



Study Session of the Board of Directors

Steilacoom High School, 54 Sentinel Drive, Steilacoom, WA

Wednesday, January 12, 2022 06:00 PM

I. CALL TO ORDER

(Action)

- a. Pledge of Allegiance
- b. Roll Call
- c. Approval of Agenda

II. TOPIC FOR BOARD DISCUSSION

A. Bond Refunding Presentation

(Discussion)

Presenter: Shawn Lewis/Trevor Carlson

[Bond Refunding.pdf \(p. 2\)](#)

B. Redistricting

(Discussion)

Presenter: Shawn Lewis

[Redistricting.pdf \(p. 9\)](#)

III. ADJOURNMENT

(Action)

STEILACOOM HISTORICAL SCHOOL DISTRICT NO. 1

BOARD OF DIRECTORS

Board Meeting Date: January 12, 2022

Strategic Focus Area'

- ☐ Achieve
- ☒ Support
- ☐ Connect
- ☒ Plan

BACKGROUND INFORMATION

This study session topic is intended to provide the board background information related to a potential refunding of the district's 2012 bond.

A refunding is a process where the district issues new bonds at an interest rate lower than the existing bonds. The new bond proceeds are placed into an escrow account and used to redeem the existing bonds on their call date and taxpayers realize lower property taxes as a result of the lower interest cost.

In a refunding, the district gets no additional money – instead, taxpayers see a lower tax rate. The presentation will provide additional details.

The process and tax laws regarding bond refunding are relatively complex and specialized, so the district utilizes specialists from Piper Sandler and Pacifica Law Group to assist us in the process and ensure we are in compliance with state and federal requirements. For this reason, Trevor Carlson from Piper Sandler has been invited to provide the presentation on the potential refunding transaction.

RECOMMENDED ACTION:

No recommended action at this time.

Report prepared on behalf of Melissa Beard, CFO by:
Shawn Lewis, Director of Community Relations and Planning



Steilacoom Historical School District No. 1

Bond Refunding Update

Trevor L. Carlson

MANAGING DIRECTOR

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Ryan Swanson

SENIOR VICE PRESIDENT

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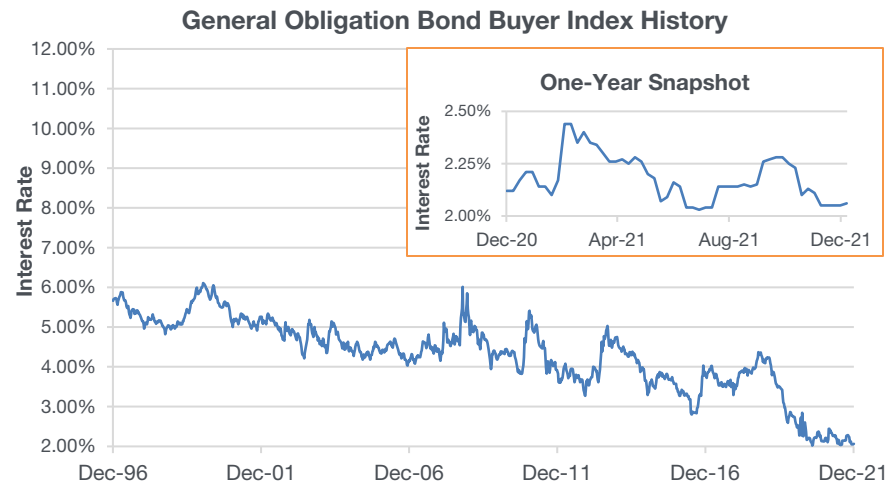
Interest Rates

The Bond Buyer Index is a measurement of tax-exempt interest rates. Interest rates are set when bonds are sold, and lower interest rates result in lower tax rates for the bonds.

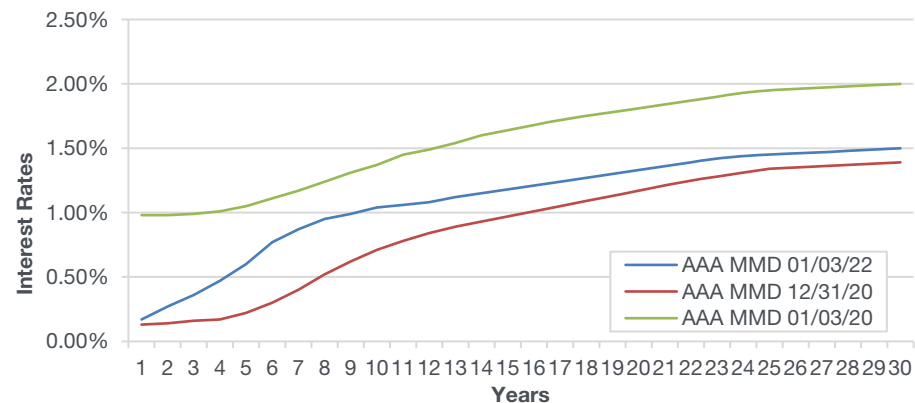
From December 16, 2008 until December 17, 2015, the Fed targeted a rate of 0.00% - 0.25% for the Fed Funds interest rate - the interest rate at which depository institutions lend reserve balances to other depository institutions overnight. This policy had kept the yield curve steep.

At a regularly scheduled meeting, on September 22, 2021, the Federal Reserve maintained its federal funds target range of 0.00% to 0.25%. This follows two unscheduled emergency rate cuts in 2020 in reaction to the economic slowdown instigated by the novel coronavirus pandemic. Since 2008, there have been five rate cuts, including the two unscheduled cuts.

Bond Buyer Index History



Tax-Exempt Yield Curve



Projected Refunding Results

Refunding Bond Candidates

	2012 Bonds
Dated	3/7/2012
Principal Amount of callable bonds	\$16,690,000
Maturities	2022 – 2023
Average Coupon	4.825%
Call Date and Price	6/1/2022 @ par

Projected Refunding Results

Refunding of 2012 Bonds	
Interest Rates	Current
Date of Analysis	01/04/2022
Principal Amount of New Bonds	\$16,510,000
Call Feature	N/A
Final Maturity	12/1/2023
True Interest Cost	0.81%
Savings Pattern	Level
Present Value of Net Savings	\$586,034
PV as % of Old Bonds	3.51%

Projected Debt Service Savings

<i>Date</i>	<i>Prior Debt Service</i>	<i>Refunding Debt Service</i>	<i>Savings</i>	<i>Annual Savings</i>	<i>Present Value to 03/08/2022 @ 0.3717296%</i>
06/01/2022	392,250.00	152,258.89	239,991.11	-	239,785.71
12/01/2022	8,387,250.00	8,625,200.00	-237,950.00	2,041.11	-237,305.28
06/01/2023	217,375.00	164,300.00	53,075.00	-	52,833.00
12/01/2023	8,912,375.00	8,379,300.00	533,075.00	586,150.00	529,659.90
	17,909,250.00	17,321,058.89	588,191.11	588,191.11	584,973.33

Estimated tax rate savings in 2023 is \$0.12 per thousand of assessed value.

