

**SANTEE SCHOOL DISTRICT
REGULAR MEETING
OF THE BOARD OF EDUCATION**

November 3, 2015
MINUTES

Douglas E. Giles
Educational Resource Center
9619 Cuyamaca Street
Santee, California

A. OPENING PROCEDURES

1. Call to Order and Welcome

President Burns called the meeting to order at 7:00 p.m.

Members present:

Dustin Burns, President
Elana Levens-Craig, Clerk
Dianne El-Hajj, Member
Ken Fox, Member

Administration present:

Dr. Cathy Pierce, Superintendent and Secretary to the Board
Karl Christensen, Assistant Superintendent, Business Services
Tim Larson, Assistant Superintendent, Human Resources/Pupil Services
Dr. Stephanie Pierce, Assistant Superintendent, Educational Services
Lisa Arreola, Executive Assistant and Recording Secretary

2. President Burns invited the audience to recite the District Mission and then invited Cathy Abel, Director of Child Nutrition Services, to lead the members, staff, and audience in the Pledge of Allegiance.

President Burns announced Member Ryan had a conflict with a prior meeting and would be arriving a bit late. He extended apologies on her behalf.

3. Approval of Agenda

It was moved and seconded to approve the agenda.

<i>Motion:</i>	<u>Fox</u>	<i>Burns</i>	<u>Aye</u>	<i>El-Hajj</i>	<u>Aye</u>
<i>Second</i>	<u>Levens-Craig</u>	<i>Ryan</i>	<u>Not Present</u>	<i>Fox</i>	<u>Aye</u>
<i>Vote:</i>	<u>4-0</u>	<i>Levens-Craig</i>	<u>Aye</u>		

B. REPORTS AND PRESENTATIONS

1. **Superintendent's Report**

- 1.1. Developer Fees Collection Report
- 1.2. Use of Facilities Report
- 1.3. Enrollment Report
- 1.4. Schedule of Upcoming Events

2. **Spotlight: Wellness Policy Update/Committee Report**

Tim Larson, Assistant Superintendent of Human Resources/Pupil Services, mentioned the Wellness Committee has been exploring ways on how to support students' overall well-being and spent time exploring programs that would benefit all students. He introduced the Wellness Committee Co-Chairs, Cathy Abel and John Schweller.

Cathy Abel, Director of Child Nutrition, mentioned the Wellness Committee's focus has been food; and shared her excitement with the incorporation of physical education.

John Schweller, Pupil Services Coordinator, mentioned the committee is looking at ways to improve and support a successful physical education program throughout the District. Mr. Schweller gave an overview of best practices and challenges/concerns with adding P.E. to the schools. He mentioned the equipment and facilities varied throughout the District. Mr. Schweller shared the committee looked at what was currently available and made recommendations to the schools. The committee also explored curriculum and found the District had previously purchased some SPARK curriculum that could be utilized. Mr.

Schweller expressed the Wellness Committee’s gratitude towards the Board for their allocation of funds towards physical education. Mr. Schweller introduced James Olson, a parent representative on the Wellness Committee. Mr. Olson shared a personal experience that led for his passion for wellness. He commended Mr. Schweller for the work he presented to the committee; and to the committee for exploring all available options of how to incorporate physical education into the schools and selecting a program that would be sustainable.

The Board expressed their gratitude towards the Mr. Schweller and Mr. Olsen for their work.

C. PUBLIC COMMUNICATION

President Burns invited members of the audience to address the Board about any item not on the agenda. There were no public comments.

D. CONSENT ITEMS

President Burns invited comments from the public on any item listed under Consent.

