

**INDEPENDENT CITIZENS' OVERSIGHT COMMITTEE**  
**OF THE SANTEE SCHOOL DISTRICT**

Wednesday, August 5, 2009

**Approved Minutes**

**Members Present:** Gina Jackson, Jim Montague, Jorge Merino, Kai Ramer, Rick Weeks,

**Excused:** Beth Selbe, Eid Fakhouri

**Attendees Present:** Christina Becker, Karl Christensen, Dianne El Hajj, Pat Shaw, Nancy Stasch

**Guest:** Tony Fulton, AF Consultants; Frank Edwards, a Chet F. Harritt Parent

- 1) Call to Order at 6:00. Presented handouts and their placement into ICOC binders.
- 2) Established a quorum of 5 members in attendance to begin the meeting.
- 3) Reviewed Minutes of May 6, 2009. Gina noted some spelling errors in the May 6<sup>th</sup> minutes. The minutes were motioned to be approved with the necessary changes by Jim Montague and seconded by Kai Ramer. All approved.
- 4) Public comments: At this time, Frank Edwards, a Chet F. Harritt parent, asked about the status of the modernization program at Chet F. Harritt. He said he tried unsuccessfully to attend school site council meetings, so he wanted to attend tonight's ICOC meeting for information on Chet F. Harritt.
- 5) New Introductions: Gina Jackson welcomed the newest member, Jorge Merino, to the ICOC membership group. Jorge introduced himself and mentioned that he has a son in the 7<sup>th</sup> grade. He is also a member of the school budget advisory committee. Christina mentioned that we are still waiting for a member from the Taxpayer's Association. Kai said that his company almost certainly will join the Taxpayer's Association and at that time, he will qualify with that designation for our ICOC membership. Christina also mentioned that Jorge may be able to fill the Santee Business member category. Gina asked if a member can represent more than one category and the answer is "Yes."

Pat Shaw introduced himself as Santee School District's new Superintendent.

Karl Christensen introduced himself as the new Assistant Superintendent for Business Services. He said that he came from San Ysidro School District. Dianne mentioned that San Ysidro had bond capacity passed for \$250 million to plan for future growth in Otay Mesa area, and have only used approximately \$90 million and are now in the wait mode.

- 6) ICOC Communications: Gina asked each member to address any comments to the committee at this time. Jim Montague asked what the status is of the budget problems and when will Chet F. Harritt and the ball fields get started, etc. Gina wanted to know how the overall program is going. Kai mentioned that before school ended in June, comments from community members were that the lights at the new Cajon Park addition were very bright at night and why were they needed? Pat Shaw commented that there were also bright lights at Rio Seco when he leaves at night at the new addition. Christina said they are set on a timer but will check on them. They may need to be reprogrammed. Kai wanted to know what the plans were for all the portables that housed the old Cajon Park Junior High. Christina said they were sold and the remainder will go to the Chet ball fields and to Pepper Drive.
- 7) Draft ICOC Newsletter: This item was added to the agenda. It is now titled Summer 2009, because of all the changes in budgeting in June. This is for presentation only tonight to get feedback. It is not ready for publication. Kai said that he will be on vacation beginning tomorrow and will be able to get back with us in about 2 weeks.
- 8) Update CIP Program: Karl started by saying that there had been numerous Board meetings since the ICOC met last May. The State does have an adopted budget at this time which is supposed to have a funding plan in place. The \$30 million that is available to us from submitted and approved applications will not come until the State can issue bonds. Since the State's credit is so bad, this will not happen at this point. The May 22 Board meeting asked the Board to figure out how to pay outstanding construction related commitments and bridge funding. At this time, they were able to apply for Bond Anticipated Notes (BAN) to use as bridge financing. Santee School District still has \$19 million in Bond capacity that cannot be sold yet, because of the decline in assessed valuation. The BAN money will help with paying construction costs incurred in Phase I and Phase II start up costs incurred prior to funding & construction suspension. After these costs were tallied, there was approximately \$2.5 million available from the BAN proceeds and the Board decided to do underground electrical infrastructure work at Chet F. Harritt and Prospect Avenue.