Projected Sources & Uses of Funds

Dated Date	03/08/2022
Delivery Date	03/08/2022

Sources:

Bond Proceeds:	
Par Amount	16,510,000.00
Premium	733,128.30
	<hr/>
	17,243,128.30
	<hr/>

Uses:

Project Fund Deposits:	
Deposit to the Debt Service Fund	1,061.10
Refunding Escrow Deposits:	
Cash Deposit	1.20
SLGS Purchases	<hr/>
	17,080,261.00
	17,080,262.20
Cost of Issuance:	
Bond Counsel Fee	40,000.00
Moody's Rating Fee	23,000.00
Escrow Agent Fee	5,000.00
Verification agent	2,500.00
OS Distribution	<hr/>
	500.00
	71,000.00
Delivery Date Expenses:	
Underwriter's Discount	90,805.00
	<hr/>
	17,243,128.30
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Schedule of Events

Staff: District Staff
 Board: District Board
 PSC: Piper Sandler & Co.
 BC: Pacifica Law Group
 County: Pierce County Treasurer
 EA: U.S. Bank
 PFP: Public Finance Partners

January 2022	February 2022	March 2022	April 2022
S M T W T F S	S M T W T F S	S M T W T F S	S M T W T F S
1	1 2 3 4 5	1 2 3 4 5	1 2
2 3 4 5 6 7 8	6 7 8 9 10 11 12	6 7 8 9 10 11 12	3 4 5 6 7 8 9
9 10 11 12 13 14 15	13 14 15 16 17 18 19	13 14 15 16 17 18 19	10 11 12 13 14 15 16
16 17 18 19 20 21 22	20 21 22 23 24 25 26	20 21 22 23 24 25 26	17 18 19 20 21 22 23
23 24 25 26 27 28 29	27 28	27 28 29 30 31	24 25 26 27 28 29 30
30 31			

Date	Event	Participants
January 12	Refunding presentation to the Board (Study Session @ 6:00 PM)	Staff, PSC
January 26	Adoption of Delegation & SBG Resolutions (Regular board meeting @ 7:00 PM)	Board, Staff, BC
January 27	Submit application for SBG	Staff, PSC
Feb. 14 or 15	Rating presentation (conference call with Moody's @ ____AM/PM)	Staff, PSC
March 8	Bond Pricing (7:30 AM – 10:30 AM) Execution of BPA (estimated to occur between 12:30 PM – 4:00 PM)	Staff, PSC Staff, BC, PSC
April 5	Bond closing	Staff, BC, County, PSC, EA, PFP

STEILACOOM HISTORICAL SCHOOL DISTRICT NO. 1 BOARD OF DIRECTORS

Board Meeting Date: January 12, 2022

Strategic Focus Area'

- ☐ Achieve
- ☒ Support
- ☐ Connect
- ☒ Plan

BACKGROUND INFORMATION

Every ten years, school districts receive census data that may be used to divide the school district into director districts.

During the study session, staff will provide the board with information about re-districting requirements and the process that would need to occur should the board decide to adopt director districts.

Staff will also provide the board with director district options that meet the statutory requirements, which should provide the board with a greater sense of the pros and cons associated with making a decision. The Board last discussed this topic at their February 12, 2020 meeting and adopted Policy 1105 – “Director Districts” immediately after, with the intent to follow-up on the topic after release of the census data.

While no action is recommended at this time, the board could provide the Superintendent with direction on whether to continue to evaluate director district options or to shelve the data for consideration at another time in the future.

RECOMMENDED ACTION:

No recommended action at this time.

Report prepared by:
Shawn Lewis, Director of Community Relations and Planning

Redistricting or Creating School Director Districts

JANUARY 12 STUDY SESSION

Do we need to create director districts?

Steilacoom Historical School District currently has five at-large board members – no designated director districts.

This means:

- SHSD is not required to “re-district” based on new census data
- SHSD may transition from “at-large” to district-based elections at any time to “remedy a potential violation” of the Washington Voting Rights Act.
- SHSD may submit to voters at any regular school district election, a proposition to authorize the board of directors to divide the district into directors’ districts. If approved, districts then must follow legal requirement to establish districts regarding criteria, notice, comment, etc.

Deadlines

There are no firm deadlines – because we do not currently have existing director districts.

If implemented, they should be provided to the county no later than November of the year preceding the election year where they would be implemented.

- For the 2023 elections, they should be filed with the County by November 2022. For this to occur after voter authorization, voters would need to consider the issue no later than August 2022.

Pros and Cons of Transitioning to Director Districts

PROS

- Possible to guard against vote dilution of minority groups
- Possible for directors to be more attuned to a particular geographic or “community of interest” issue or need.
- May encourage greater citizen participation in separate communities of interest

CONS

- Extensive procedures and processes regarding implementing new director districts
- Significant compliance requirements to ensure districts are legally formed
- Directors may feel less connected/responsible to the entire district
- Possibly more difficult to identify candidates in all districts in every election

When creating director districts, the broad rules of the road are:

Districts **must** be balanced in terms of population

Districts **must** be contiguous

District **must** be in compliance with the law

Districts **should** be compact

Districts **should** preserve communities of interest

Districts **should** preserve the use of existing natural boundaries

When there are conflicts – the MUSTS are more important than SHOULD

What is a community of interest

There is not a comprehensive, specific list of communities of interest and they may differ from place to place. But, they could include:

- Cities and towns
- Defined neighborhoods
- Island
- Homeowners Associations
- Historic Districts

In order to create “balance” in population – communities of interest are sometimes necessarily divided – even if this is not ideal.

What process would be required if approved by voters

Publish draft plan.

Hold a meeting including notice and comment within 10 days of publishing the plan and at least one week before adoption.

Amend the draft as necessary.

Resubmit any amended plan for comment at least one week before adoption.

Collect feedback.

Any registered voter can request a court review within 15 days of adoption.

After a plan is adopted

All five board of directors shall be elected, one from each director districts (or at-large positions) by the voters of the entire district – 2 for 2 years, 3 for four years (different for six-year term boards).

