

ICOC

TIME and DATE: 4:00 p.m., Thursday, October 21, 2010
PLACE: Eugene Brucker Education Center Auditorium, 4100 Normal Street, San Diego, CA 92103

MINUTES

Committee Members: Alvin, Cantor, Gordon, Hillegas, Johnson, Morales, Pinson, Schoettle, Spathas, Spehn, and Stump

AGENDA ITEMS	ASSIGNMENTS/UNDERSTANDINGS
Meeting Called to Order: (Johnson)	Chair Johnson called the meeting to order at 4:10 pm.
Roll Call: (Champy) (Action)	Members in attendance: K. Alvin (absent), J. Gordon, G. Hillegas (excused), D. Morales, L. Pinson, D. Spehn (excused), M. Spathas, J. Stump (absent) ICOC Support Staff: A. Champy, L. Goshorn District Staff: C. Brown, S. Chong, L. Dulgeroff, G. Harris, R. Little, S. Markey, C. Reed-Porter, J. Splittgerber, P. Stover Media: E. Alpert
Public Testimony Chair Johnson called for public testimony and there was one. 1.) Pat Flannery spoke regarding item #2.	
1. Approval of ICOC Minutes for 9-16-10 (Johnson) (Exhibit) (Action) (1-min)	Motion: Mr. Pinson moved to approve the 9-16-10 ICOC meeting minutes. Mrs. Schoettle seconded the motion. The motion carried with no objections or abstentions.
2. Mark Young Presentation (Young) (15 min) (Exhibit) (Action) 2.1 Results of Bond Sale (Information) 2.2 Investment Status and Philosophy (Information)	No action taken. Mark Young presented the same PowerPoint presentation that he had presented at the 10-19-10 Board of Education meeting. No action was taken, as his presentation was informational only. <p style="text-align: center;">Please defer to the ICOC Prop. S website at http://sandi.net/props/icoc to obtain a copy of the PowerPoint presentation.</p> <p>The ICOC made comments regarding Mr. Young's presentation.</p> <p>Gordon: In reference to page 12, what is your recommendation? 25 or 40 years? Young: I'm not making any recommendations. Decision was made that the bookend approach was the appropriate presentation to make. I'm not an advocate of one versus the other. It truly is a policy decision at the district board level of what they want to do.</p> <p>Gordon: Are we setting ourselves for a specific decision? Young: No. We will react to market conditions and each time we do a deal we will attempt to structure the most cost effective fashion, and come back and ask the Board each year, validate what your policy decision is going forward.</p>

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	<p>Gordon: Would it not be appropriate to put the original column, which is the original prospect, or so called 5.9B number? Rather than just October workshop 25 year issuance and 40 year?</p> <p>Young: Yes it would. And I received that comment from our new CFO, and just didn't have a chance to update the presentation.</p> <p>Gordon: In reference to page 5. What's your recommendation in terms of a Prop. S reserve?</p> <p>Young: We've already, executed a letter agreement with the county where they are going to, every year levy at the max rate, in the years where there is additional revenue above and beyond debt service that will be made, and we actually negotiated no cap, so where as Prop. MM had a 25M dollar cap, we'll have an open ended net reserve resides in the debt service accounts for each of the issuances; extra cushion, and it has to be used to pay debt service. So there won't be any side reserve being built up used for something else. We do not have one yet</p> <p>Spathas: Page 12. How would either scenario affect the future bond issuance of the future?</p> <p>Young: I was asked many times in public workshops. My comment is this, you're at capacity in terms of your promise to the voters to not increase taxes. And whether that tax rate comes off in 52 or 59, is not going to affect the ability to go back for another authorization. If you go back for another authorization, it will require a tax increase. The decision, the philosophy of 25 versus 40, doesn't change the fact that, five, ten, years from now you want to do another authorization, the only way to do it is to have an increase in taxes.</p> <p>Spathas: A good idea is to include in the presentation your last comment, which is a very important one of the "60% pre-bubble assessed value; I think is relevant to some of the projections you made here.</p> <p>Young: We have a pie chart that we update for the County as well as the District. In future presentations, I'll add it, each year when we go to the rating agencies, we show them how that pie changes and it validates everything that we said.</p> <p>Pinson: Final payment of MM is 2029.</p> <p>Young: Yes.</p> <p>Pinson. What's the final payment on "S"?</p> <p>Young: well right now it will depend upon over the period of time the decisions that are made, but right now the shortest period would be 2052 and the longest will be 2059.</p> <p>Pinson: CPI. Your California Price Index, we're talking the same CPI?</p>

