

**SAN DIEGUITO UNION HIGH SCHOOL DISTRICT  
BOARD OF TRUSTEES WORKSHOP**

**MINUTES**

**WEDNESDAY, JANUARY 9, 2013  
4:00 PM**

**DISTRICT OFFICE BOARD ROOM  
710 ENCINITAS BLVD., ENCINITAS, CA. 92024**

The Governing Board of the San Dieguito Union High School District held a Board Workshop on Wednesday, January 9, 2013, at the above location.

**ATTENDANCE**

BOARD OF TRUSTEES

Joyce Dalessandro  
Barbara Groth  
Beth Hergesheimer  
Amy Herman  
John Salazar

DISTRICT ADMINISTRATION

Ken Noah, Superintendent  
Eric Dill, Associate Superintendent, Business  
Rick Schmitt, Associate Superintendent, Educational Services  
Torrie Norton, Associate Superintendent, Human Resources  
Russ Thornton, Executive Director, Facilities  
Joann Schultz, Executive Assistant, Business Services  
Becky Banning, Executive Assistant to the Superintendent / Recording Secretary

1. CALL TO ORDER

President Barbara Groth called to order at 4:00 PM.

**INFORMATION ITEMS**

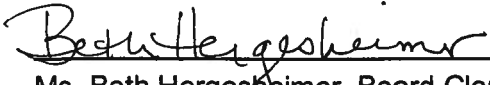
2. BOND PROGRAM UPDATE .....ERIC DILL, ASSOCIATE SUPERINTENDENT, BUSINESS SERVICES

Mr. Dill gave a presentation that focused on Bond Program Management, Financing Schedule & Options, Tentative Construction Schedule, and Governance.

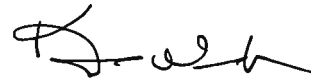
Supporting documents for all the above were distributed and are attached here.

3. ADJOURNMENT

The meeting was adjourned at 5:54 PM.

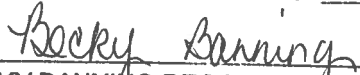
  
\_\_\_\_\_  
Ms. Beth Hergesheimer, Board Clerk

1 / 17 / 2013  
Date

  
\_\_\_\_\_  
Ken Noah, Superintendent

1 / 17 / 2013  
Date

APPROVED IN PUBLIC MEETING OF THE  
BOARD OF TRUSTEES OF THE SAN DIEGUITO  
UNION HIGH SCHOOL DISTRICT 1-17-13

  
\_\_\_\_\_  
BECKY BANNING RECORDING SECRETARY  
BOARD OF TRUSTEES

# BOND PROGRAM UPDATE

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San Dieguito Union High School District  
Board Facilities Workshop  
January 9, 2013, 4:00 p.m.  
District Office Board Room

# Table of Contents

- Finance Team Introductions
- Facilities Planning & Construction Department organization
- Project Management Software
- Financing Schedule
- Preview financing options
- Construction Schedule
- Board's Role
- Independent Citizens' Oversight Committee (ICOC)
- Next Steps

# Finance Team Introductions

- Bond Underwriters
  - De La Rosa & Co.
    - Ralph Holmes, Partner
    - Katherine Perkins, Vice President
- Financial Advisors
  - Dolinka Group
    - Justin Rich, Associate Director
    - Rachel Chang, Associate Director
- Counsel
  - Orrick, Herrington & Sutcliff, LLP – Disclosure Counsel
    - Eugene Clark-Herrera, Partner
    - John Palmer, Associate
  - DLA Piper, LLP – Bond Counsel
    - Masood Sohaili, Partner