All existing board members may choose to run, but must state which specific positions (at-large or specific director districts) they are a candidate for.

What could director districts look like in Steilacoom

Handout example of 5 director districts

Handout example of 3 director districts (with two at large directors)

Discuss balance in terms of race/ethnicity and overall population

Discuss impacts to communities of interest

Questions? Direction or revisit at a future worksession?

- 1st District
- 2nd District
- 3rd District

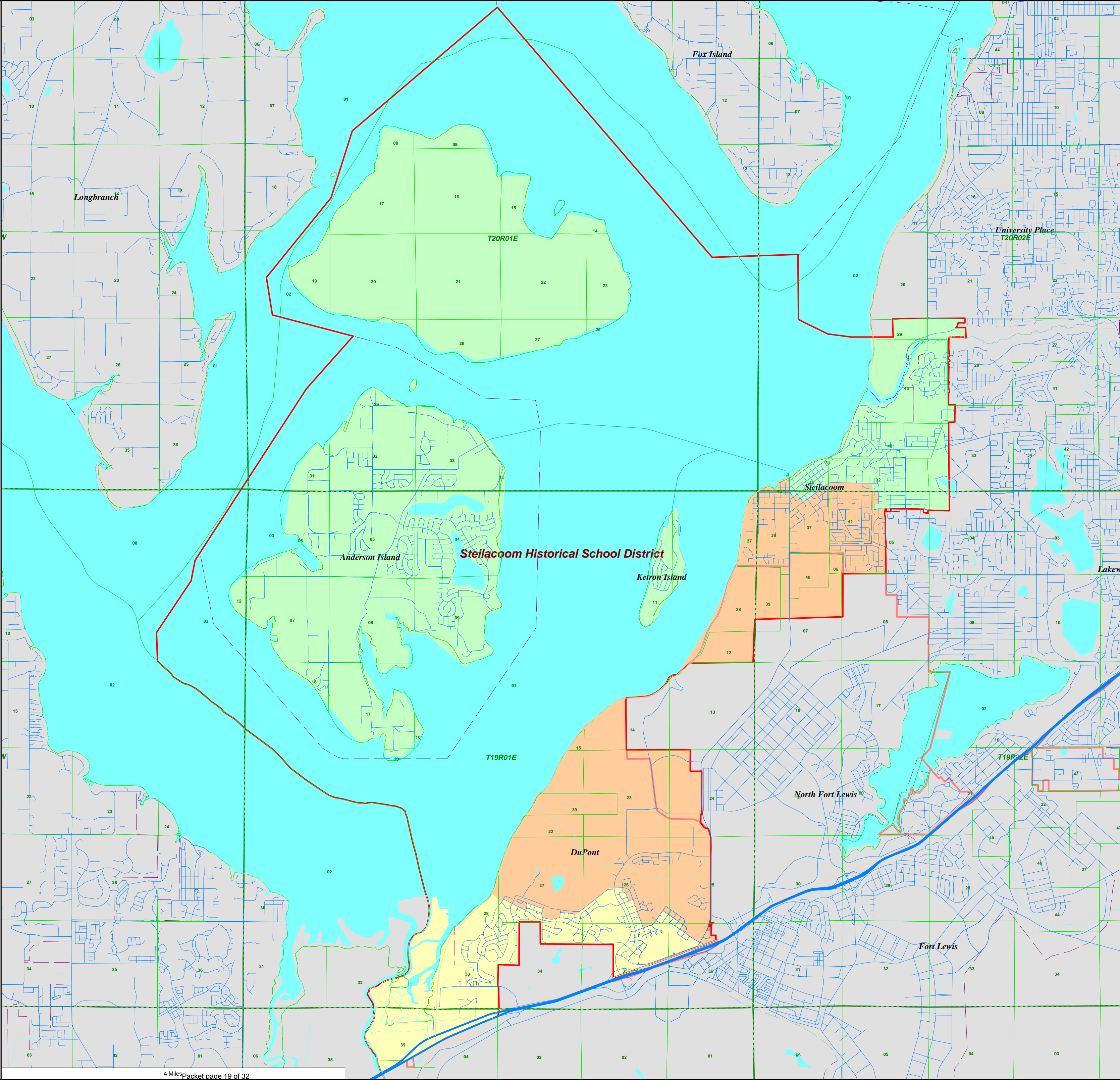
City Limits

Military Base Outline

District Outline

Sectional Centers

Townships

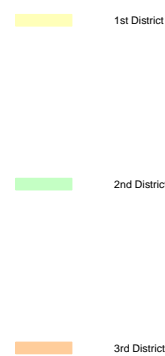


***Steilacoom Historical School District
District Summary Report***

Director District Number	Ideal Population	Total Population	Deviation from Ideal	% Deviation from Ideal	White Population	Hispanic Origin (of any race)	Non White & Mixed
1st	7,745	7,755	10	0.13	4,454	1,013	3,301
2nd	7,745	7,741	-4	-0.05	5,013	665	2,728
3rd	7,745	7,738	-7	-0.09	4,829	873	2,909
Totals.....		<u>23,234</u>	<u>-1</u>		<u>14,296</u>	<u>2,551</u>	<u>8,938</u>

Steilacoom Historical School District
Summary of Population by Race and Hispanic Origin