Santee School District acquired \$260,000 from the City of Santee for a joint-use project for the Chet ball fields and discussion followed as to why the Board chose to do one ball field with a portion of the BAN money. If the Santee School District didn't use the City's money to build at least one ball field, the \$260,000 would have to be returned. Also, the BAN money will be used to pay an installment of the COPS debt that was incurred last year due to modernization COPS loans. Christina said that the ball field was awaiting approval from DSA. The agency is a State agency and they now have furlough days so it is taking longer than usual. They are in the process of reviewing some of the engineering to get the permits to go to bid. Karl added that the ball field needs to be completed by June 2010 to keep the \$260,000. Christina added that after the construction projects are closed out, we will know how much money is freed up from the budget. Karl said that the answer to the big question as to when we will be able to proceed with construction falls into the hands of the State and their funding. We have been approved, but have not been allocated \$30 million in funds. He doesn't expect the local bond assessments to go for possibly 5+ years. We are relying on the State for their matching funds to proceed at this

time. Kai wanted to know if we had any ideas as to when the State would release the funds. Christina answered that she hasn't gotten a firm answer. It could be anywhere from 6 months to 5 years. Kai said he heard March 2010. Pat said that the State is looking for stability and it could go forward in March. Rick Weeks want to be clear that if the ICOC has oversight on the BAN money, then the ICOC needs further definition on the meaning of modernization when it relates to the use of BAN money for the construction of ball fields. Christina answered that the Bond money is what the ICOC is responsible for. The Bond money totals \$60 million and the total modernization program is estimated at \$128 million. The other money came from other sources. Karl said the BAN money has strict assurances along with it and that State money would be used to pay this off. Dianne El-Hajj said that the Board went forward with the ball field at Chet because the school would benefit from the facility upgrades during school hours during the day and the community will also benefit which qualified for redevelopment funding. The City has to answer to the Federal Government regarding the use of the money. The City is also under a time constraint or they will lose their grant funding. Rick Weeks just wanted to understand why lights will be going up at the ball field and not in the classrooms. Dr. Shaw said that the Board & the District have been thinking exactly what he just expressed, which is why we are only doing one field at this time. Christina added that we have done \$72 million in improvements to date. The ICOC is watching the \$60 million in GO Bonds, but there is still \$19 million that hasn't been sold yet. Frank commented that the \$260,000 received and the extra \$500,000 that the school district has to spend to make all this happen would look a little different if the funds don't come in for 10 years. Gina noted that the State is due to send us \$30 million within a year or so. Gina asked how the \$11.5 million BAN dollars relate to the \$19 million that we can sell in the future. Karl said that we can roll it over another year if the State hasn't funded us yet, but we will be paying out more money in interest and finance charges. Frank asked what the approximate costs are to modernize Chet vs. building new buildings. Christina said they are close, approximately \$8 million each at Chet. Christina added that the \$30 million is awarded for Phase I projects and that Phase II will receive more allocations when they are awarded. Total funding from the State is around \$50 million. There are only three modernizations left in Phase II and one in Phase III. Gina asked Karl to explain the BAN funded projects in his handout. He explained the difference between hard and soft costs. Christina explained extensions and how the soft costs fell into place. Karl mentioned that the Federal Stimulus package included money for school districts to develop solar systems and he is looking into this. He also explained split irrigation and why this will save money on the water bill.

Kai asked if we settled our lawsuit with the previous architect and the answer was that it is ongoing at this time.

Dianne El-Hajj wanted to let everyone know that Santee School District will celebrate the new additions at Carlton Hills, Carlton Oaks, and Rio Seco with dedications and try to coordinate them with the site open houses when school re-opens.

- 9) ICOC Speaking Points at Future Board Meeting: None at this time.

10) Performance Audit Status Update – 2<sup>nd</sup> Year: Tony Fulton said that his company will be looking at change orders, and errors and omissions for the last fiscal year. He believes that the district has done very well and that if the State hadn't stopped funding, we would have been six months ahead of schedule and gotten more done for the money we had. Christina explained that Tony represents the ICOC and does a performance audit in addition to a fiscal audit which is done by others. She wanted to let the ICOC know that Tony made some very good suggestions last year. Dianne commented that he is able to look at the reasons why things are done a certain way.

11) Comments from Committee Members/Topics for the Next Meeting: Gina asked when the Annual Report is due. Christina will get back to her with that date.

Items for next ICOC meeting:

1. Discussion of the performance audit.
2. Plan for contents of Annual Report
3. ICOC to oversee the BAN?
4. Update on Litigation

Gina asked that the Agenda be sent to her for comments prior to posting.

Frank questioned the process on how decisions are made by the Board when the money does come in. Karl answered that there is continuing discussion with the Board prior to when the money arrives. Pat added that depending on the amount we get, the Board will decide to either pay off debt or start more modernization. Frank commented that he believes that adding new construction is more important than modernization if it comes down to that. Christina added that we need to maintain the facilities that we have before adding more that we cannot maintain. Deferred maintenance costs are driven up with additions. The Bond language included priorities that we have to follow. The Board will decide the sequence. Frank added that he wants to make sure that each school gets something.

12) Distribution of Board Items: These are in the packet.

13) **Adjourned at 7:25** to Next ICOC meeting: November 4, 2009, at 6:00 p.m.