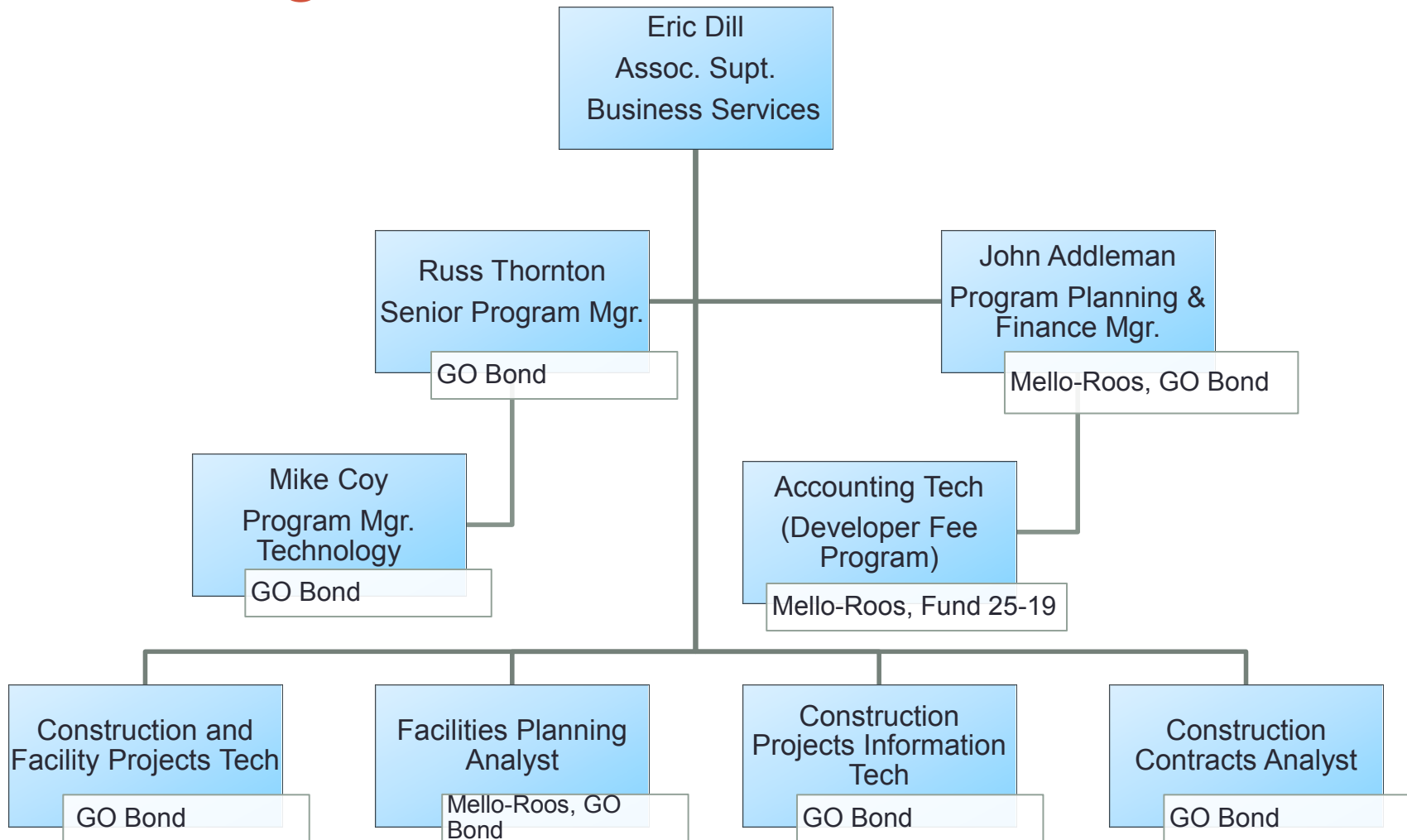
# History of Planning Department

- 1998 – 2006
  - Created department to provide planning services to ensure that there are adequate school and support facilities to house and educate students of the district in a rapidly growing San Dieguito community.
  - As the community grew and the pace of construction projects increased, the department increased staff to manage the program.
  - Positions related to contracts, procurement, budget and scheduling were created.
  - At it's height, the Planning Department employed seven positions.
- 2006 – Current
  - As the pace of construction projects declined, the department reduced staff to two positions.

# Facilities Planning & Construction Department Organization

- Staffing
  - Classified positions approved by Classification Advisory Committee on December 19, 2012
  - Positions presented to the Classified Personnel Commission on January 8, 2013
  - Positions to be presented to the Board of Trustees on January 17, 2013
- Responsibilities:
  - To provide project management of Proposition AA bond funds
  - To provide ongoing management of related capital facilities programs:
    - Mello-Roos
    - Statutory Developer Fees
    - State School Building Program
    - Field Use