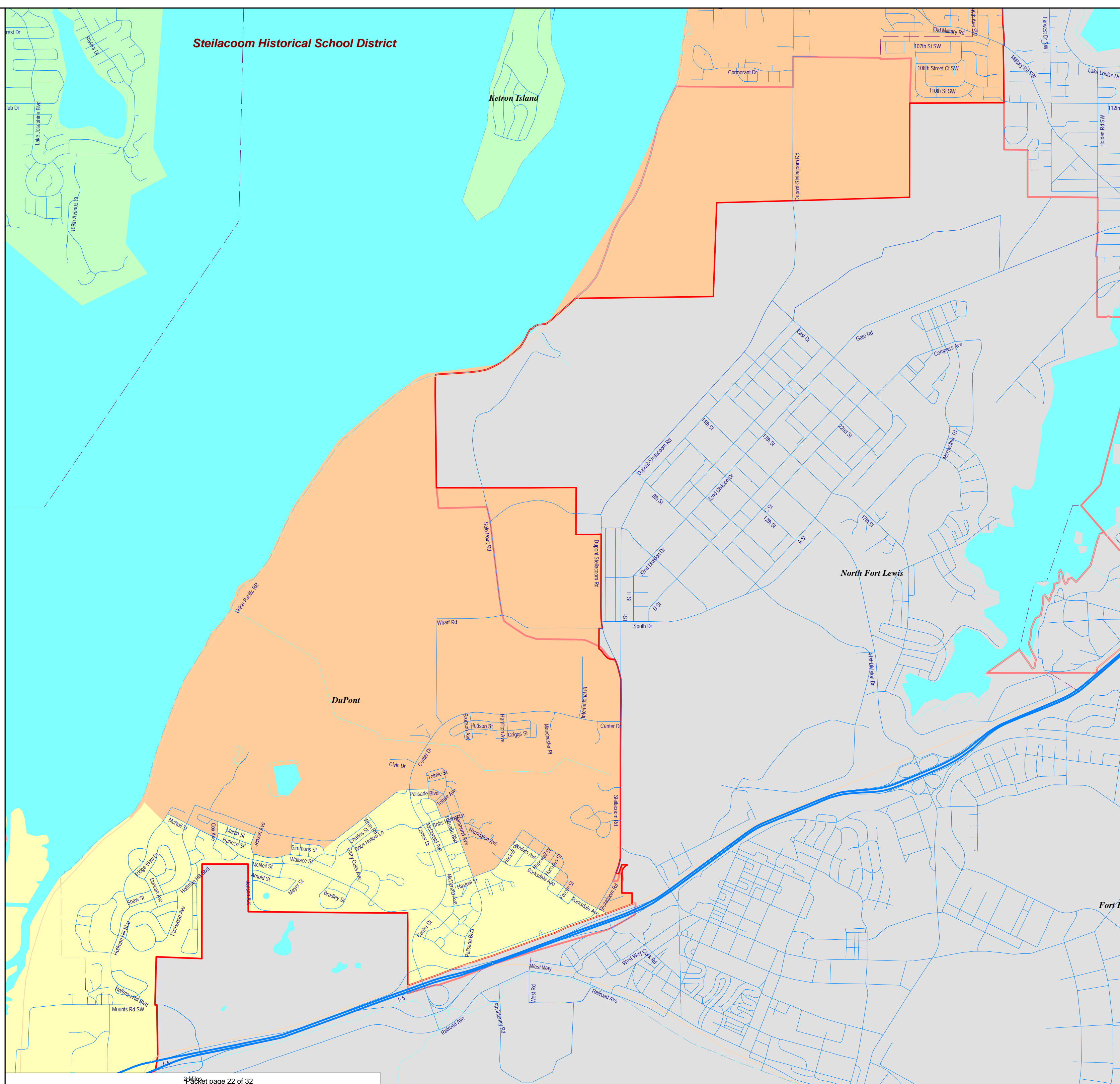
District Number	Total Population	Total Population by Race							Two or More Races	Hispanic Origin (of any race)
		Single Race								
		Total	White	Black African American	American Indian and Alaska Native	Asian	Native Hawaiian and Other Pacific Islander	Other Race	Total	
1st	7,755	6,583	4,454	644	75	1,038	91	281	1,172	1,013
2nd	7,741	6,729	5,013	609	97	717	78	215	1,012	665
3rd	7,738	6,543	4,829	557	61	691	134	271	1,195	873
Totals.....	23,234	19,855	14,296	1,810	233	2,446	303	767	3,379	2,551