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	<p>Young: in terms of the adjustment, it's actually a regional CPI, so it won't be statewide CPI. It comes from Board Equalization. I think it's the entity that actually does that.</p> <p>Pinson: since this is a 40 year look ahead and we're only looking at a 20 year AV rating? What does it do if we go back to a 40 year AV rating?</p> <p>Young: the problem with that is you're going to run into Prop. 13. So we can go back to 1978 and see what it looks like. But prior to 1978, you had property tax rates that were indiscriminate and we can't use that as data point.</p>
<p>3 Executive Director's Report, Capital Improvement Bond Program (Markey) (Information) (15 min)</p> <p>3.1 Prop. S Items to be presented to the BOE within the next 30 days (Exhibit)</p> <p>3.1.1 Prop. S Update PowerPoint to the BOE for Nov. 2, 2010 (Exhibit) (Action)</p> <p>3.2 Legal Actions, Errors, Accidents & Exceptions - (Information)</p> <p>3.3 District General Fund Status (Information)</p> <p>3.4 Executive Director's Comments on Current & unfolding events</p>	<p>(3.1.1) No action taken.</p> <p>(3.2) No legal actions against the District.</p> <p>(3.3) No changes since last month's meeting. There is an estimated December 15, 2010 deadline to come back to the county and reach an agreement on the long term budget situation. There have been a number of public forums where the Superintendent and Senior staff members have met with community members on how to handle that and get recommendations.</p> <p>(3.4) The goal is to get the board to agree with the 5-year plan.</p>
<p>4 Construction Subcommittee (Pinson) (10 min)</p> <p>4.1 Draft Minutes for 10-7-10 (Exhibit) (Information)</p> <p>4.2 Small Business Outreach Program Status (Exhibit) (Information)</p> <p>4.3 Construction Management Report (Exhibit) (Information)</p> <p>4.4 Chair's Comments on Current & Future Focus</p>	<p>(4.2) The District has created a Task Force to help with Outreach efforts. Chair Johnson asked that this item be discussed in further detail at the 11-4-10 Construction subcommittee meeting.</p> <p>(4.3) Changes in grey boxes are changes from last month's report.</p> <p>(4.4) There are two upcoming ICOC Construction site visits. Chair Johnson asked that all ICOC members be invited, and only 5 members may be in attendance at each site visit.</p> <p>i21 is being reviewed on a monthly basis at the Construction subcommittee level. It will be brought forward to the ICOC every other month. We will also be presenting to the full ICOC twice a year on progress on i21. Darryl LaGace will present to the ICOC every six months to present this report in full.</p>
<p>5 Executive/Governance Subcommittee (Johnson) (Information) (10 min)</p> <p>5.1 Draft Minutes for 10-6-10 (Exhibit) (Information)</p> <p>5.2 ICOC Quarterly Report for April-June 2010 (Goshorn) (Exhibit) (Action)</p> <p>5.3 Memo re: ICOC Members advocating for specific projects (Exhibit) (Action)</p> <p>5.4 Chair's Comments on Current & Future Focus</p>	<p>(5.2) This is the third status report published for the ICOC. Motion: Mr. Morales moved to accept the ICOC Quarterly report. Mr. Pinson seconded the motion. The motion carried with no objections or abstentions.</p> <p>(5.3) No action taken. Memo is informational only.</p>

AGENDA ITEMS	ASSIGNMENTS/UNDERSTANDINGS
<p>6 Finance Planning & Controls Subcommittee (Gordon) (10 min) 6.1 Draft Minutes for 9-30-10(Exhibit) (Information) 6.2 Prop. S Monthly Controls Status Report – September 2010 (Splittgerber) (Exhibit) (Information) 6.3 Chair’s Comments on Current and Future Focus</p>	<p>(6.3) Chair Gordon handed out a draft of the Investment Philosophy paper. ICOC members are asked to email the ICOC Support Coordinator of any comments or edits they may have.</p>
<p>7 Audit Subcommittee (Stump) (3 minutes) 7.1 No meeting on 10-11-10 7.2 Chair’s Comments on Current & Future Focus</p>	
<p>8 Communication Update Report (Reed-Porter) (Exhibit) (5 minutes)</p>	<p>The ICOC Biographies are now “live” on the ICOC website.</p>
<p>9 President’s Report (Johnson) (10 minutes) 9.1 Monthly Status Meeting with Bill Kowba, Superintendent (Information) 9.2 BOE Response to ICOC Memos re: Charitable Gifting, CTE, and Prop. S Program Changes (Action) 9.3 Chair’s Comments on Current & Future Focus</p>	<p>(9.2) <i>Action: Chair Johnson asked that the three ICOC memos be added onto a BOE meeting agenda for action.</i></p>
<p>10 ADJOURNMENT (Action) The meeting adjourned at 6:05 pm to the next meeting date and place stated.</p> <p style="text-align: center;">Next Meeting: November 17, 2010, at 4:00 p.m. in the Eugene Brucker Education Center Auditorium</p>	

AC
10-22-10