# Proposed Organizational Chart and Funding





# Project Management Software

- Current in-house accounting software is inadequate for new program
  - Provides for project accounting and compliance with the State School Building Program and Mello-Roos bonds.
  - Does not provide for project-wide collaboration.
- Project-wide collaboration requires a solution that:
  - Captures and shares more information than project accounting.
    - Architectural and engineering plans and specifications
    - Inspection reports
    - Requests for information
    - Proposals and bid documents
    - Field change directives
    - Electronic correspondence
  - Is accurate, secure, and shared with project team in real-time from anywhere
  - Improves efficiency
    - Reduces paper and printing costs saving \$5K - \$20K per project
    - Eliminates delays

# Project Management Software

- Creates a complete and searchable audit trail of all activity and decisions
  - Nothing is deleted
  - Ensures better accountability for all parties on the project team
- Provides visibility
  - Project progress can be tracked and shared in real time.
  - Project wide reports can be shared with the community.
    - District Web Page
    - Independent Citizens' Oversight Committee Web Page
    - District Facebook

# Financing Schedule

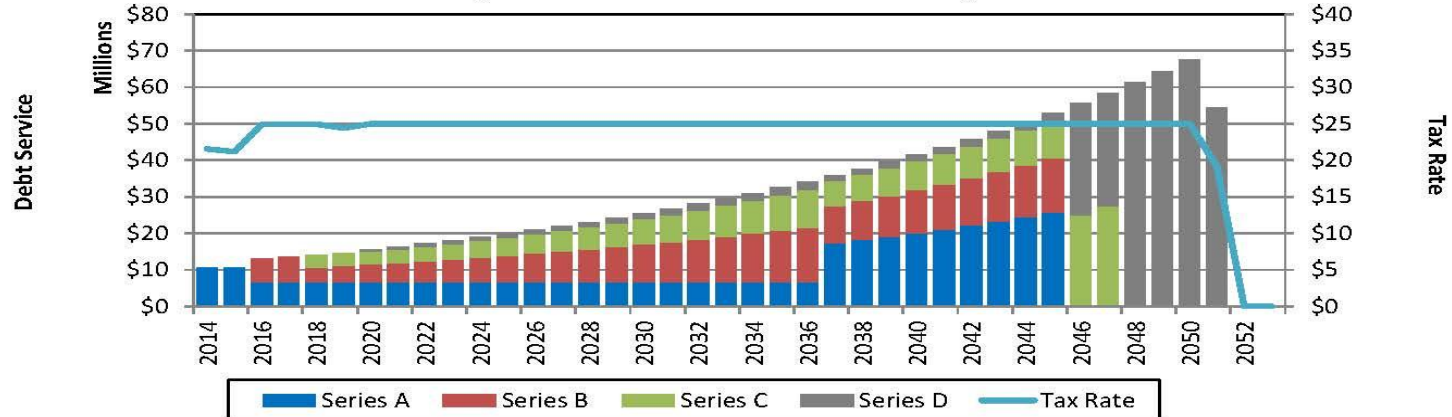


## SAN DIEGUITO UNION HIGH SCHOOL DISTRICT PROP. AA BOND MEASURE

### Current Financing Program

	<u>Issue Date</u>	<u>Term</u>	<u>Par Amount</u>	<u>Payback Ratio</u>
Series A	2013	32 Years	160,000,000	2.19:1
Series B	2015	30 Years	125,000,000	2.35:1
Series C	2017	30 Years	100,000,000	2.44:1
Series D	2019	32 Years	64,000,000	5.46:1
Series E	-	-	-	-
Highest Tax Rate	\$25.00			
Average Tax Rate	\$24.63			
Final Series Issued	2019			
Final Debt Service	2051			

### Current Program: Debt Service and Tax Rate Projections



# Financing Schedule

- First draw stats:
  - \$160M bond issue
  - 32 years
  - Payback is 2.19:1
    - Less than recommended 4:1
  - No use of capital appreciation bonds (CABs)

