Merced City School District
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Board of Education: President Darrell Cherf; **Clerk** Susan Walsh; Gene Stamm; Adam Cox; Jessica Kazakos
District Superintendent: RoseMary Parga Duran, Ed.D.

MERCED CITY SCHOOL DISTRICT
MINUTES OF THE CITIZENS' BOND OVERSIGHT COMMITTEE
DISTRICT OFFICE BOARD ROOM
Tuesday, December 16, 2014
4:00 PM

CALL TO ORDER: The Citizens' Bond Oversight Committee (CBOC) meeting was called to order at 4:02 p.m. by Vice-President Jeff Pennington.

MCSD STAFF PRESENT: District Superintendent, Dr. RoseMary Parga Duran, Associate Superintendent, Greg Spicer, Director of Facilities, Dr. Ken Testa, Chief Fiscal Officer, Linda Jordan, Supervisor of Maintenance, William Rains, Supervisor of Operations and Grounds, Juan Mendoza, Account Technician, Julio Rodriguez-Rivera, Facilities Department Secretary, Sherry Munday.

MEMBERS PRESENT: Steven Bottjer, Jeff Pennington, Sharon Spinardi, Michelle Symes-Thiara, Keith Ensminger and Julie Thurman. It was mentioned that President Birdi Olivarez-Kidwell was ill and passed along her apologies for not being able to attend. Also, member Marti Garcia had contacted Dr. Testa to express her regrets that she was unable to attend today's meeting.

PLEDGE OF ALLEGIANCE: Jeff Pennington led us in the pledge.

APPROVAL OF AGENDA: M/S/C To approve the agenda for today's meeting.

APPROVE MINUTES: M/S/C The minutes of the September 16, 2014 meeting were approved as corrected to reflect that Julie Thurman was going to explore and help develop the website with our IT department once her application for membership was approved by the Board.

INTRODUCTIONS/OPENING REMARKS:

Ken Testa welcomed and thanked everyone for coming. Ken introduced Sherry Munday as the new Facilities Department Secretary and thanked her for her efforts in preparing for today's meeting. Ken Testa also mentioned the two new formal CBOC member appointments by our Board, followed by introducing the two members, Julie Thurman and Michelle Thiara-Symes. Each new CBOC member, each parents, gave a short synopsis of themselves and their involvement with the community. Ken mentioned that our seven member requirement pursuant to requirements of Proposition 39 have been met with the addition of these new members and clarified the formal reference to our committee will be noted as of the Merced City School District Citizens' Facilities Oversight Committee.

GENERAL OBLIGATION BONDS REPORT

Credit rating update: Ken Testa reported that there was an improvement in our rating, we received an AA- rating which is a good rating for our community. Having that rating will help the money go further and will result in the community saving. The binders that were handed out have the MEASURE M disclosure materials; the disclosure materials show the credit rating up in the corner.

Mr. Spicer reported that the district was scrutinized and representative of the community. It was found that we were good stewards during the recession and still provided well for the students of the district at the same time being financial responsible. There will be challenges to continue with that rating with the expectation with the new funding model.

Linda Jordan stated that is a quite favorable rating the only way we could have gotten a better rating would be if we were in a difference geographical area where they have incredible home values. It is actually a direct reflection of the community. Challenges will continue with LCAP requirements.

RoseMary Parga Duran reported that going to San Francisco was a great experience. She also reported that she went to the School Boards Association meeting and there are new rules with the passing of Proposition 2. Our timing with the Bond is really good. There is a limit on how much general fund money we can set aside. The money cannot just be set aside and not spent. No more than 3% can be kept in reserve. Repealing Proposition 2 is being looked into. The 15/16 budget year is when the new reserve requirements are going to be implemented. Linda Jordan added that what used to be the minimum reserve will now be the maximum reserve and when California hits another recession we will not have reserves to float us.

QUARTERLY FINANCIAL REPORT:

Julio Rodriguez-Rivera explained the quarterly financial report.
Measure M spending report: Expenditures must be in line with our Bond Language. Measure M Revenue $11,364,881 with an encumbrance of $79,794.00. The available balance for Measure M is $11,285,087. The breakdown of all monies spent is on the Measure M Summary Expenditure Report that is attached. Keith Ensminger asked what were the Professional Services expenses. Julio explained it is for The Dolinka Group, required by Prop 39, for continuing disclosure compliance for the next five years.

Measure S spending report: Total revenue is $28,853,034. Total expenses paid are $22,573,568.54. Available balance of Measure S is $6,279,465.46 which all but $40,961.55 is encumbrance for Rivera K-8 new Construction. The $40,961.55 left which will be reserved for professional services, audits, general expenses related to the Bond Measure or it can be allocated back to the Rivera Project.

