

Colton Joint Unified School District

Student Services Center, Board Room, 851 South Mt. Vernon Ave., Colton, CA 92324



Minutes April 8, 2010 5:30 p.m.

The Board of Education of the Colton Joint Unified School District met for a Special Board Meeting on Thursday, April 8, 2010, 5:34 p.m. in the Board Room at the CJUSD Student Services Center, 851 So. Mt. Vernon Avenue, Colton, California.

Trustees Present

Mr. Mel Albiso	President
Mr. Frank A. Ibarra	Vice President
Mr. David R. Zamora	Clerk
Mrs. Patt Haro	
Mr. Kent Taylor	
Mr. Robert D. Armenta Jr.	
Mrs. Marge Mendoza-Ware	

Staff Members Present (*excused)

Mr. James A. Downs	Mrs. Jennifer Jaime
Mr. Jerry Almendarez	Mrs. Ingrid Munsterman
Mr. Jaime R. Ayala	Ms. Julia Nichols *
Ms. Mollie Gainey-Stanley	Ms. Helen Rodriguez
Mr. Mike Snellings	Ms. Sosan Schaller*
Mrs. Bertha Arreguín	Dr. Patrick Traynor
Mr. Todd Beal	Ms. Katie Orloff
Mrs. Alice Grundman	Ms. Jennifer Rodriguez

Strategic Plan -- Mission Statement

The Mission of the Colton Joint Unified School District, a team of caring employees dedicated to the education of children, is to ensure each student learns the academic knowledge and skills necessary to thrive in college or in the workforce and be responsible, productive citizens by providing engaging, challenging, and enriching opportunities and specialized programs in a safe environment in partnership with students, families and our diverse communities.

1.0 OPENING Call to Order/Renewal of the Pledge of Allegiance

Board President Albiso called the meeting to order at 5:34 p.m. Board Member Patt Haro led in the renewal of the pledge of allegiance to the flag of the United States of America.

2.0 SPECIAL PRESENTATIONS

2.1 Facility Project Prioritization and Funding Options Workshop

Assistant Superintendent Ayala introduced the presenters for the Facility Project Prioritization and Funding Options Workshop:

- Harley Ellis Deveraux
- Seville Construction Services
- School Facility Consultants
- ALMA Strategies

The Harley Ellis Deveraux presentation included the latest design for the state of the art math and science wing at Colton High School. The plans for the new buildings incorporate a design that will preserve the historic Oak tree, on the south-west corner of Rancho and Valley, while blending the new additions with the existing buildings. The buildings were designed with sustainability in mind, utilizing natural lighting and ventilation. A color pallet for the exterior of the building was selected to complement the existing campus.

Seville Construction Services briefed the board on current facility projects. Robert L. Messier provided a funding overview, requesting direction on the Capital Improvement Program (CIP). **(EXHIBIT A)**

Representatives from School Facility Consultants and ALMA Strategies collaboratively presented the final portion of the Facility Project Prioritization and Funding Options Workshop. School Facility Consultants provide full service facility consulting services, including state and federal funding, planning, developer fee justifications, and mitigation. ALMA Strategies provide integrated planning and consulting services which include construction and financial planning, asset management, and energy and solar consulting.

(EXHIBIT B)

In closing, Assistant Superintendent Ayala noted that the district would like to proceed with the plans for Bloomington and Colton High School's math and science buildings. He asked for direction from the board to proceed with the plans as outlined in the presentations.

The board requested that the district continue to research bridge financing options that will allow them to proceed with the plans and ensure that funds are available. They further requested a proposal prioritizing modernization plans and asked the district to keep them current on state funding opportunities.

3.0 SCHOOL SHOWCASE ~None~

4.0 ADMINISTRATIVE PRESENTATIONS ~None~

5.0 PUBLIC HEARING ~None~

6.0 PUBLIC COMMENT

Blue card—Specific Consent, Action, Study & Information or Closed Session Item:
White card—Items/Topics Not on the Agenda:

- *Manuela Sosa*, Inland Empire Scholarship Fund (IESF), announced her commitment to the education of Latino students. Over the past 12 years, 124 scholarships have been awarded to local students through IESF. She provided a list of past and present Colton High School students who will be rewarded with a scholarship on May 22, 2010.
- *Ed Gregor*, community member, addressed the topic of district projects funded by Measures B and G. He asked that all projects be completed with honesty and transparency.
- *Bill Hussey*, Measure B Committee member, asked the board to remain committed to completing projects in a timely manner. He acknowledged Director Grundman and the Facilities Department for continuing to do a great job. In reference to the football field at GTHS, he asked that the board think about the multipurpose function of the field when considering cuts to the original plan.
- *Jennifer Espinoza*, BHS student, Measure G volunteer, stated that she has not witnessed structural or classroom improvements since Measure G passed. She asked that the board consider fixing problems such as leaks in the ceiling, plumbing in the restrooms and girl's lockerroom prior to starting new projects.
- *Paul Russel*, Bloomington resident, urged the board to remain on task to complete GTHS according to the original timeline.
- *Dan Flores*, Measure B Committee member, requested that tonight's presentations be made available to the Measure B (G) Committee.
- *Kim Bathgate*, parent, volunteered many hours making telephone calls to residents promoting the benefits of Measures B and G. Ms. Bathgate asked the board to follow through with the promises made to the community when the measures were put on the ballot. She further asked the board to address basic issues of restroom plumbing, ceiling leaks and the condition of the girl's lockerroom at Bloomington High School.