## BOND DEBT SERVICE

San Dieguito Union High School District - FP Option 1 (12-18-12)  
Series A

Period Ending	Principal	Interest	Debt Service
08/01/2014	1,500,000	9,160,218.75	10,660,218.75
08/01/2015	4,000,000	6,686,250.00	10,686,250.00
08/01/2016		6,566,250.00	6,566,250.00
08/01/2017		6,566,250.00	6,566,250.00
08/01/2018		6,566,250.00	6,566,250.00
08/01/2019		6,566,250.00	6,566,250.00
08/01/2020		6,566,250.00	6,566,250.00
08/01/2021		6,566,250.00	6,566,250.00
08/01/2022		6,566,250.00	6,566,250.00
08/01/2023		6,566,250.00	6,566,250.00
08/01/2024		6,566,250.00	6,566,250.00
08/01/2025		6,566,250.00	6,566,250.00
08/01/2026		6,566,250.00	6,566,250.00
08/01/2027		6,566,250.00	6,566,250.00
08/01/2028		6,566,250.00	6,566,250.00
08/01/2029		6,566,250.00	6,566,250.00
08/01/2030		6,566,250.00	6,566,250.00
08/01/2031		6,566,250.00	6,566,250.00
08/01/2032		6,566,250.00	6,566,250.00
08/01/2033		6,566,250.00	6,566,250.00
08/01/2034		6,566,250.00	6,566,250.00
08/01/2035		6,566,250.00	6,566,250.00
08/01/2036		6,566,250.00	6,566,250.00
08/01/2037	10,820,000	6,566,250.00	17,386,250.00
08/01/2038	12,150,000	6,106,400.00	18,256,400.00
08/01/2039	13,580,000	5,590,025.00	19,170,025.00
08/01/2040	15,115,000	5,012,875.00	20,127,875.00
08/01/2041	16,765,000	4,370,487.50	21,135,487.50
08/01/2042	18,530,000	3,657,975.00	22,187,975.00
08/01/2043	20,430,000	2,870,450.00	23,300,450.00
08/01/2044	22,465,000	2,002,175.00	24,467,175.00
08/01/2045	24,645,000	1,047,412.50	25,692,412.50
	160,000,000	190,961,768.75	350,961,768.75

# Financing Schedule – Key Dates

- January 22<sup>nd</sup>
  - Submit initial credit package to rating agencies.
- February 7<sup>th</sup>
  - Board meeting
  - Resolution Authorizing the Issuance and the Terms of Sale, Approving the Form of and Authorizing the Execution and Delivery of a Bond Purchase Contract, a Paying Agent Agreement, and an Official Statement for the bonds.
- February 8<sup>th</sup>
  - Ratings meeting with Moody's and Standard & Poors
- February 22<sup>nd</sup>
  - County Board of Supervisors to approve Resolution, form of disclosure and legal documents.
  - Receive ratings
- February 28<sup>th</sup>
  - Distribute Preliminary Official Statement to Investors
- March 5<sup>th</sup>
  - Pricing call – Taxable Bonds
- March 19<sup>th</sup>
  - Pricing call – Tax-exempt Bonds
- April 2<sup>nd</sup>
  - Closing and delivery of funds

# Preview Financing Options

- Review process
  - August 16, 2012 board approved Board Policy 3460/AR-3 “SALE OF CAPITAL APPRECIATION BONDS”
  - To ensure fiscal responsibility and transparency in connection with the sale of capital appreciation bonds the AR requires:
    - That the District will not authorize the sale of any form of Capital Appreciation Bonds or Convertible Capital Appreciation Bonds without review by the District’s citizens’ bond oversight committee.
  - The first bond financing will not require the use of CABs or CCABs

# Pending Legislation

- Hueso/County Treasurer position on CABs
  - Limit term to 25 years for all bond issuances (whether CABs or Current Interest)
  - Require school districts to issue all bonds from Ed Code and not Government Code
  - Require all bonds with a term of ten years or more to be callable
  - Require more transparency and/or notifications prior to governing board approval of a bond issuance
  - Require approval from the County Board of Supervisors or County Superintendent of Schools
  - Impose a cap on debt service ratio of 4:1
- CA Association of County Treasurers and Tax Collectors' (CACTTC) position on CABs
  - Same limitations as above, and...
  - Bond debt cannot increase by more than 5% per year