City Limits

Military Base Outline

District Outline

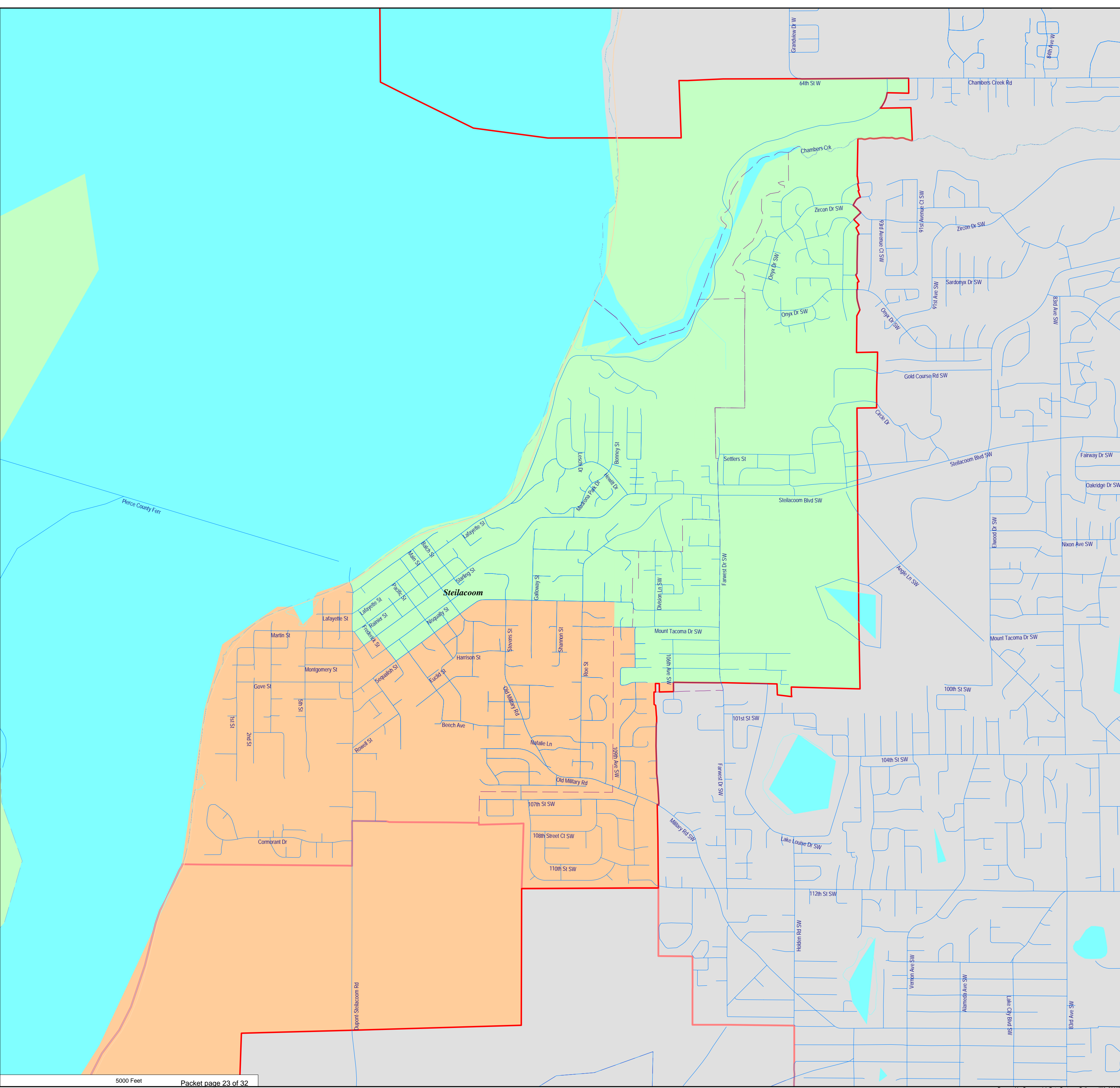


- 2nd District
- 3rd District

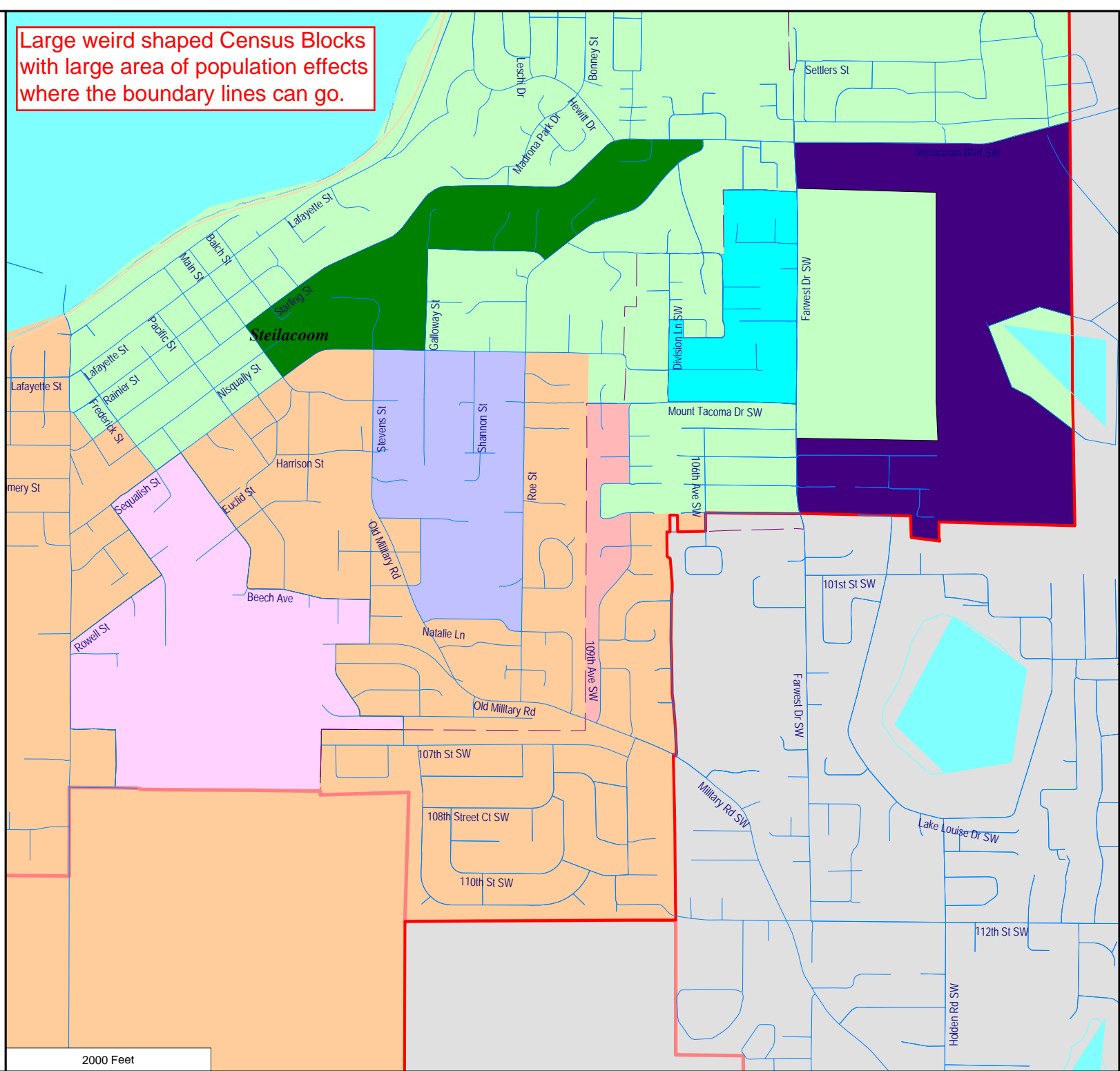
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District Outline



Large weird shaped Census Blocks with large area of population effects where the boundary lines can go.



Steilacoom Historical
School District - Proposed
Board Districts as
Approximated Using
Census 2020 Geography

- 0th District
- 2nd District
- 3rd District
- 4th District
- 5th District
- 6th District
- 7th District
- 8th District

City Limits

Military Base
Outline

District
Outline

2000 Feet

Steilacoom Historical
School District - Proposed
Board Districts as
Approximated Using
Census 2020 Geography