- 1.1. **Approval of Minutes**
- 2.1. **Approval/Ratification of Travel Requests**
- 2.2. **Approval/Ratification of Revolving Cash Report**
- 2.3. **Approval of Consultants and General Service**
- 2.4. **Approval/Ratification of Expenditure Transactions Charged to District Issued Purchasing Cards (P-Cards)**
- 2.5. **Authorization to Purchase Carpet for the District Office Reflooring Project**
- 2.6. **Agreement with Western Environmental and Safety Technologies Inc. for Hazardous Materials Monitoring and Reporting for the District Office Reflooring Project**
- 2.7. **Agreement with Janus Corporation for Asbestos Removal Services for the District Office Reflooring Project**
- 3.1. **Approval of Extended Field Trip for Carlton Hills 7-8 Grade Students to H&M Landing in San Diego**
- 3.2. **Approval of 2015-16 School Site Fundraising Plans**
- 3.3. **Ratification of Nonpublic School Master Contract with Springall Academy for Nonpublic School Services**
- 4.1. **Personnel, Regular**
- 4.2. **Approval to Increase Work Hours for Identified Classified Non-Management Position**
- 4.3. **Adoption of Proclamation Endorsing the Great American Smokeout on November 20, 2015**
- 4.4. **Adoption of Resolutions Authorizing Teacher Services – Education Code Sections 44256(b), 44258.2, and 44263**
- 4.5. **Approval to Increase Guest Teacher Rates**

<i>Motion:</i>	<u>El-Hajj</u>	<i>Burns</i>	<u>Aye</u>	<i>El-Hajj</i>	<u>Aye</u>
<i>Second</i>	<u>Fox</u>	<i>Ryan</i>	<u>Not Present</u>	<i>Fox</i>	<u>Aye</u>
<i>Vote:</i>	<u>4-0</u>	<i>Levens-Craig</i>	<u>Aye</u>		

President Burns asked for a short recess. Member Ryan arrived during this time.

E. DISCUSSION AND/OR ACTION ITEMS

President Burns invited comments from the public on any item listed under Discussion and/or Action.

Business Services

Mr. Christensen explained the next four Discussion and Action items pertained to the potential refunding transactions for the District’s existing long-term debt. He mentioned items E.1.1. and E.1.2. were resolutions which would authorize the sale of new Certificates of Participation (COPs) and new General Obligation (GO) Bonds. Mr. Christensen mentioned Dale Scott, of Dale Scott & Company, would present detailed information regarding these potential transactions before the Board considered action on the resolutions. He explained after Mr. Scott presented, he would be providing the Board additional information about the last two items which were agreements with

Dale Scott & Company for financial advisor services and annual disclosure services for these transactions. Upon discussion, these items would be considered individually for action. He made reference to supplemental material provided to the Board.

Mr. Scott mentioned there had been significant progress since he had last presented to the Board. He clarified the COPs being discussed was the one originally issued for \$22,820,000, referenced on page 3 of the handout. Mr. Scott provided a representation of the actual debt service paid for by the District's general fund. He explained that the proposal is to use the refinancing savings to eliminate the last three years' worth of payments. That would involve the Refunded COPs of \$22,245,000 (currently outstanding) and issuing new certificates in the amount of \$21,715,000. Mr. Scott explained prior common practice was to set-up a *debt service reserve fund* which meant that under the old financing the District has about \$1,581,498 in an account earning approximately one-percent interest. He explained the debt service reserve fund allows the trustee to draw funds in case a payment is missed. Mr. Scott shared the current practice is to purchase a surety bond which costs much less and serves as an insurance policy in the case a payment is missed. Mr. Scott explained he would take that Prior Reserve Fund of \$1,581,498 and use in downsizing the financing. He mentioned this is also extremely profitable because the District is using funds that are earning minimal interest to pay off funds that the District is paying quite a bit on; producing approximately \$9.2 million in gross savings. Mr. Scott reminded the Board that this financing could not be refinanced until 2018 so those funds that he described would be put into an escrow account held by a bank and earning interest at a much lower rate than their cost. He explained that even though the COPs are being refinanced there is going to be minimal cost involved, known as *Negative Arbitrage*. He explained that with the \$1,805,450 in Negative Arbitrage and the cost of issuance, it would still result in a Net Savings to the District of approximately \$6,942,243. Member Ryan shared comparing the current figures with the numbers provided in Mr. Scott's prior presentation and the comparison was more favorable and asked Mr. Scott to explain. Mr. Scott explained the big impact was caused by choosing to transfer cash into the reserve. He mentioned working with Mr. Christensen and going over the information and trying to figure out what worked best. He mentioned they went back and forth but came to the conclusion that this was the better decision.

