

AGENDA
SPECIAL MEETING OF THE OVERSIGHT PANEL FOR SCHOOL FACILITIES
Clark County School District Administrative Center, Conference Room 466
5100 West Sahara Avenue, Las Vegas, NV 89146
MONDAY, June 3, 2024
1:00 P.M.

OVERSIGHT PANEL FOR SCHOOL FACILITIES

Roll Call:	<u>Members Present</u>	<u>Members Absent</u>
	Eric Giles, Chair	Allan Litman, Member
	James Halsey, Vice Chair	
	Michael Longi, Member	
	Ruth Garcia-Anderson, Member	
	Carolyn Goodman, Member*	
	Sherri Jorgensen, Member	
	Greg Korte, Member	
	Carrie Cox, Member	
	Tick Segerblom, Member*	
	Anna Slighting, Member	

Irene Bustamante Adams, Board of School Trustee Liaison*

1.01 ROLL CALL.

*Teleconference call connected at 12:55 p.m. – Trustee Irene Bustamante Adams is present on the call.

*Teleconference call connected at 1:08 p.m. – Mayor Carolyn Goodman, and Commissioner Tick Segerblom are present on the call.

Chair Eric Giles:

Called the meeting to order at 1:13 p.m. Chairman Giles took roll call.

1.02 FLAG SALUTE.

1.03 ADOPTION OF THE AGENDA. **(For Possible Action)**

Chair Eric Giles:

All of you should have received an agenda for this meeting. Are there any questions or comments on the agenda?

Councilwoman Carrie Cox:

Just to note I am a new member of the panel.

Mayor Carolyn Goodman:

Is there an attorney on this committee or do you see no need for one?

Chair Giles:

There is not an attorney on this committee at this present time. Maybe someone from Clark County School District can address that or Jason.

Jason Goudie:

Jason Goudie, for the record, we don't have an attorney present on the committee itself, but we do have our bond council that will be presenting, Kendra Folette.

Chair Giles:

May I please have a motion to approve the agenda?

Vice Chair James Halsey:

Motion.

Member Michael Longi:

Second.

Motion to adopt the agenda.

Motion: James Halsey

Second: Michael Longi

Vote: Unanimous

2. OVERSIGHT PANEL FOR SCHOOL FACILITIES COMMITTEE

2.01 APPROVAL OF THE MEETING MINUTES.

Chair Giles:

Item 2.01, approval of the meeting minutes from our last meeting. Is there any comments or questions on the prior meeting minutes? It was actually two years ago.

Mayor Carolyn Goodman:

I cannot vote as I was not at the last meeting.

Chair Giles:

Noted. Thank you. Can I get a motion to approve the meeting minutes?

Vice Chairman James Hasley:

Motion.

Chair Giles:

Can I get someone to second that?

Member Greg Korte:

Second.

Motion to approve meeting minutes from June 8, 2022.

Motion: James Halsey

Second: Greg Korte

Vote: Unanimous with 1

abstention.

Motion passed.

- 2.02 Chief Financial Officer's Welcome and Introductions. Welcome and introductions of the Clark County School District team to include internal staff, as well as the external bond counsel and financial advisor. [Contact Person: Jason Goudie]

Chair Eric Giles:

Item 2.02 Chief Financial Officer's welcome and introductions. We'll turn the time to Mr. Jason Goudie.

Jason Goudie, Chief Financial Officer, introduced the Clark County School District bond team.

- 2.03 Review of Oversight Panel for School Facilities Responsibilities. Review and discussion related to the responsibilities of the Oversight Panel for School Facilities. [Contact Person: Kendra Follett]

Kendra Follett, Bond Counsel, Sherman & Howard LLC, provided an overview of the responsibilities of the Oversight Panel for School Facilities.

- 2.04 Facilities Update. Presentation and discussion related to the current status of the Clark County School District's 2015 Capital Improvement Program. [Contact Person: Brandon McLaughlin] (Ref. 2.04)

Brandon McLaughlin, Assistant Superintendent of Construction, provided an update on enrollment and the status of projects under the 2015 Capital Improvement Program.

Member Michael Longi:

Yes, I have a question, just semantics. What does it mean: replacement school? What do you do to replace a school?