- 1st District
- 2nd District
- 3rd District

City Limits

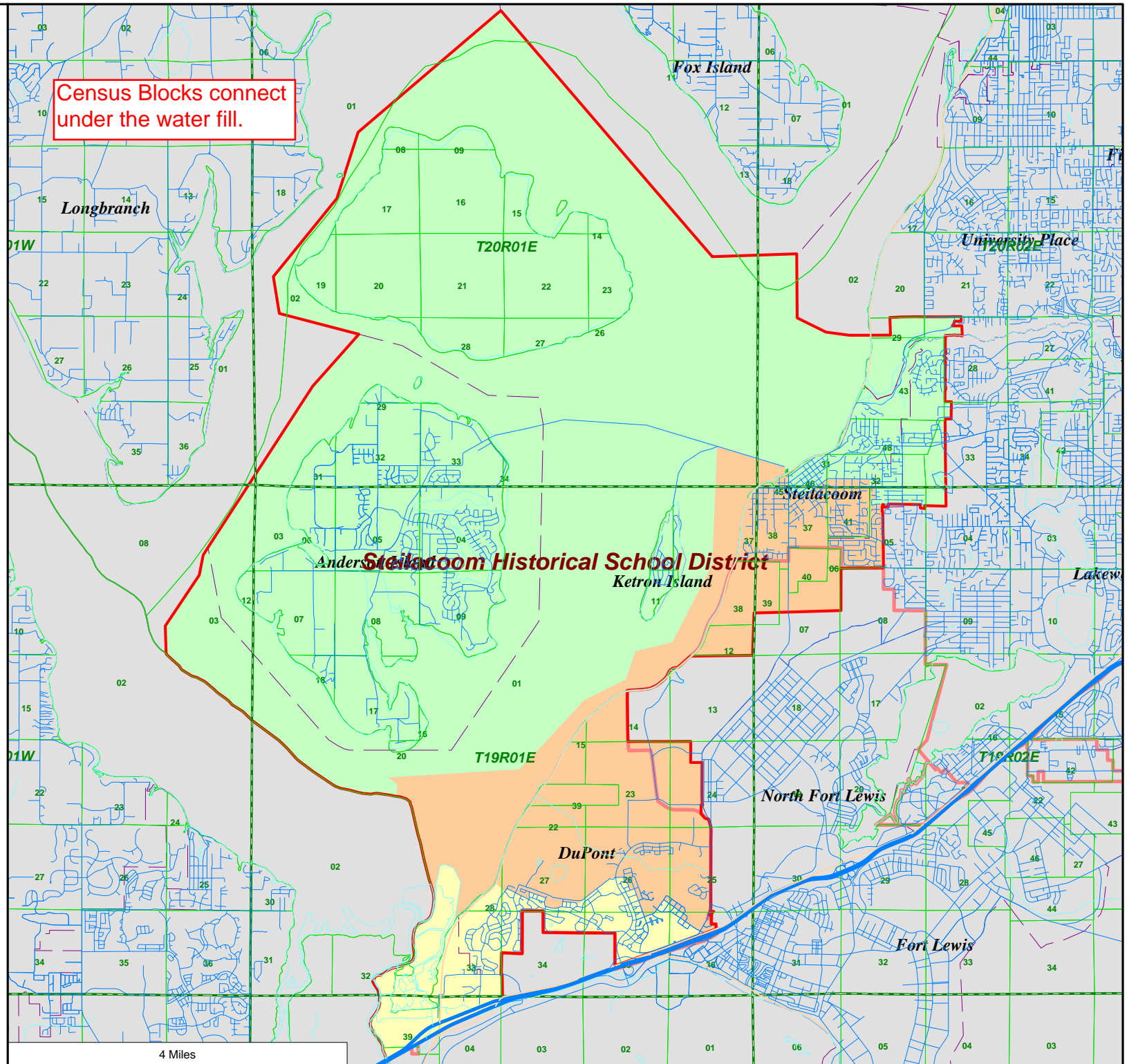
Military Base
Outline

District
Outline

Sectional
Centers

Townships

Census Blocks connect
under the water fill.



- 1st District
- 2nd District
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- 5th District

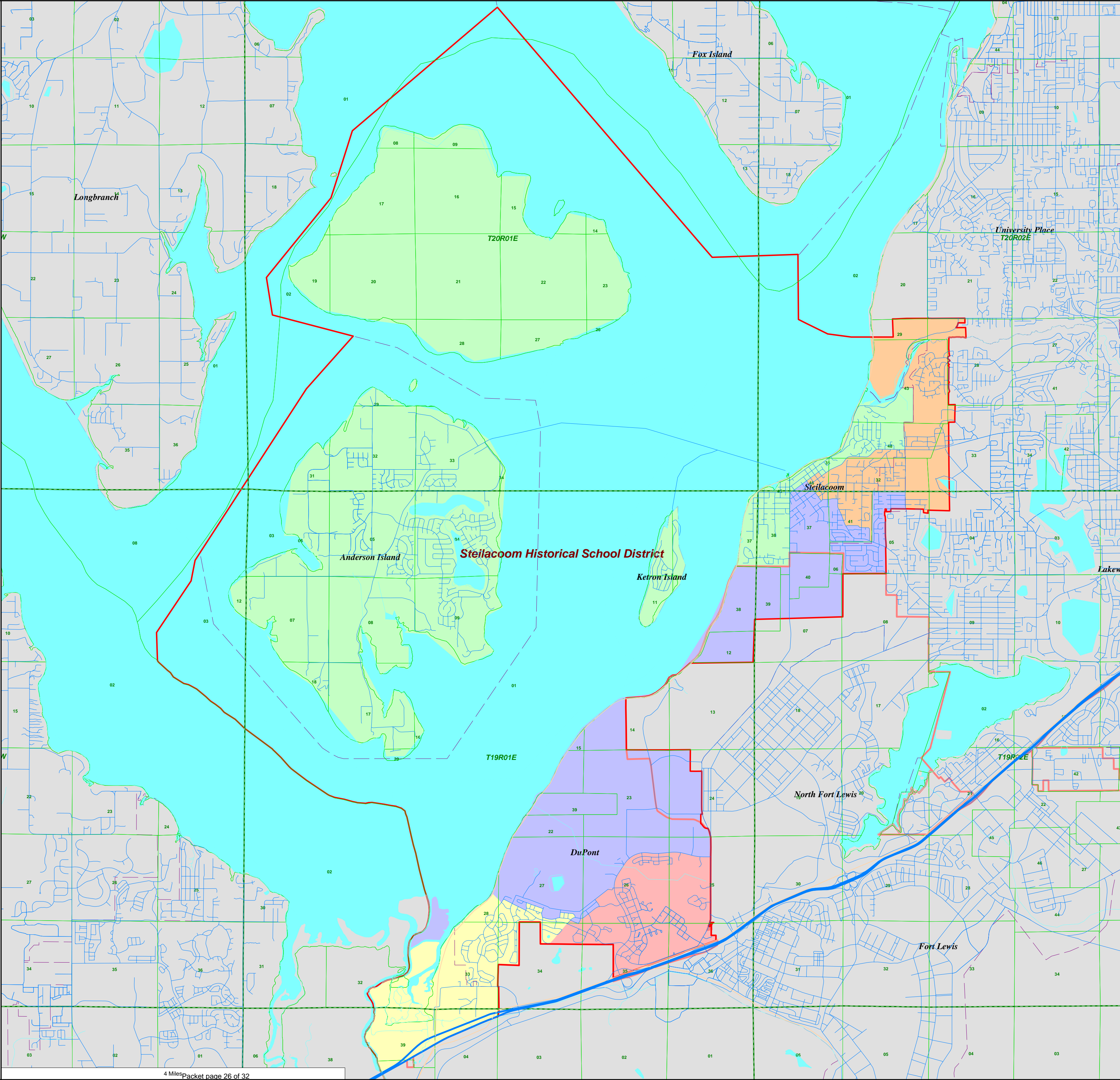
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Steilacoom Historical School District
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Director District Number	Ideal Population	Total Population	Deviation from Ideal	% Deviation from Ideal	White Population	Hispanic Origin (of any race)	Non White & Mixed
1st	4,647	4,633	-14	-0.30	2,513	653	2,120
2nd	4,647	4,652	5	0.11	3,488	376	1,164
3rd	4,647	4,634	-13	-0.28	2,782	397	1,852
4th	4,647	4,667	20	0.43	2,728	580	1,939
5th	4,647	4,648	1	0.02	2,785	545	1,863
Totals.....		<u>23,234</u>	<u>-1</u>		<u>14,296</u>	<u>2,551</u>	<u>8,938</u>