Mr. Scott made reference to the District's Bond Sale History on page 6 of his handout. He explained the Series A bonds were callable; and part of the Series B bonds would be callable in 2018. He explained the Series B, C, and D CABs are grouped together. However, the Series E CABs are not grouped because they were sold to investors as *bank qualified securities*; these cost the banks less to own, making them more valuable. Mr. Scott mentioned the bank that owns those bank qualified CABs has indicated that they are not interested in selling but would consider swapping them into a less costly and callable bank qualified CAB – if it is in the best financial interest for both parties.

Mr. Scott made reference to the Series A current interest bonds on page 6, and mentioned the proposal would be to refund \$15.5 million of the \$16.5 million currently outstanding. He explained this would be a gross savings of \$2,644,870; a Negative Arbitrage of \$604,266; and a Cost of Issuance of \$230,000 (estimated higher than expected); and produce a net savings of \$1,732,779. He explained this would provide a decrease of about \$1.37 per \$100,000 of assessed valuation for the average tax payer. He mentioned the average single family assessed valuation in this District is \$270,917. Series A refunding would decrease the average household's taxes by \$3.71 for the next 17 years; with an assumed increase in valuation of three percent. Mr. Scott explained that in order to maintain bank qualified status this needed to be completed within 30 days and mentioned he wasn't concerned with the interest rates changing; and clarified that if there was a significant change in interest rates, he would go back to the Administration for direction. To recap, Mr. Scott mentioned the COP refunding would provide the District a savings of \$6,942,243; and the Series A refunding would provide a tax payer savings of \$1,732,779.

Mr. Scott moved on to explain the refunding and restructuring of the non-callable Series D CABs and restructuring them into Current Interest Bonds (CIBs). In the last workshop, the marginal orders set by the Board were to keep the increase to the average household's tax rate below \$20. He showed a graph identifying the CABs that he believed the District could acquire at a reasonable price. If that were the case, they would be converted into CIBs. Mr. Scott explained the total refunded debt service of \$8,310,295 less the new CIB payments of \$4,617,167 would be a net CAB taxpayer savings of \$3,693,128. If added to the savings of the CIBs of \$1,732,779, it

would be a total savings to taxpayers of \$5,425,907. He mentioned the accelerated refunding would increase the average household's taxes by \$18.34 for the next nine years; and then it would decrease to approximately the current rates. Mr. Scott mentioned these were flexible and could be adjusted.

Mr. Scott mentioned the next information only partially pertained to the actions being considered by the Board tonight. He explained that if the owner of the Series E CABs was willing to convert them into shorter-term CABs it would provide a net CAB taxpayer savings of \$6,201,685. The total refunded debt service would be \$26,131,685 and the new CAB payments would be \$19,930,000. Mr. Scott mentioned these would now be callable and could be refinanced again. When combined with the Series A CIB Refunding Savings of \$1,732,779; and the Series D CAB Refunding Savings of \$3,693,128, it would produce total savings of \$11,627,593 to tax payers. Series E refunding increases net tax rate by \$3.10 per \$100,000 of assessed valuation through 2048; and a \$44.52 average tax rate decrease in years 2049-2051. Mr. Scott reiterated that no action was being taken on the Series E CABs until there were additional decisions made by the Board.

Mr. Christensen summarized the long term debt refunding transactions. He mentioned Mr. Scott had discussed Item E.1.1. Resolution for Issuing Certificates of Participation to Refund 2008 COPs; and E.1.2. Resolution for Issuing new GO Bonds to Refund Series A CIBs and Resolution for Issuing New GO Bonds to Refund Series D CABs. Mr. Christensen mentioned the remaining two items pertained to agreements with Dale Scott & Company to provide financial advisory services related to refunding of COPs and GOBs; and an Agreement for Annual Disclosure Services for Outstanding Long-term Debt.

Mr. Christensen provided documentation showing a summary of the four Board items discussed (shown below) and other documents (Exhibits A-D) showing the actual estimated costs embedded in the summary. He provided an explanation of the information on the summary page; and referenced the highlighted information on Item E.1.3. showed what the Board is currently considering for Series D; and Series E, if the Board chose to move forward next year.