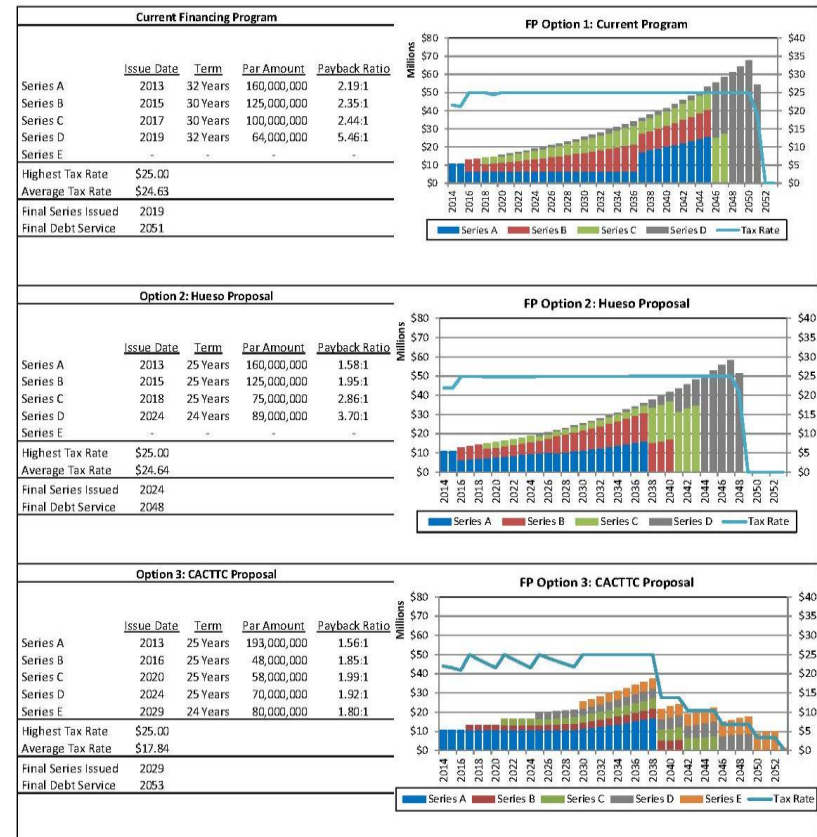
# Preview Financing Options

## Potential Impacts

- Hueso/County Treasurer
  - Extends District Bond Program by 5 years
  - Could cause projects to be delayed or not pursued due to cost escalation.
  - Could be offset if the State passes a 2014 state wide school bond and keeps the School Building Program intact to allow the District access to it's current new construction and modernization grants.
- CACTTC
  - Extends District Bond Program by 10 years
  - Will cause bond program to not be fulfilled as originally conceived due to additional cost escalation.
  - Will have to reprioritize needs.



### SAN DIEGUITO UNION HIGH SCHOOL DISTRICT UPDATED FINANCING PLAN SCENARIOS





# Construction Schedule

2012

- CCA -
  - Design
- DNO -
  - Design
- LCC -
  - Design
- LCV -
  - Design
- OC -
  - Design
- SDA -
  - Design

2013

- CCA-
  - Track and Field
- DNO -
  - Parking lot
  - Traffic circulation
  - Selected HVAC
- LCC -
  - Technology upgrades
  - Selected HVAC
- OC -
  - Lower field renovation
  - Selected HVAC
- SDA -
  - Track and field
- TP -
  - Stadium lights
  - Fire road improvement
  - Water main
- LCV -
  - Field development
  - Parking lot
- PHR MS -
  - Site acquisition

2014

- CCA -
  - Site and field improvements
- CV -
  - Design and approval
- PHR MS Site -
  - Site prep
  - Field development
- TPHS -
  - Design and approval

2015

- EW -
  - Design and approval
- LCC -
  - Field House
- OC -
  - New Science classrooms
  - Gymnasium
  - Art & Music renovations
- SDA -
  - New 2-story math & science building
- TP -
  - PAC,
  - Technology / infrastructure upgrades
  - Interim school
- PHR MS Site -
  - Phase 1 / Core Campus
  - 500 seat classroom building

# Construction Schedule

2016	2017	2018	2019	2020
<ul style="list-style-type: none"> <li>• CV -</li> <li>• Music</li> <li>• Performing arts</li> <li>• Quad</li> <li>• Food Service</li> <li>• EW -</li> <li>• New Campus construction</li> <li>• LCC -</li> <li>• Design and approval</li> <li>• SDA -</li> <li>• New 2-story English-Social Science-Arts Building</li> <li>• TP -</li> <li>• Design and approval</li> </ul>	<ul style="list-style-type: none"> <li>• DNO -</li> <li>• Classroom expansion</li> <li>• Science renovation</li> <li>• Replace portable classrooms</li> <li>• New multipurpose room</li> <li>• LCC -</li> <li>• New 2-story science building</li> <li>• SDA -</li> <li>• New Gymnasium</li> <li>• Modernize Industrial Arts, A &amp; B buildings</li> <li>• TP -</li> <li>• B Building modernization and renovation</li> </ul>	<ul style="list-style-type: none"> <li>• CCA -</li> <li>• Design and approval</li> <li>• LCC -</li> <li>• Design and approval</li> <li>• Sunset -</li> <li>• Design and approval</li> </ul>	<ul style="list-style-type: none"> <li>• CCA -</li> <li>• B Building expansion</li> <li>• Black box</li> <li>• Dance room</li> <li>• LCC -</li> <li>• Renovate 200s and Industrial Arts</li> <li>• Sunset -</li> <li>• New Campus construction</li> <li>• TP -</li> <li>• Visual &amp; Performing Arts and Technology classrooms</li> <li>• New gymnasium</li> </ul>	<ul style="list-style-type: none"> <li>• TP -</li> <li>• Remodel old gym</li> <li>• Concessions &amp; press box</li> <li>• PHR MS Site -</li> <li>• Phase 2 construction - 500 seat classroom building</li> </ul>