Brandon McLaughlin:

Brandon McLaughlin, for the record, I'll say it falls within two general camps through a process identified through policies and regulations. There is a facility condition index, and then we determine if it's more feasible to replace the school versus modernize a school, so when a school is slated for replacement we will nearly 100 percent replace the school life for life, approximately. There's two ways we achieve that, some schools we replace on-site, so we'll build that on, let's say, the playing field where the school is currently at, and sometimes we also send the kids over to what we call swing school and rebuild the school in the exact current location too, so two different methodologies.

Member Michael Longi:

So when it's replaced, it's on the same real estate.

Brandon McLaughlin:

Globally, I would be hesitant to say that, but more often than not it is.

Chair Eric Giles:

I just had a high-level question, with the declining student rate...I didn't have a calculator here - what percentage is that per year? Will the District need as many schools; or do you take any offline?

Brandon McLaughlin:

Brandon McLaughlin, for the record, yes, that is something we will certainly be looking at in the future revision, as declining enrollment has a huge criteria within what we do, design, and build in the future. The good thing is that, let's say, the middle schools' particular stream of replacements we have them already downsizing some of those footprints, a lot of the middle schools are old and were built for 1,700 kids, because that was what we needed at the time, but now a lot of schools coming online now are in the 1,000-1,500 seat range, as approved in the CIP Revision 5 at the time, so we are already naturally attritioning down our buildings as well. On page three of the enrollments, we're seeing about a 1-2 percent decline every year.

Councilwoman Carrie Cox:

Do we have a futurist, not we, but does Clark County School District have a futurist that helps predict enrollment to the level of not hitting the threshold of replacement, because at some point five years down the road, a school may be taken off line depending on the demographic changes.

Brandon McLaughlin:

There is certainly our Demographic, Zoning, and GIS team tracks specifically that, what's our enrollment trend for those areas, and our maintenance team also informs what's the condition of those current facilities and try to marry those two data points with what makes the most sense for any given school's need.

Councilwoman Carrie Cox:

Awesome, thank you.

Jason Goudie:

Jason Goudie, for the record, Mr. Chair, I just wanted to make sure and point out that Trustee Bustamante Adams is on the call and available, she is the Board Liaison. I just wanted to make sure that got put on the record.

Chair Eric Giles:

Thank you.

- 2.05 Financial Update. Presentation and discussion related to the Clark County School District's finances. [Contact Person: Jason Goudie and Andy Artusa] (Ref. 2.05)

Jason Goudie, Chief Financial Officer, provided a financial overview related to the District bonds.

Member Michael Longi:

On page four, the property tax, so the growth in property tax revenues for the school district at \$547, that's the revenues coming in so the property taxes are capped; is this all additions to the tax rolls that are being counted on and the same for 2025?

Andy Artusa:

Sure, this is Andy Artusa with Zions Public Finance, I'll answer that, so the numbers you are seeing on this slide represent the tax generated on the .5534 school district levies is capped; however, new construction comes on at full value, and so the growth you are seeing is a result of new construction coming on to the rolls in those years; existing properties are capped at three percent residential and

eight percent commercial. The eight percent commercial cap is very high right now, so that is another reason why we're seeing the growth here. These are actual even though these say estimated, this is what the Department of Taxation basically is sending out as far as bills go, and we feel comfortable that these are revenues that will be generated in these two fiscal years.

Andy Artusa provided an overview of the District's proposal to issue \$600 million on General Obligation (limited tax) Building Bonds.

Member Michael Longi:

I have a quick question on page four, the reserve requirement. There is almost, like you said, \$1.1 billion in reserve, that's before the \$6 million is bonded.

Andy Artusa:

That's correct, the bond proceeds are not being used to meet the reserve requirement.

Andy Artusa continued presenting on the overview.

Member Michael Longi:

I have a question, the resources on hand at \$457 million, but then you go back to page four where there are reserves of \$1.061 billion, what's that difference?

Andy Artusa:

The difference is that the reserves are held in separate accounts, so it's in the capital projects funds and their debt service funds where they hold those reserves, and this is the actual construction fund; so these monies are bond proceeds that are deposited in to fund the construction program, and they are separate pots of money that we keep. Yes, they could use the reserves to pay for construction, that is possible, and they are consciously using the reserves for the playgrounds, turf replacement, etc., but for the big capital projects, such as a replacement school or big high school, they are using the bond proceeds, and that is what this page reflects.