D&A Item #	Description	CAB Refunding Scenario: Net Taxpayer Savings (AFTER Deduction of Issuance Costs)	Estimated Costs	Estimated General Fund Savings AFTER Deduction of Costs	Estimated Total Taxpayer Savings AFTER Deduction of Costs	Estimated Annual Change to Average Homeowner's Property Tax Bill	Comment	FA CAB Only Fees	FA CAB Only Fees as % of Net Savings
E.1.1	Resolution for Issuing Certificates of Participation to Refund 2008 COPs	N/A	\$2,280,025	\$6,942,243	N/A	N/A	See Exhibit B for details of costs		
E.1.2	Resolution for Issuing New GO Bonds To Refund Series A Current Interest Bonds (CIBs)	N/A	\$912,091		\$1,732,779	(\$3.71)	See Exhibit C for details of costs		
E.1.2 (Combined in Resolution with Series A CIBs)	Resolution for Issuing New GO Bonds To Refund Series D Capital Appreciation Bonds (CABs)	\$3,693,128	\$228,125		\$3,693,128	\$22.05	See Exhibit D for details of costs		
E.1.3	Agreement for Financial Advisor Services	\$3,693,128	\$233,238	N/A	N/A	N/A	\$95k for COPs, \$95k for Series A CIBs, \$43238 for Series D CABs	\$43,238	1.17%
		\$5,000,000	\$245,000	N/A	N/A	N/A	\$95k for COPs, \$95k for Series A CIBs, \$55k for CABs	\$55,000	1.10%
		\$10,000,000	\$290,000	N/A	N/A	N/A	\$95k for COPs, \$95k for Series A CIBs, \$100k for CABs	\$100,000	1.00%
		\$20,000,000	\$365,000	N/A	N/A	N/A	\$95k for COPs, \$95k for Series A CIBs, \$175k for CABs	\$175,000	0.88%
		\$30,000,000	\$427,500	N/A	N/A	N/A	\$95k for COPs, \$95k for Series A CIBs, \$237.5k for CABs	\$237,500	0.79%
E.1.4	Agreement for Annual Disclosure Services	N/A	\$5,000	N/A	N/A	N/A	Annual, on-going cost		

Member Fox inquired on the possibility of fluctuation in the Estimated Costs. Mr. Christensen explained that the Estimated Costs include estimates for underwriting, rating, and financial advisor fees, and there was a possibility for fluctuation. However, he mentioned this amount already included a safeguard for fluctuation. Member Levens-Craig asked once the item was approved, if it had to come back for approval if there was fluctuation. Mr. Christensen clarified the Board was taking action for authorization to proceed with the work to get the bonds issued. He mentioned that as the numbers start get more refined, the information will show whether it is still viable to proceed. President Burns clarified that it is also within the Board's authority to provide parameters as it relates to fluctuation of estimated costs. Mr. Christensen clarified that the issuance costs were close estimates. He explained there was a higher chance that the overall savings would fluctuate once in negotiations with the sellers. President Burns mentioned he would prefer the Board put safeguards in place just in case there is a change in interest rates. Member El-Hajj asked for clarification on Negative Arbitrage. Mr. Scott explained it was cost of carry and provided a detailed example. President Burns inquired when the District would see the anticipated savings of \$6 million in the COPs. Mr. Christensen mentioned the savings would be in the last three years of the financing term. President Burns inquired on potential risks. Mr. Christensen mentioned he saw more of an upside potential than downside potential. He mentioned the District's risk is new debt is being issued – but the District is receiving a savings. Mr. Scott mentioned the risks were more opportunity risks.

President Burns asked if the San Diego Taxpayer's Association was still favorable of this process. Mr. Scott referenced a prior conversation with Lani Lutar, former member of the San Diego Taxpayers Association. He mentioned the San Diego Tax Payers Association analyzed a prior transaction and only gave their recommendation on that particular transaction. However, Mr. Scott mentioned the details of that transaction were identical. Since then, there have been other Taxpayer Associations throughout the State giving the same recommendation in similar transactions. Member Ryan shared her concern was the lack of a comparison. She mentioned asking Mr. Christensen if there was a way for the Taxpayers Association to review the information. Member Ryan mentioned her lack of knowledge in the area and a prior and similar action taken with a previous Board, she felt uncomfortable making a decision without a second opinion.