# Construction Schedule

- Three month look ahead
  - Requests for Proposals for:
    - Project Management Software
    - Testing Labs and Special Inspections
    - Division of State Architect Inspector of Records
  - California Environmental Quality Act
    - Notice of Exemptions
    - Environmental Impact Report
  - Contracts
    - Architects
    - Construction Firms
    - Environmental Consultants

# Construction Contracts

- 2011 Requests for Proposals for pre-construction planning and cost estimating
  - Architects
    - 25 responded
    - 8 were interviewed
    - 4 selected
  - Construction Managers
    - 12 responded
    - 5 were interviewed and selected
- Working with these firms over 2011 & 2012 allowed staff to evaluate the capabilities of each over a long term
- The 2011 RFP covers the next phase as we enter into design and construction
- Staff has tentatively selected teams to work on identified projects, subject to contract negotiation and Board approval

# Design Construction Teams

- CCA           Lionakis/Balfour-Beatty
- PHRMS       Lionakis/Balfour-Beatty
- EWMS        Lionakis/Gilbane
- CVMS        Lionakis/Gilbane
- TPHS         RNT/Balfour-Beatty
- LCC          RNT/Gilbane
- OCMS        Westberg & White/Ericksen-Hall
- DNO          Westberg & White/Ericksen-Hall
- SDA          MVEI/Balfour-Beatty
- LCV          MVEI/Gilbane

# Role of the Board and Staff

- Establishing financing schedule and options
- Approval of the sale of bonds
- Approval of construction projects and schedules
- Approval of contracts and change orders
- Handling legal matters
- Appointing the Independent Citizens' Oversight Committee (ICOC) members

# Independent Citizens' Oversight Committee (ICOC)

- Districts passing General Obligation Bonds under Prop 39 must establish an Independent Citizens' Oversight Committee
  - Ensures all funds are used in support voter-approved projects
  - Inspects facilities and grounds
  - Reviews cost-saving measures
  - Reviews annual independent audits
  - Reports annually to the Board and to the public on activities and findings
- ICOC is independent from the District's decision making
  - No role in contractor selection, building design, project scheduling, etc.
- ICOC meetings are public in accordance with the Brown Act
- ICOC will have its own web page for information and announcements

# Independent Citizens' Oversight Committee (ICOC)

- Committee must have no fewer than seven members and at least comprised of individuals from the following categories:
  - One member who is active in a business organization representing the business community located within the district
  - One member who is active in a senior citizens organization
  - One member who is in a bona fide taxpayers' organization
  - One member who is a parent of a district student and is active in a parent-teacher organization
  - One member who is a parent/guardian of a district student



# Independent Citizens' Oversight Committee (ICOC)

- Selection Options

1. Board publicly interviews and selects members
  - Staff would create an application process
  - Full board would meet in a special meeting to screen applicants
  - Deliberation and selection would be in public
2. Committee of staff, volunteers, and two Board Members interview and recommend members to the full Board of Trustees
  - Staff would create an application process
  - Committee would screen applicants and deliberate
  - Committee recommendation would go to full Board of Trustees for public approval
3. Select organizations recommend members to be approved by the Board of Trustees
  - Recommendations would be sought from business, taxpayer, and senior citizens organizations
  - Board of Trustees would accept and publicly approve recommendations

# Next Steps

- February 7<sup>th</sup> Board meeting
- Establish ICOC & Kickoff meeting
- Regular Board meeting updates
- Periodic Facilities Workshops