



Highline Public Schools Board Action Report

DATE: November 9, 2022

FROM: Dr. Ivan Duran, Superintendent

LEAD STAFF: Becca Chen, Chief Financial Officer

For Introduction: 11/16/2022 For Action: 11/16/2022

I. TITLE New Motion to Approve Resolution No. 15-22 for Recertification of Debt Service Fund Excess Property Taxes

Select one: ☒ New Item ☐ Renewed Item ☐ Annual Item ☐ Revised Item

II. WHY BOARD ACTION IS NECESSARY

To allow Highline Public Schools to collect the Debt Service Fund Excess Property tax levy of \$60,250,000.

III. BACKGROUND INFORMATION

On October 19, 2022, the Board adopted Resolution No. 14-22 certifying excess tax levies for collection in calendar year 2023 to the Metropolitan King County Council, which included an excess property tax levy for the Debt Service Fund (DSF) in the amount of \$43,700,000 to pay the principal of and interest on the District's outstanding voter-approved bonds that come due in 2023.

On November 8, 2022, voters came out in strong support of Proposition No. 1, which will authorize the District to issue \$518,397,000 principal amount of bonds.

With the apparent successful passage of Proposition 1, Highline anticipates issuing, in early 2023, approximately \$175,000,000 in bonds as a first series from this voter authorization. Therefore, Highline will need to increase the excess tax levy amount for the DSF from \$43,700,000 to \$60,250,000 to pay principal and interest on this first series of bonds that will come due in 2023. To cover this increase, the Board will be required to adopt a resolution "recertifying" the DSF excess tax levy collection amount to the county. Resolution No. 15-22 accomplishes this DSF excess tax levy recertification for 2023. (The General Fund excess tax levy amount previously certified by Resolution No. 14-22 is unchanged.)

We are requesting introduction and action of resolution 15-22 on November 16, as action on December 7 will be past the November 30 deadline to file with King County.

IV. RECOMMENDED MOTION

I move that the Highline School Board approve Resolution No. 15-22 for Recertification of Debt Service Fund Excess Property Taxes, in the amount of \$60,250,000.

V. FISCAL IMPACT/REVENUE SOURCE

The effect of this resolution will result in a collection up to \$60,250,000 from the Debt Service Fund tax levy.

The revenue source for this motion is N/A.

Expenditure: ☐ One-time ☐ Annual

VI. APPLICABLE POLICY(S)

This action is in compliance with the following:
Policy 6020

VII. ALTERNATIVES

Failure to approve this resolution would result in the inability of Highline Public Schools to maximize the excess levy amounts approved by voters, as well as repay outstanding bonds. Failure to repay outstanding bonds would have significant financial, legal, and operational impacts.

VIII. COMMUNITY ENGAGEMENT

Community Engagement Required: ☒ Yes ☐ No

Voters had the opportunity to approve or reject bond propositions that result in the long-term debt that is repaid through the Debt Service Fund tax levy. All the tax-related propositions associated with this resolution were approved by voters.

IX. ATTACHMENTS

Highline Resolution No. 15-22 (For Approval)

HIGHLINE SCHOOL DISTRICT NO. 401
KING COUNTY, WASHINGTON

RESOLUTION NO. 15-22

RECERTIFICATION OF 2023 DEBT SERVICE FUND EXCESS PROPERTY TAXES

A RESOLUTION of the Board of Directors of Highline School District No. 401, King County, Washington, recertifying to the Metropolitan King County Council and the Superintendent of Puget Sound Educational Service District, the amount of excess property taxes to be levied in year 2022 and collected in year 2023 for the District's Debt Service Fund; and providing for related matters.

BE IT RESOLVED BY THE BOARD OF DIRECTORS OF HIGHLINE SCHOOL DISTRICT NO. 401, KING COUNTY, WASHINGTON, as follows:

Section 1. Findings and Determinations. The Board of Directors (the "Board") of Highline School District No. 401, King County, Washington (the "District") takes note of the following facts and makes the following findings and determinations:

(a) By Resolution No. 14-22, the Board certified to the Metropolitan King County Council and the Superintendent of Puget Sound Educational Service District Debt Service Fund excess property taxes, among other excess taxes, to pay debt service on the District's outstanding unlimited tax general obligation bonds in the amount of \$43,700,000 to be levied in calendar year 2022 and collected in calendar year 2023. Resolution No. 14-22 was filed with the Metropolitan King County Council and the Superintendent of Puget Sound Educational Service District on October 27, 2022.

(b) On November 8, 2022, voters within the District approved the issuance of no more than \$518,397,000 principal amount of unlimited tax general obligation bonds (the "Bonds") for the purpose of paying costs of carrying out and accomplishing certain capital improvements. Accordingly, the Board has determined that the amount of the District's Debt Service Fund excess property tax levy previously certified in Resolution No. 14-22 and filed with Metropolitan King County Council and the Superintendent of Puget Sound Educational Service District of \$43,700,000 to pay debt service on all of the District's outstanding unlimited tax general obligation bonds in the calendar year 2023, should be increased to \$60,250,000.

Section 2. Recertification of Debt Service Fund Excess Property Tax Levy. Pursuant to RCW 84.52.020, the Board recertifies to the Metropolitan King County Council and the Superintendent of Puget Sound Educational Service District, an excess property tax levy in the amount of \$60,250,000 to be levied in calendar year 2022 and collected in calendar year 2023 for the District's Debt Service Fund. To the extent necessary, this authorization and recertification amends, retroactive to October 27, 2022, the District's previous certification of the Debt Service Fund excess property tax levy to the Metropolitan King County Council and the Superintendent of Puget Sound Educational Service District.

Section 3. Prior Certification of General Fund Excess Property Tax Levy Remains Unchanged. The excess property taxes to be levied in year 2022 and collected in year 2023 for the District's General Fund previously certified in Resolution No. 14-22 and filed with the Metropolitan

King County Council and the Superintendent of Puget Sound Educational Service District on October 27, 2022 remain unchanged.

Section 4. Execution; General Authorization and Ratification. This resolution may be executed by the Directors being present and voting in favor of the resolution, or only the President of the Board (the “President”), and attested by the Secretary to the Board (the “Secretary”), in tangible medium, manual, facsimile or electronic form under any security procedure or platform, and notwithstanding any other District resolution, rule, policy or procedure, or in any other manner evidencing its adoption. The Secretary, the District’s Chief Financial Officer, the District’s Controller, and the President are hereby further severally authorized and directed to take such actions and to create, accept, execute, send, use and rely upon such tangible medium, manual, facsimile or electronic documents, records and signatures under any security procedure or platform, and notwithstanding any other District resolution, rule, policy or procedure, as in their judgment may be necessary or desirable to effectuate the provisions of this resolution. All actions taken prior to the effective date of this resolution in furtherance of and not inconsistent with the provisions of this resolution are ratified and confirmed in all respects.

Section 5. Effective Date. This resolution takes effect from and after its adoption.

ADOPTED by the Board of Directors of Highline School District No. 401, King County, Washington, at a regular open public meeting held this 16th day of November, 2022.

HIGHLINE SCHOOL DISTRICT NO. 401
KING COUNTY, WASHINGTON

President and Director

Vice President and Director

Director

Director

Director

ATTEST:

DR. IVAN DURAN
Secretary to the Board of Directors