1.1. Approval of Resolution 1516-12 of the Board of Education of the Santee School District Authorizing the Execution and Delivery of a Ground Lease, a Lease Agreement, a Trust Agreement, an Escrow Agreement, a Certificate Purchase Agreement and a Continuing Disclosure Certificate with Respect to the Execution and Delivery of Santee School District (San Diego County, California) Certificates of Participation (Refunding Project), Series 2015, Authorizing the Execution and Delivery of Such Certificates Evidencing Principal in an Aggregate Amount of Not To Exceed \$25,000,000, Authorizing the Distribution of an Official Statement in Connection Therewith and Authorizing the Execution of Necessary Documents and Certificates and Related Actions

The Board discussed setting parameters for Resolution 1516-12. They agreed that a minimum savings of \$6,000,000 or higher was required to move forward. Member Fox moved approval.

<i>Motion:</i>	<u>Fox</u>	<i>Burns</i>	<u>Aye</u>	<i>El-Hajj</i>	<u>Aye</u>
<i>Second</i>	<u>Levens-Craig</u>	<i>Ryan</i>	<u>Aye</u>	<i>Fox</i>	<u>Aye</u>
<i>Vote:</i>	<u>5-0</u>	<i>Levens-Craig</i>	<u>Aye</u>		

1.2. Approval of Resolution 1516-13 of the Board Of Education of the Santee School District Authorizing the Sale and Issuance of Not To Exceed \$40,000,000 Aggregate Principal Amount of Santee School District General Obligation Refunding Bonds, in One or More Series, Approving the Forms of and Authorizing the Execution and Delivery of a Repurchase Agent Agreement and One or More Escrow Agreements, Bond Purchase Agreements and Continuing Disclosure Certificates, Approving the Form, and Authorizing a Method for Review and Approval by Members of Said Board, of One or More Official Statements, and Authorizing the Execution of Necessary Documents and Certificates and Related Actions in Connection Therewith

The Board discussed setting parameters for Resolution 1516-13. They agreed that a minimum net savings of \$1,250,000 or higher was required; and a \$20 annual maximum increase to the average taxpayer. Member Fox moved approval.

<i>Motion:</i>	<u>Fox</u>	<i>Burns</i>	<u>Aye</u>	<i>El-Hajj</i>	<u>Aye</u>
<i>Second</i>	<u>El-Hajj</u>	<i>Ryan</i>	<u>Nay</u>	<i>Fox</i>	<u>Aye</u>
<i>Vote:</i>	<u>4-1</u>	<i>Levens-Craig</i>	<u>Aye</u>		

1.3. Agreement with DS&C to Provide Financial Advisor Services Related to Refunding of Certificates of Participation and General Obligation Bonds

Member El-Hajj moved approval.

<i>Motion:</i>	<u>El-Hajj</u>	<i>Burns</i>	<u>Aye</u>	<i>El-Hajj</i>	<u>Aye</u>
<i>Second</i>	<u>Levens-Craig</u>	<i>Ryan</i>	<u>Aye</u>	<i>Fox</i>	<u>Aye</u>
<i>Vote:</i>	<u>5-0</u>	<i>Levens-Craig</i>	<u>Aye</u>		

1.4. Agreement with DS&C for Continuing Disclosure Services for Outstanding Long-Term Debt

Member Levens-Craig moved approval.

<i>Motion:</i>	<u>Levens-Craig</u>	<i>Burns</i>	<u>Aye</u>	<i>El-Hajj</i>	<u>Aye</u>
<i>Second</i>	<u>El-Hajj</u>	<i>Ryan</i>	<u>Aye</u>	<i>Fox</i>	<u>Aye</u>
<i>Vote:</i>	<u>5-0</u>	<i>Levens-Craig</i>	<u>Aye</u>		

1.5. Approval of Monthly Financial Report

Mr. Christensen provided the financial report for cash and budget transactions through September 30th. The month of September ended with a cash balance of approximately \$8.5 million and the District will be able to meet financial obligations with cash on hand through the end of this fiscal year. He explained the revised report shows an estimated surplus of \$3.2 million in the unrestricted general fund. However, he noted that not all budget revision transactions had been posted; including those stemming from the September 29th Board Budget Workshop. Mr. Christensen mentioned those budget revisions will be reflected in the October 31 report. He noted the estimated and projected reserve percentages for last month and current month were included. Member Ryan moved approval.