Per Ken by the next meeting there will be more expenditure. There is a stack of pay applications that are being processed now for Rivera K-8. The plan is to finish Rivera K-8 with Measure S money and then start using Measure M. The aim of Measure S was to create two new elementary schools as well as modernization. Rivera K-8 is the second of those elementary schools. The first Bond drop was for $11,364,881.00. The Bonds will not be sold until we are close to spending the money. We do not just want the money sitting in the bank. Per Linda Jordan the reason we do not want to issue the whole amount at one time is the bond capacity and assess evaluation cannot exceed the $30 for each $100,000 limit for an elementary school district. The district wanted to be conservative so that the voters will be able to pay back as a nominal tax burden as possible.

Keith Ensminger asked what the total project cost would be for Rivera K-8 and weather we had enough funds at the moment. Ken Testa stated that the total project cost for Rivera K-8 with site modernization will be around 10 million dollars. We have encumbered the funds from Measure S and Rivera's share of Measure M to cover the expenses. Tapping other funds to help pay for some deferred maintenance is a possibility.

Per Linda Jordan, We have monies left over from other state projects that can be used for priority projects. There is around $400-500 hundred-thousand that can be used for the project as well. Also, Developer fee funds can be used, which are starting to pick up over the last six months. We also have other special reserve funds in the amount of about 1 million. The bulk of the money will be sitting in the bond fund.

M/S/C Bottjer/Ensminger to accept the Measure M and Measure S quarterly financial report that was reported by Julio Rodriguez-Rivera.

Note: Mr. Spicer and Dr. Parga-Duran left for another meeting at 4:25PM.

MEASURE S & MEASURE M BOND Priority PROJECT REPORT:

Rivera K-8 update:

The update that Ken Testa presented to the School Board meeting on December 9th was shown. Progress pictures of site were shown. Collins Electric, Hunt Paving have been working and making great progress. The band room is a modular building that AMS is providing. On January 5th the building will be set. The rain delayed the original date of December 17th. Preparation of the pads for two of the three buildings is currently being worked on. Ken Testa spoke to Prinicpal at Rivera Middle School to see how the students are handling the changes. He told Mr. Testa the kids seem to be adapting well.

The band room and sidewalks around building should be ready to go by the end of January. Plumbing will start the week of December 22nd , a fire hydrant pipeline also needs to be rerouted. The plans must be submitted by the of this year to DSA. Next meeting the progress should be much further along.

Rivera K-8 will be two separate campuses. Two separate staffs, custodian and School Nutrition staff also. There will also be two libraries. Ornamental fencing and landscaping will be installed to separate the campuses. The whole front of the school will be a parking lot. The site capacity will be 625 K-6th and 600 students for 7th-8th.

Boundary configuration update:
Juan Mendoza stated that the boundary map is live. Once one change is made to a boundary it affects another boundary. It is constantly changing and he has to ensure that the numbers are right, there is a capacity for each school site.

Traffic issues and major obstacles like waterways are being discussed during the Boundary Committee meetings. The Board will be presented with different drafts and they will be the ultimate decision makers.

Short and Long term goals are being addressed with this boundary change, the Board has told us to go forward and look for property for a future school site. Bellevue West, north of Rivera, we need a school now. Bellevue North, we are planning for the future and do not want to be caught without housing for students. Population of the district enrollment has increased about 145 students this year.

The Board has called for fourth Boundary Forum to be held at Tenaya Middle School on January 8th. The regular board meeting is on January 13th at the Board Room. On January 20th there will be a Special Board Meeting at Tenaya Middle School which they will accept or reject the recommendation from the administration. The administration is hoping that the Board has enough information to finalize their decision for the 15/16 year by the end of January. The first step is finalizing the boundary so staffing issues can be addressed.

Julie Thurman expressed concern regarding the boundary change and how it would affect students and families. She also wanted to know the formula used to make these boundaries. Juan Mendoza explained how the numbers are looked at. Ken Testa mentioned that administration is thinking about different things in regards to special requests and grandfathering 5th graders. He also stated that he believed Mr. Spicer would try to handle all parent requests within reason. The students are in the North. Schools in the south have to reach north to get their schools to capacity. Sharon Spinardi noted that there are some schools that do not have students in their neighborhoods to fill the school. Boundary changes are very difficult and school districts do not like doing it.

OPEN DISCUSSION/QUESTIONS

Jeff Pennington mentioned that he is on the Economic Development Committee and that growth is expected in the Bellevue Corridor and land was left specifically for schools. He also mentioned that issues like this that transparency is important. Our area needs other career fields than education. Industrial Arts programs have been lost and the community needs to have those components.

NEXT MEETING

March 17, 2015 at 4:00 P.M. in our Board Room at the District Office.

ADJORNMENT:

M/S/C Symes-Thiara/Spinardi to adjourn the Citizens' Bond Oversight Committee at 5:25 P.M.