

BOARD OF EDUCATION

NORWALK - LA MIRADA UNIFIED SCHOOL DISTRICT

MINUTES OF THE STUDY SESSION OF

January 15, 2015

The meeting was called to order by the President at 5:33 p.m., in the Board Room, 12820 Pioneer Blvd., Norwalk, with all members present, except Margarita Rios who arrived at 5:35 p.m., Chris Pflanzer, who arrived at 5:40 p.m. and Darryl Adams, who arrived at 5:45 p.m.

Board Members Present: Mr. Jesse Urquidi, President
 Mrs. Karen Morrison, Vice-President
 Mr. Darryl Adams, Member
 Mr. Chris Pflanzer, Member
 Mr. Sean M. Reagan, Member
 Mrs. Margarita Rios, Member
 Ms. Ana Valencia, Member

Administrators Present: Mrs. Ginger Shattuck, Superintendent
 Dr. Albert E. Clegg, Assistant Superintendent, Ed. Services
 Mr. Estuardo Santillan, Assistant Supt., Business Services
 Mr. Wayne Shannon, Assistant Supt., Human Resources
 Mr. Rob Jacobsen, General Counsel

The Pledge of Allegiance of the Flag was led by Isela Vazquez, Director of Facilities.

BOND STUDY SESSION

Mrs. Shattuck congratulated the Board on the passage of Measure G. She went over the format of the study session that would not include any board action. She shared that this meeting would be providing them with a lot of information and once the meeting was over, the Board Members could decide to continue the discussion of the topics or schedule another study session to continue the discussion. She explained that there would be four presentations that night by four different speakers. Once each speaker was done with their presentation, the Board Members would be free to ask questions at that time.

The presenters were:

Tim Carty, Piper Jaffray, Bond Financial Advisor
David Casnocha, Bond Legal Counsel
Jim DiCamillo, Architect, Facilities Master Plan
Estuardo Santillan, Possible Bond Projects for Consideration

Tim Carty, Bond Financial Consultant

Mr. Carty introduced himself and gave a presentation on Bond Financing. He went over a sample bond issue plan based on the Measure G Bond amount. Under this plan about \$52 Million would be issued every fourth year. This schedule is subject to adjustment with the dollar amount of bonds issued and the issue schedule. He touched on the subject of short term and long term bonds, with short term bonds being used for items like technology expenses and long term bonds used for modernization/building etc. Each bond issue could have some of the funds allocated to keep technology current. The amount of these funds would be determined.

Mr. Carty explained the process of issuing the bonds and that some steps would need Board approval. He provided some historical information on Capital Appreciation Bonds and how they have been misused in the past. Now the term of these bonds have been shortened to 25 years and can only be a 4-1 payment ratio or lower. Capital Appreciation Bonds are included in the District's bond model with a payment ratio of 2-1, to not include them would slow down dramatically the pace in which the funds would be available to the District. He then talked about Bridge Financing. This is a technique by which the bonds that would have been issued at a later date are issued now. Short-term notes are issued that are due and payable from out of the bond sales from a later date. So the money for projects can be assessed now and then the money from bond sales at that later date is not used for projects, but to repay the notes. You can get more money earlier for projects at today's cost. There is some risk, these notes need to be paid back by a certain time and there is interest that needs to be paid.

In closing, Mr. Carty talked about the timeline to get the first funds from the bond. It usually takes three months from the beginning of the process to when funds are actually available. The legal documents first are prepared, then are taken to the LA County Board of Supervisors and they issue the bonds on behalf of the District.

Questions and discussions were held regarding: Average assessed valuation of property in the school district; Bridge financing; amount of money in bonds that can be issued each time without using bridge financing; and transaction fees associated with bond funding.

David Casnocha, Bond Legal Counsel

Mr. Casnocha explained the process by which the District could begin to pay money for bond planning and get reimbursed from bond funds. Any funds over \$100,000 spent in planning would require a Board approved resolution. Resolutions must be Board approved to authorize the issuance of the bonds, at two Board Meetings in a row. These meetings would take place in March/April and bond funding would be projected for June. Another resolution must come to the Board for approval to establish a Citizens Oversight Committee. Mr. Casnocha's recommendation was to dissolve the Measure S Oversight Committee and establish a Measure G Oversight Committee that would be responsible for both bonds. He also explained the required membership and the responsibilities of the Oversight Committee.

David Casnocha, Bond Legal Counsel, Continued

After the Measure G Oversight Committee is in place, there will be a resolution entering the Measure G Election results into the minutes of the Board. This would take place in April or May. The adoption of the resolution triggers a 60 day clock to get the Oversight Committee up and running.