<i>Motion:</i>	<u>Ryan</u>	<i>Burns</i>	<u>Aye</u>	<i>El-Hajj</i>	<u>Aye</u>
<i>Second</i>	<u>Fox</u>	<i>Ryan</i>	<u>Aye</u>	<i>Fox</i>	<u>Aye</u>
<i>Vote:</i>	<u>5-0</u>	<i>Levens-Craig</i>	<u>Aye</u>		

Superintendent

2.1. Board Legislative Goals for 2016

Superintendent Pierce presented the proposed draft of Legislative Goals for 2016 for Board consideration. Member Ryan suggested changing language to the proposed legislative goal discussing the maximum reserve cap. President Burns suggested seeking legislation to include protocol and/or parameters for parents of students with special needs on working with schools prior to seeking assistance from an advocate. Member Ryan mentioned she would need additional information on current cases and costs of advocates prior to making that decision.

<i>Motion:</i>	<u>Ryan</u>	<i>Burns</i>	<u>Aye</u>	<i>El-Hajj</i>	<u>Aye</u>
<i>Second</i>	<u>Fox</u>	<i>Ryan</i>	<u>Aye</u>	<i>Fox</i>	<u>Aye</u>
<i>Vote:</i>	<u>5-0</u>	<i>Levens-Craig</i>	<u>Aye</u>		

F. BOARD COMMUNICATION AND ORGANIZATIONAL BUSINESS

President Burns shared the District Office would be closed to the public for Veterans' Day and Thanksgiving Break.

Superintendent Pierce mentioned the Board had asked to meet during the CSBA conference and inquired on any needed arrangements. President Burns mentioned he would work with Member Ryan and would get back to Administration.

Member Levens-Craig mentioned attending the STEM symposium in Anaheim. She shared the event had great information and speakers. Member Levens-Craig mentioned she met up with District staff and had the opportunity to speak with Ed Hidalgo from the Thinkabit Lab at Qualcomm.

Member Fox mentioned visiting PRIDE.

President Burns commended the students who were present at the Student Forum to provide input on middle school electives and mentioned it was nice to see new faces. He mentioned it was nice to be out in the community during Halloween and seeing the carnivals being held by the school's PTSA's. President Burns asked that a letter be send on the Board's behalf to commended their work and service to the community.

G. CLOSED SESSION

President Burns announced that the Board would meet in closed session for:

1. Public Employee Discipline/Dismissal/Release (Gov't Code § 54957)
2. Conference with Labor Negotiator (Gov't Code § 54957.6)
*Agency Negotiators: Karl Christensen, Assistant Superintendent; and
Tim Larson, Assistant Superintendent*
Employee Organization: Santee Teachers Association
3. Conference with Labor Negotiator (Gov't Code § 54957.6)
*Agency Negotiators: Karl Christensen, Assistant Superintendent; and
Tim Larson, Assistant Superintendent*
Employee Organization: Classified School Employees Association
4. Conference with Real Property Negotiators (Gov't Code § 54956.8)
Property:
 - *Parcels 383-112-05 and 383-112-28 located on the north side of Prospect Avenue east of Marrokal Lane (known as Renzulli site)*
 - *10335 Mission Gorge Road, Santee 92071 (formerly known as Santee School Site)**Agency Negotiator: Karl Christensen, Assistant Superintendent*
5. Public Employee Performance Evaluation (Gov't Section § 54957)
Superintendent

The Board entered closed session at 8:49 p.m.

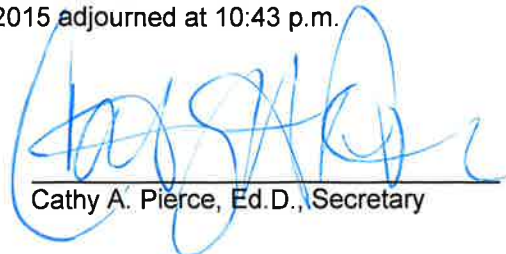
H. RECONVENE TO PUBLIC SESSION

The Board reconvened to public session at 10:43 p.m. No action was reported.

I. ADJOURNMENT

With no further business, the regular meeting of November 3, 2015 adjourned at 10:43 p.m.


Elana Levens-Craig, Clerk


Cathy A. Pierce, Ed.D., Secretary