Member Michael Longi:

One other question on this page, so since inception the net premium on bonds is \$351 million. Explain that to me.

Andy Artusa:

What happens is when you sell a bond there is a coupon rate and yield rate, and the yield rate is the current market at the time, and the coupon rate is what an investor wants to see in their bond portfolio. The rates have been historically low, an investor wants a five percent coupon in their portfolio, so instead of paying a dollar for a bond, they will pay a dollar and five for a bond in order to have that five percent coupon; it's not exactly dollar and five but they'll pay a premium for that bond, and since we've started this program it's been a very low interest rate environment, and so we've always had a premium being generated on the bonds. It's really a difference between coupon yield and what the investors want at the time.

Member Michael Longi:

Does that speak to the security of the bond itself?

Andy Artusa:

In some ways because if you have a bond that is non-rated, the District is rated at the high A-rated category, and you'll get more investors that are looking for that, and they are more comfortable with the District and their credit. As a result, the investors are more willing to pay more for that particular bond.

Andy Artusa continued presenting the overview on page eight of the reference material.

Mayor Carolyn Goodman:

Could you just say something about the priorities of the GO bond payoff? What takes priority knowing that COVID and closing the strip had such an impact on us we maybe weren't ready or getting near to using our reserves to pay off on Allegiant and those bonds. What takes priority, state and county-wise, for bond payment in a crisis situation?

Andy Artusa:

That's a great question Mayor, so for the District's case, which is unique to what we are talking about, for about Allegiant stadium that was backed by a room tax but the county did put reserves in place for that and that's one of the reasons why we don't leverage as often on our room tax, because we know about that volatility; but, as far as the tax rate goes, the District has several things in place to protect the property owners to make sure that we don't increase over the .5534. One, is abatement, so if revenues go down on property tax bill, abated revenues come back on the roll, and one of the things we saw during the Great Recession was significant decline in property values, which caused assessed value to come down significantly, but the District did not get hit on the revenue side because abatement came back on the rolls and those property tax bills still grew because of the bank abatement that happened when they were at a higher assessed valuation, so that's one thing that has a benefit that we know works and proven to have worked. The next thing is the District has a reserve in place, so to the extent that, if there was ever a decline, the District has the reserve requirement in place and fully funded, and if not much more than is needed in order to mitigate any raise in property tax revenues. After that the District could actually stop the program, and that would impact students and impact facilities, but because we are doing just in time bonds and only borrowing when we need it, we have the ability to stop and not have future debt service be added on.

Mayor Carolyn Goodman:

Could that be prioritized, so that we would know what would stop, I just think that the spill-off from the recession, but then again, as we saw this happen during COVID and the closure of the strip. What is the attitude toward what is going to be prioritized and halted and where? Is there any sense of that?

Jason Goudie:

Thank you, madam Mayor, Jason Goudie for the record, so we don't have, what I would say at this point, a dedicated priority based off a future disaster plan. The most important piece is a couple of different things that we have, the District is very conservative in the estimates, and we do have a significant reserve that is available to cover; even during the Great Recession, the District dipped into the reserves slightly, but very minimally. That would be the District's first priority. The last thing the District wants to do is halt construction, so that would be the last resort, because we know we have a great need, and every piece of construction that doesn't get done impacts the community, as well as the students. Those would be the far ends of what the District would want to do, so far as using the reserves upfront and then additionally minimizing the slowdown in construction.

Mayor Carolyn Goodman:

I just like to be in an income low and expense high and be prepared, because I just realized, had there been a third column with bonds on Allegiant, we were really out to lunch, so I would rather be prepared and be cautious, but meet the needs to the best we can. And knowing that before 96 room tax wasn't even available in the pie for the Las Vegas Convention and Visitors Authority, which of course divides up into the county, and the city, and others for income. I am looking at all of this and thinking of the inflation and what we are doing with the cost we are seeing in cities, as far as equipment, supplies, and everything is exploding right now, and how do you handle that, and what are the priorities for the school's facilities replacement, repair, and new building. It was just something that keeps sitting in my brain waiting to look at, something the plans for a challenge and time again.