Steilacoom Historical School District
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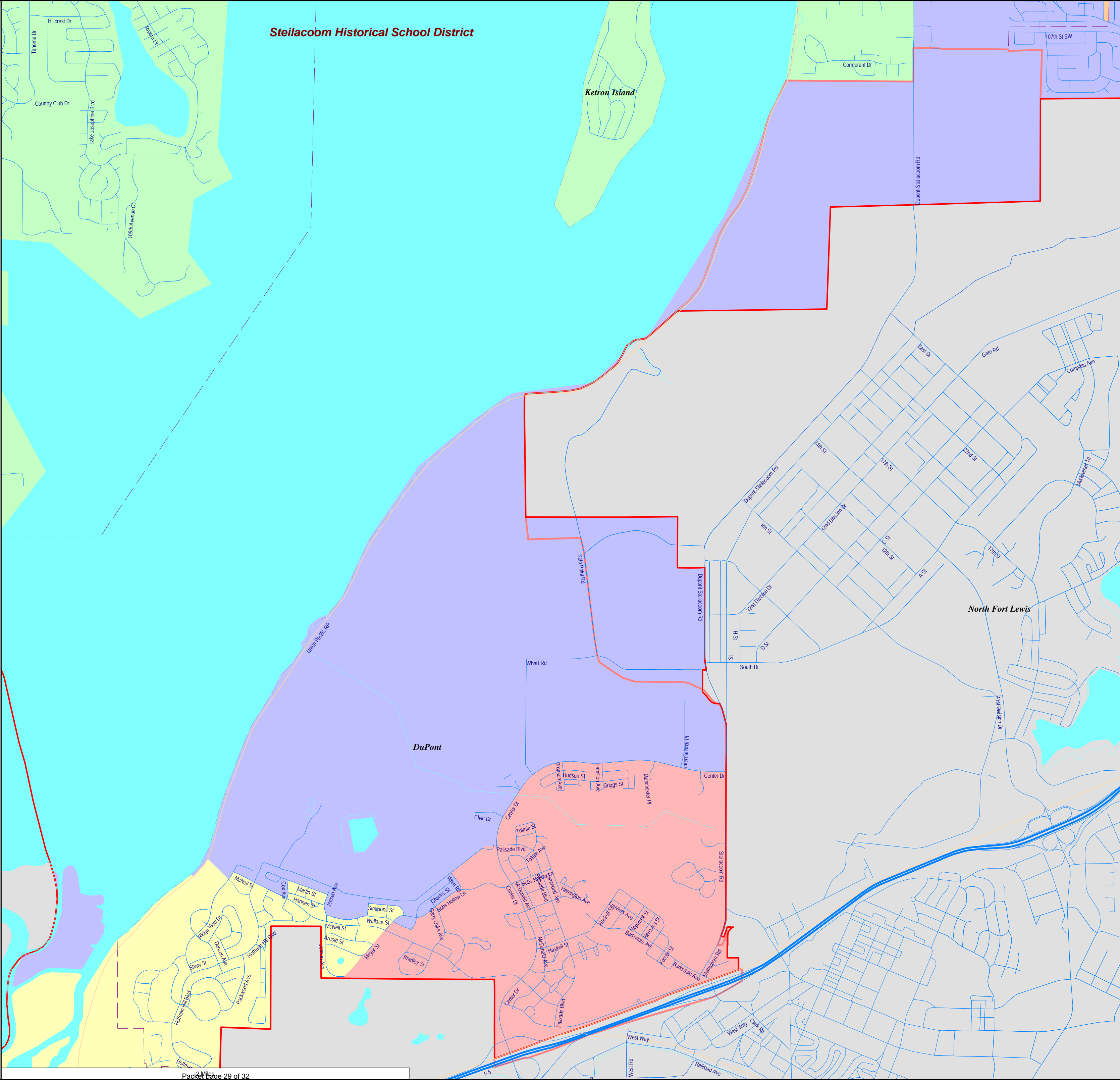
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		Single Race								
		Total	White	Black African American	American Indian and Alaska Native	Asian	Native Hawaiian and Other Pacific Islander	Other Race	Total	
1st	4,633	3,866	2,513	426	43	660	56	168	767	653
2nd	4,652	4,075	3,488	182	46	227	27	105	577	376
3rd	4,634	4,014	2,782	442	58	533	60	139	620	397
4th	4,667	3,920	2,728	409	47	450	97	189	747	580
5th	4,648	3,980	2,785	351	39	576	63	166	668	545
Totals.....	23,234	19,855	14,296	1,810	233	2,446	303	767	3,379	2,551

