

BOARD OF EDUCATION

Minutes

Special Workshop
Measure G Funds
March 4, 2009
5:30 p.m.

The Board of Education of the Colton Joint Unified School District met in a *Special Workshop Session* on Wednesday, March 4, 2009, 5:30 p.m. in the Board Room at the CJUSD Student Services Center, 851 So. Mt. Vernon Avenue, Colton, California.

Trustees Present

Mrs. Marge Mendoza-Ware	President
Mr. Mel Albiso	Vice President
Mr. David R. Zamora	Clerk
Mrs. Robert D. Armenta, Jr.	
Mr. Patt Haro	
Mr. Frank A. Ibarra	
Mr. Kent Taylor	

Staff Members Present /*Excused

Mr. James A. Downs	Mrs. Alice Grundman
Mr. Jerry Almendarez	Mrs. Ingrid Munsterman*
Mrs. Yolanda Cabrera	Mrs. Julia Nichols*
Mr. Mike Snellings	Ms. Sosan Schaller*
Mr. Jaime R. Ayala	Dr. Patrick Traynor*
Mr. Todd Beal	Ms. Katie Orloff
Mrs. Bertha Arreguín	Mrs. Chris Estrada
Dr. Diane D'Agostino	Mr. Michael Townsend
Mrs. Mollie Gainey-Stanley*	

Call to Order: Board President Marge Mendoza-Ware called the meeting to order at 5:30 p.m. Yolanda Cabrera led in the Renewal of the Pledge of Allegiance to the Flag of the United States of America. Spanish interpretation services were available.

1. District Financial Team: Assistant Superintendent Jaime Ayala introduced Michael Ogburn from California Financial Services who congratulated the Board on the successful passage of *Measure G* in November, 2008. He introduced members of the financial team who were present
 - Bond Team representative Ryan Vollmer, RBC Capital Markets
 - Betty Hansen – California Financial Services
 - Jim Heights, California Financial Services
 - Michael Williams – Special Financial Consultant to the District

Mr. Ogburn distributed a copy of a memorandum containing information on the background of the 2008 Measure G bond election: 2009 Phase “1-A” school projects, and preliminary comparisons of hard funding and school project options. He gave a presentation that provided a broad overview and general information and suggested scenarios on how to proceed with the bond issue process:

COLTON JOINT UNIFIED SCHOOL DISTRICT 2008 MEASURE G BOND ELECTION 2009 POTENTIAL BOND FUNDING AMOUNTS & SCHOOL PROJECT CONFIGURATIONS

- District Priority School Projects: Primary Revenue/Funding Sources
- Authorized G.O. Bond Financial Parameters
- G.O. Bond Issuance Parameters & Security Types
- G.O. Bond Series & Amounts Available over 10-12 Year Period
- Proposition 39: Annual Tax-Rate Structure & Types
- Bond Advancement Program Features & Parameters
- Interim Bond Advancement Program (BAP) Objectives
- 2009 Phase “A” Projects: Potential Bond/BAP Funding Amounts
- “Best” Case Funding Option: 2009 Potential Project Configurations
- “Medium” Case Funding Option: 2009 Potential Project Configurations
- “Minimum” Case Funding Option: 2009 Potential Project Configurations
- 2009 Phase “A” Projects: Timelines & Board Actions

- District Primary School Funding Plan Summary
- 2009 Phase “1-A” Projects: Funding Plan Summary
- 2010/11 Phase “1-B” Projects: Funding Plan Summary

Board Discussion

Board President Mendoza Ware asked why some of the listed projects are not eligible for state grant school projects. Alice Grundman responded that either we’ve modernized them before under the state grant program or they are not old enough to qualify. Board Member Mendoza Ware also asked if they may become eligible. Mrs. Grundman informed her that a handful may but all of those projects would be good candidates for the stimulus package funding.

Board member Zamora expressed concern that the cafeteria at Colton High School should be remodeled as a priority. Alice Grundman responded that the District will proceed at the Board’s direction. She added that the Board will need to determine whether they would prefer to spend perhaps millions of dollars to gut and remodel the existing building or construct a new cafeteria. Board Member Albiso assured Mrs. Grundman that the board will give direction about which projects will be funded and how projects will be prioritized.

Board member Albiso said that while he was in Sacramento he heard something about some tax-free incentives in the stimulus package to encourage districts to sale their bonds and that some Districts are not having trouble getting their bond money rapidly. He asked Michael Ogburn to focus on the question about the costs of the bond advancement program vs. the regular bond selling process. The response was that this presentation was developed to inform the Board about the difference between the District limiting itself to the \$91million available via the regular bond selling process over the next 10 years versus the potential acceleration of fund availability by utilizing the bond advancement program. He said that the interest expense in the bond advancement program is about 3% which equates to about \$90,000 per million. This totals approximately \$6.3 million over a 10 year period.

Board member Albiso questioned why the District would borrow money utilizing the bond advancement program if it doesn’t have the infrastructure to carry out multiple projects simultaneously in an efficient and effective manner. He brought to the Board’s attention that if the District borrows funds and fails to utilize them immediately, there are federal tax revenue penalties for leaving that money in the bank. Michael Ogburn responded that you have three years to substantially expend the moneys from the time you deposit those funds if it is deposited in taxable securities. He said that there are no time limitations if the money is deposited in tax-exempt securities.

Board member Albiso requested a construction schedule and a plan on how staff is going to carry out the projects, starting with the new high school.

Board President Marge Mendoza Ware said that she prefers the project configuration #3

Michael Ogburn informed the Board that based on information about the current tax base and the likely lack of growth over the next few years, that out of the \$225 million, about \$60 million in bonds is the amount that can be issued right now. He also described the major steps that will need to be completed within the next 90 days: The G.O. Bond series 1, 2, and 3 issuance plans are developed; The Board finalizes the G.O. Bond funding components; California Financial will prepare the G.O. Bond financing documents; A Citizen’s Oversight Committee is developed and approved; The ratings process is completed; A Board action is required to approve the final documents, the total dollar amount of the bonds to be issued and authorizing your team to complete those tasks.

Public Comment—Items on the Agenda – None

Public Comment—Items Not on the Agenda

Gil Navarro, San Bernardino County School Board Member, distributed copies of the San Bernardino Valley College (SBVC) “Valley Bound Commitment Program” brochure and the SBVC course catalogue. He pointed out that the student images on those documents are Colton High School graduates. Mr. Navarro shared his concerns about the dropout rate problem in the county and the achievement gap and that he asked Dr. Thomas, the San Bernardino County Superintendent of Schools, what the County Schools Office is doing to assist districts with these problems. He also informed the Board that he made inquiry to Dr. Thomas about the flexibility of funds in restricted programs. Board Vice President Mel Albiso suggested that District staff double check the figures reported in the literature Mr. Navarro

referenced may not be accurate for all districts. Mr. Navarro informed the Board that Dr. Thomas has a concern about the ROP program in the Tier III funding category. He said that Dr. Thomas is concerned that if districts redirect this particular funding, that it may collapse the ROP program in the county.

Assistant Superintendent Jim Ayala stated that District staff will be attending a workshop offered by School Services regarding this subject to gather additional information about the flexibility of funds in Tier I, Tier II, and Tier III programs.

BOARD CONSENSUS: No action at this time.

Adjournment: At 6:44 p.m. the Board adjourned to the next Regular Board of Education Meeting on March 12, 2009.