- 2.06 Funding Stability for School Construction Report. Discussion and possible action on approval of the Funding Stability for School Construction Report and authorization to submit to the Director of the Legislative Counsel Bureau on or before July 1, 2024, as required by Nevada Revised Statutes 393.097, is recommended. **(For Possible Action)** [Contact Person: Jason Goudie] (Ref. 2.06)

Jason Goudie provides an overview of the Funding Stability for School Construction Report required to be provided to LCB and legislature on even years.

Jason Goudie:

I will open up for questions, and I do have other people here to help me, since this took a lot of people to prepare. After the questions, I do want to point out that this is an action item to approve to submit.

Councilwoman Carrie Cox:

I have a question and a comment, when you talk about asking for one hundred million more in maintenance funding is a little bit of concern, many times when present at a school, it is disappointing to see amount of maintenance workers on site for a particular project, and several are standing around while one person is doing the maintenance. I just want to say, as long as the money is being managed properly, and nothing against any one maintenance person, I think they work really hard, but I have seen that several times, but for me it is a concern to give support and a lot more money for one hundred million more dollars. There needs to be oversight done and managing of who is going out, and how many do we really need to be there, and I can cite several times at which schools I have stood there and saw that. I just think it's been really disappointing for me, so I just want to put that out there, that we have to manage a workforce in a better way.

Jason Goudie:

Thank you, Jason Goudie for the record, one point of clarity is in this document, we are not asking for additional funds, these are more facts about industry standards etc. We will be looking for additional funds because we are short on preventative maintenance and other pieces as well. We do have our new assistant superintendent of facilities, so to get off topic slightly, but to relate to the question and point, is we have gone back and forth within the District with having one leader for construction and facilities, than having two leaders. I've worked with both sides, and we believe for certain reasons, we weren't managing it properly with one person from the top, and we've done that, and we're in a process of undergoing a massive change in our organization of our construction side to better meet the needs of the District and the schools themselves. Also, looking on how to better restructure our

maintenance facility and our new assistant superintendent of facilities is present and taking notes. The District will be improving these things to do whatever we can to make it.

Councilwoman Carrie Cox:

I appreciate that and know this is a future ask for the legislative, and I would love to support in any way, and I just wanted to mention that, so again, no disregard for those working really hard in the school district.

Chair Eric Giles:

Any other questions?

Member Michael Longi:

Jason, I have a question on page eight, help me understand the concept of CIP Revision 4 in November, and it seems like that is when it was recognized that all this deferred maintenance needs to be in the Capital Program, is that correct?

Jason Goudie:

Jason Goudie, for the record. There was a change in methodology of moving away from building a lot of new schools that was primary to the plan before that to addressing some of these pieces from what we call modifications and addressing some of the larger items to where we weren't building new schools, we were looking at some of the HVAC units and all the major components, yes, to a point, it started a transition back then in the 80s and 90s with the growth of Clark County there was no way that we could keep up with number of schools, as enrollment flattened, and now we've seen a slight decline, the priorities changed, and when we build this in 2019, that was the start of it for another ten years, so you are right to a sense that it was the start of a change in methodology.

Member Michael Longi:

Right, because then on page 15 these are items that are in planning, design, or construction, and I'm fascinated by the whole process of replacement and can't imagine tearing down a school and then replacing it in the same place, I've never seen that done.

Jason Goudie:

Jason Goudie, for the record, we are limited in land and we've zoned and we have demographics that shows where people are coming from, where students are going and all these pieces are in consideration of it and if a school is needed in a neighborhood, we don't have the ability to move a school because there is no other technical land and as Brandon mentioned there's a couple of different ways. Elementary schools typically have very large footprints for field space and those can be used, high schools have very large footprints because that's what they are but there are different ways of doing it and as we mentioned when we have a school that is closed or no longer needed we typically keep those open based off of what we call swing schools and utilize those to send students to school temporarily while we rebuild on site for couple different ways.

Member Michael Longi:

That's what I was going to point out from four and a half years ago when that revision occurred. It's just now where, in the school year coming up 24-25 where there's comprehensive modernization at existing schools. Will that continue with the money that's being bonded now, where the modernization in the existing schools occurs like deferred maintenance, rather than having that operating expense

and getting behind is the money going to be spent more on the deferred maintenance in a capital sense than in an operating sense?