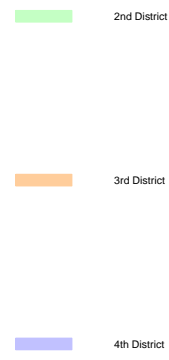
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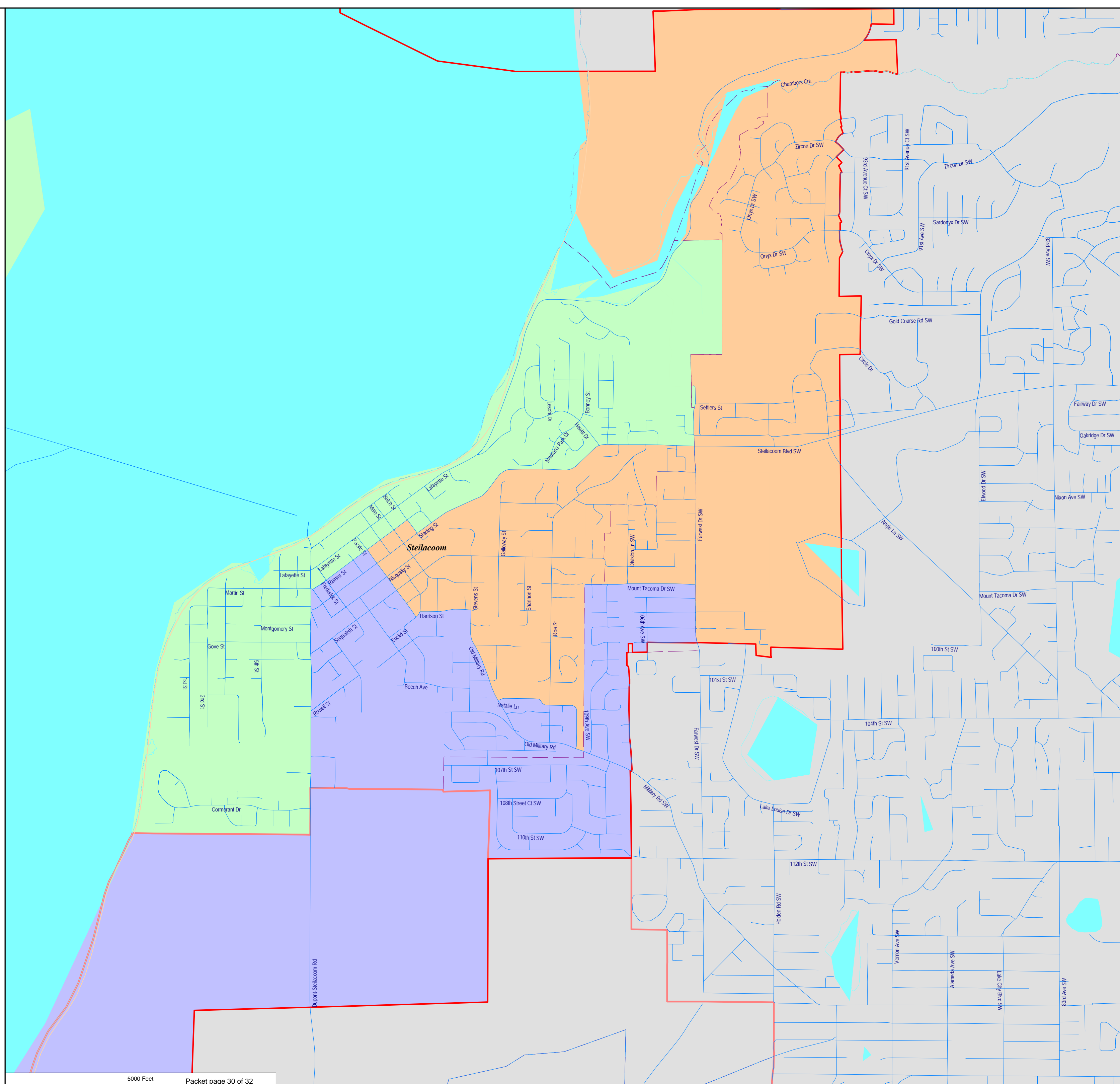


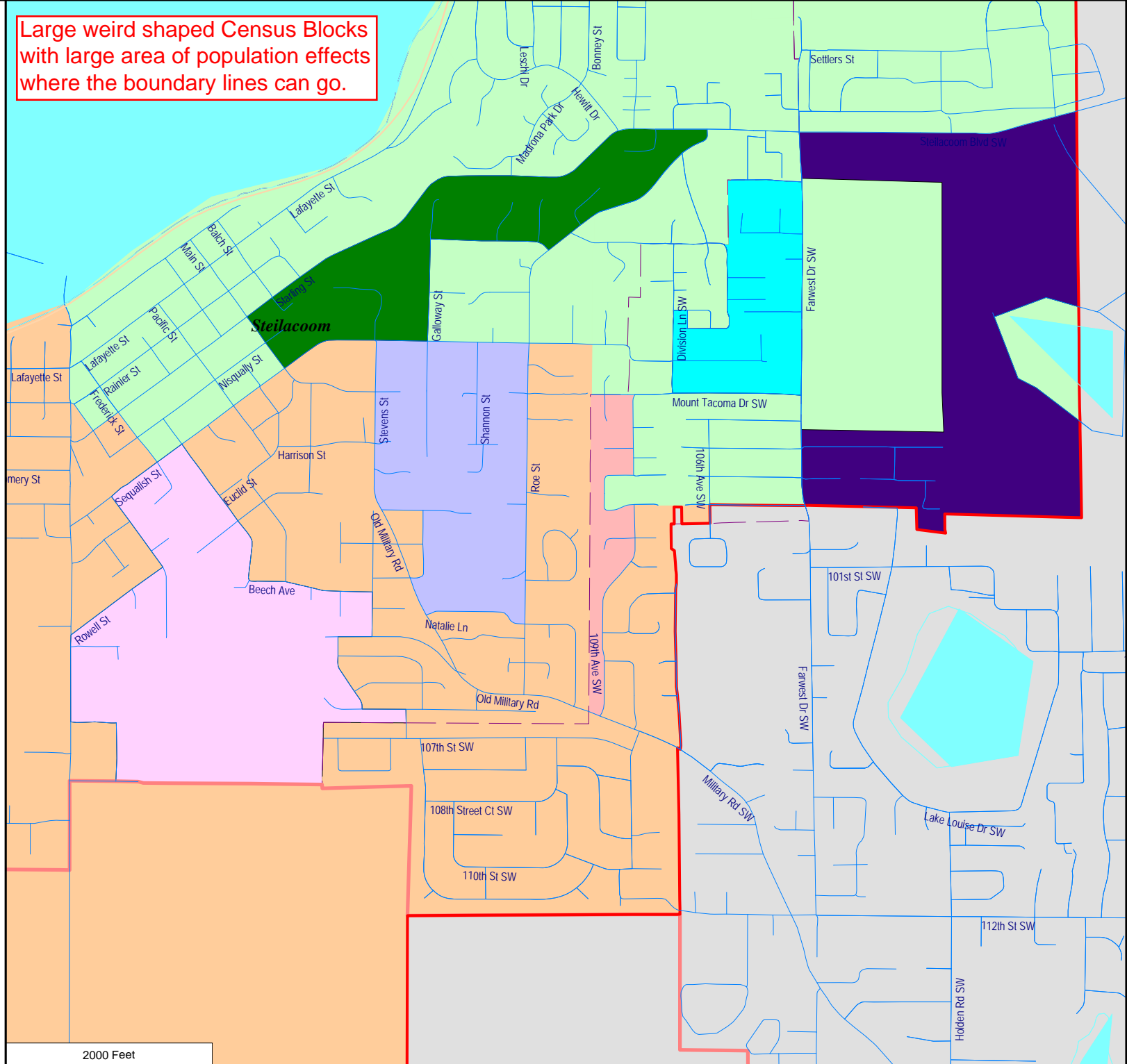


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2000 Feet

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