Mr. Casnocha talked about the relationship between the Board of Education, District Staff, vendors and contractors when it comes to bond programs. The Board is expected to exercise their best judgment in the execution and fulfillment of their duties. A Board should respond to and approve or disapprove recommendations of the Staff. If the Board is ever sued, the legal defense is that they used their best judgment. He talked about the development and the review of the Request for Quote. The Board's role is not to deal one-on-one with vendors and contractors, that would not be in their best judgment and avoiding this practice, will prevent any conflict of interest situations.

Questions and discussions were held regarding: best way to get information is from Staff; conflict of interest problems with Board Members in other Districts; referring vendors to staff members; Board Members reviewing RFQs and RFPs; and (PLA) Project Labor Agreements.

Jim DiCamillo, WLC Architects, Facilities Master Plan

Mr. DiCamillo gave a presentation on developing a strategy for prioritizing Measure G projects. He reminded Board Members that the District's Facilities Master Plan (FMP) is a long range planning tool intended to provide a pathway forward to address pending facilities related projects for a foreseeable future. The FMP dealt with project identification and project cost estimation. The next step is to use the Facilities Master Plan information to start project prioritization and once that is done, project scheduling. The Board will need to look at the amount of money available and the projects that were identified in the FMP. Not all identified projects will be able to be funded. Mr. Di Camillo gave some history on how the FMP was developed, the types of projects that were identified, and how the projects were allocated by facility categories. Once the projects were identified, they were costed out a generic level. The recurring projects that came up were: office/MRP renovations; security fencing; roof replacements; playfield/playground upgrades; high school athletic venue upgrades; performance/multi-media buildings; furniture replacement; and technology upgrades. Mr. DiCamillo shared that of all of the identified projects, the high school venue upgrades would have the biggest impact in the construction and would have to go through a CEQA process that will require more time. He gave examples of how the strategy that is developed for the prioritization plan needs to be logical, as some projects will need to be done in a certain order. He presented several slides that showed the type of projects that were identified by level: elementary, middle, high school, and District Support Centers. The next three slides showed cost estimation project breakdown, costs estimation by project type, and percentage of allocations by projects types. He reminded the Board Members that the FMP is what could be done, not necessarily what would be done. Mr. DiCamillo also talked about the thermometer project that helped visualize what could be done with a \$375 Million bond.

Jim DiCamillo, WLC Architects, Facilities Master Plan, Continued

He reminded them that the thermometer was not a prioritization list. He talked about the next steps: review the FMP; consider alternative strategies; select a strategy; and be flexible. Lastly, he gave examples of possible strategies the District could use.

Questions and discussions were held regarding: CEQA process and timeline for athletic facilities planning.

Estuardo Santillan, Assistant Superintendent, Business, Possible Bond Projects for Consideration

Estuardo Santillan provided a presentation on possible bond projects. The projects were listed in alphabetical order, by categories: All Schools; Complete Renovation of Schools; Entire Modernization; Gymnasiums, Weight Rooms, and Locker Rooms; Operational Equipment; Renovations; Sports Fields; Stadiums; and Technology. They projects were not prioritized. Mr. Santillan talked briefly about the items that were listed in each category.

At this time, Mrs. Shattuck provided some instruction on the Board's next steps in deciding the amount of funds for the first distribution of funds and the prioritization of the projects. She posed the question on whether they wanted to start this process that night or come back at a study session to begin the process. She said this was a time for questions, reflections, and providing Staff with directions on what they would like to do next and/or what information they would like Staff to provide to them.

Questions and discussions were held regarding: possible tool available to help the Board with the prioritization process; sequence required for certain projects; feasibility of upgrading a school as old at Chavez Elementary; estimates can be used from the FMP to help with prioritization; direction needs to be given to Staff; bridge financing loans; requested staff provide recommendations for priority projects (several versions); stadiums; air conditioning of MPRs and School Offices; Technology; CEQA Process; visibility of projects; E-rate and technology; Board will take Staff recommendation but will ultimately make their own decisions about choosing projects; and time needed for study sessions;

Consensus was reached to have study sessions from 5:00 – 6:00 p.m. before the two Board Meetings in February on the 2nd and the 23rd. District Staff will provide several project options for prioritization. A request was made to have these options provided to Board Members before the meeting. Mr. Jim DiCamillo advised against this as there would be explanations that would go along with the options and questions that would come up that would best be answered at the meeting.

ADJOURNMENT:

It was moved by Ana Valencia, seconded by Margarita Rios, and
Carried unanimously,

R-364

That the study session of the Board of Education be adjourned at 7:30 p.m.

The next regular meeting of the Board of Education will be held at 6:30 p.m. on February 2, 2015 with a study session being held from 5:00 - 6:00 p.m., in the Board Room, 12820 Pioneer Blvd., Norwalk, CA 90650.

Ginger Shattuck
Secretary to the Board

Jesse Urquidi
President of the Board