Jason Goudie:

Jason Goudie, for the record, a percentage of a total spend, the District is going to continue spending less on new schools as noted the population and enrollment is anticipated to drop and that goes over time. The demographics team is good at looking at the predicted enrollment numbers for the District in totality, they are usually under a percent off and very close. They do monitor, they monitor by location, so we continue to evaluate cost and need and future need into determining rebuild, replace, or comprehensive modernization process. The comprehensive modernization is an even newer, as a total concept, than what happened back in 2016/2019, and instead, we started moving through this process where instead of doing HVAC units at ten schools, if we are going to be out at a property we address all deferred maintenance and major components at one school rather than going to do the HVAC at ten schools. That's another change in how we've developed our construction process over the last few years, and the District will continue to evaluate it, and if that ends up not being the best route in five years, we'll keep that in mind. But right now, there's a number of comprehensive modernizations and replacements with fewer new schools.

Vice Chair James Hasley:

I've got a question and clarification on the replacement schools, some of them replace schools that also have portables on the property, so you're actually getting students out of the portables and into a school, you build a school big enough to take care of the population in that area, is that what happens to some of them?

Jason Goudie:

Correct, it certainly could, we have a lot of portables based off need in certain areas, especially, and a lot of what happens when you replace or build new schools, and things like that you have to address the new capacity, and that does allow them to get out of these portables and into permanent buildings as well.

Member Michal Longi:

One more question on page 20, can you speak to the nature of the bond administration cost of \$105 million dollars, what goes in there?

Rodney Foutz:

Rodney Foutz, for the record. Bond administration costs are all the costs that we do, as far as issuing those bonds. For example, our bond counsel, Sherman & Howard; we have to pay them through that, Zions who helps us go raise those bonds, the cost goes to there; and we have administrative costs within our own departments; obviously, the chief financial officer is a percentage of costs related to our admin costs, various departments like Construction Management, my department, which is Facility Bond Fund Financial Management, but we handle all the accounting cost represented for those various projects. You will see a varied amount of different costs that hit there, and obviously, largest ones is physically going out and issuing those bonds and what we have to pay to get the money. We have costs incur again when we issue the bonds, and we pay the various units that are providing those bond funds for us.

Chair Eric Giles:
Can I get a motion to approve the funding stability report?

Vice Chair James Hasley:
Motion.

Chair Eric Giles:
Can I get a second?

Councilwoman Carrie Cox:
Second.

Motion to approve agenda item 2.06.

Motion: James Halsey Second: Carrie Cox Vote: Unanimous
Motion passed

- 2.07 2024 Clark County School District Oversight Panel Resolution. Discussion and possible action on adoption of the 2024 Clark County School District Oversight Panel Resolution authorizing the Clark County School District to issue general obligation bonds in the maximum aggregate principal amount of \$600,000,000.00, is recommended. **(For Possible Action)** [Contact Person: Eric Giles] (Ref. 2.07)

Chair Eric Giles:
Turn the time over to Mr. Goudie.

Jason Goudie:
Thank you, Mr. Chair, I believe this does go back over to you for essentially seeking a motion and then approval. This is our resolution that would essentially provide us the approval to move forward.

Chair Eric Giles:
With that, before we vote on that, any questions?
With that, can I get a motion to approve the panel oversight resolution?

Vice Chair James Hasley:
Motion.

Chair Eric Giles:
Can I get someone to second that?

Member Michael Longi:
Second.

Motion to approve agenda item 2.07.

Motion: James Hasley Second: Michael Longi Vote: Unanimous
Motion passed

3. PUBLIC COMMENT ON NON-AGENDA ITEMS

3.01 Public Comment on Non-Agenda Items.

Chair Eric Giles:

We ask that those that signed up in advance to please come forward at this time. There is a maximum time limit of three minutes. Is there anyone that had signed up? I did not see that.

4. ADJOURN (For Possible Action)

Chair Eric Giles:

With that then, move on to item 4 to adjourn the meeting. Can I get a motion to adjourn the meeting?

Vice Chair James Hasley:

Motion.

Member Michael Longi:

Second.

Motion to adjourn.

Motion: James Halsey

Second: Michael Longi

Vote: Unanimous

Motion passed. Meeting adjourned at 2:11 p.m.