a huge difference. Highlight areas that the bond will be assisting to include, new transportation building, technology, arts, music, PE, teacher compensation and security.
- The biggest hurdle is to spell it out, so taxpayers know exactly what we are asking for. Speak to the need and how to fulfill the need.
- The committee consensus is that the M&O override needs to continue. The bonds are an issue with committee; liability of passing a bond as the last couple failed. Fear is combining bond with M&O override; we don't want them both to fail. M&O might pass but bond is a harder sell as money is a lot tighter for most families.
- The rough estimate comes out to .85 cents per family/home/taxpayer.
- Better to invest in our community and our students than have them going somewhere else, then we are losing seat $ by not improving our schools and district. There are very real needs for the district.
- Competing with charter schools with new schools and new items.

- We need to live within our means and so does the district. Concerned with both items on ballot. We have to ask, or we won't get what we need.

Q - What if we don't pass the bonds what happens?

A – A committee member commented that if we don't receive a bond, staff cuts, would need to be made and most of the items if not all of them, requesting the bond to pay for would not be able to be done. The district doesn't have the means or the funds to move forward. Remember, ESSR funds were given to the district, and now those funds are not available, which will also hurt the district. Mr. Moore concurred.

Q – We do not have the funds to build a new facility (transportation) if the bond doesn't pass, correct?

A – Mr. Moore stated, that is correct.

The committee also stated that it is on them to share this information and get the word out on what the districts needs are. It is a team effort and the more we communicate and share the better our chances are for passing both.

After several comments and discussions, Mr. Moore asked the committee to make a vote for recommendations to be given to the Governing board, at the April board meeting.

VII. Vote on 2024 Election Proposal recommendation for Governing Board

Votes for 7 - (Passed) Proposal 1: Continuation of M&O Override (15%) and Bond at $83.1M

Names: Michelle Bugg, Melissa Johnson, Domingos Santos, Eric Braun, Ozzie Lewis, Kathleen Richards, Scott Hamilton

*Vanessa Shepherd voted via email but was not counted

Votes for 0 - Proposal 2: Continuation of M&O Override (15%) and Bond at $55.3M

Names: N/A

Votes for 3 - Proposal 3: Continuation of M&O Override (15%) and no Bond

Names: Marty Bender, Taylor Francis, Melanie Shaha

***Members that did not vote:** Robert Furneaux, Victoria Payne, and Christopher Sexton

Future Meeting – April 3rd Governing Board Meeting

- The recommendation for the continuation of M&O override and bond at $83.1M will be presented to the board at the April 3rd Governing Board meeting.

VIII. Meeting Adjourned at 6:35 pm.