The board directed the district to address the facility concerns at Bloomington High School immediately.

- *Gary Gossich*, Measure B and G Committee member, thanked the presenters for their informative presentations. He urged the board to work closely with the Measure B and G Committees by keeping an open dialogue.

7.0 ACTION SESSION ~None~

8.0 ADMINISTRATIVE REPORTS ~None~

9.0 SUPERINTENDENT'S COMMUNICATION ~None~

10.0 BOARD MEMBER COMMENTS ~None~

11.0 CLOSED SESSION ~None~

Following action items: Board Room, Student Services Center, 851 So. Mt. Vernon Ave., Colton, CA (Government Code 54950 et seq.)

12.0 PUBLIC SESSION – ACTION REPORTED FROM CLOSED SESSION ~None~

13.0 ADJOURNMENT

At 7:21 p.m., Board President Albiso asked that a moment of silence be observed for Arturo Aguilar. Mr. Aguilar passed away on March 31st; he was the evening custodian at BHS since 2001.

The meeting was adjourned at 7:22 p.m. The next Regular Board of Education Meeting on April 15, 2010, at the Colton JUSD Student Services Center, 851 South Mt. Vernon Avenue, Colton, California.



COLTON JOINT UNIFIED SCHOOL DISTRICT

EXHIBIT A

SPECIAL BOARD MEETING FACILITIES UPDATE ON CAPITAL IMPROVEMENT PROGRAM

APRIL 8, 2010

Our People are the Difference





COLTON JOINT UNIFIED SCHOOL DISTRICT

Introduction

Purpose

- Brief Board on Facilities Activities
- Provide Funding Overview
- Board provide direction on the Capital Improvement Program (CIP)





COLTON JOINT UNIFIED SCHOOL DISTRICT

Overview

- **Board Initiatives**
- **Funding Overview**
- **Program Accomplishments**
- **Active and Planned Projects**
- **Program Activities Schedule**





COLTON JOINT UNIFIED SCHOOL DISTRICT

BOARD INITIATIVES

In the interest of ensuring every tax dollar is spent cost effectively to the benefit of the District's children and taxpayers the Board has initiated the following cost effective measures.

- Program Management Team
- Reduce project costs
- Take advantage of current economy
- Demographics & Boundaries
- Master Site Planning BHS & CHS
- Master District-Wide Planning
- Lease Leaseback RFQ/RFQ
- Architect / Engineer RFQ
- Funding Advisors.





COLTON JOINT UNIFIED SCHOOL DISTRICT

Measures B & G



Your Bond Dollars at Work!

Sources of Funds

GO Bonds	Measure Amount	Bond Series	Bond Funds	State Match	State Status	Other	Total
B	\$102M	A, B & C	\$102M	\$97M	Rec'd	\$15M	\$214M
G	\$225M	A	\$45.5M	\$35.52M* \$17.75M \$17.77M	Pending* UF/APR SUBM	N/A	\$ 81M
Total			\$147.5M	\$132.5M		\$15M	\$295M

* Data Source-SFC 4/06/2010



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COLTON JOINT UNIFIED SCHOOL DISTRICT

Measures B & G



Your Bond Dollars at Work!

FUNDS

Measure B (Series A, B & C)	\$102M
State Match on Measure B	\$97M
Other	\$15M
Measure G (Series A Net)	<u>\$45.5M</u>
Total Funds	<u>\$259.5M</u>

(Before Commitments)





COLTON JOINT UNIFIED SCHOOL DISTRICT

Measures B & G



Your Bond Dollars at Work!

FUNDS

Total	\$259.5M
Commitments	<u>\$208.5M</u>

Currently Available \$51M

Unfunded Potential State Match \$35.5M





COLTON JOINT UNIFIED SCHOOL DISTRICT

Measures B & G



Your Bond Dollars at Work!



GRAND TERRACE HS #3





COLTON JOINT UNIFIED SCHOOL DISTRICT

Measures B & G



Your Bond Dollars at Work!

Uses of the Funds

Projects	Commit	B Expend	G Expend	State Expend	Other Expend	Total Expend
Active	\$121.6M	\$49.2M	\$0.6M	\$5.8M	\$0.5M	\$56.1M
Complete	\$77.1M	\$41.9M	N/A	\$20.7M	\$14.5M	\$77.1M
On-Hold	\$9.8M	\$7.0M	\$0.9M	\$1.8M	N/A	\$9.8M
TOTAL	\$208.5M	\$98.2M	\$1.5M	\$28.3M	\$15.0M	\$143.0M

(Data Source: District Report of March 15, 2010)



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COLTON JOINT UNIFIED SCHOOL DISTRICT

Measures B & G



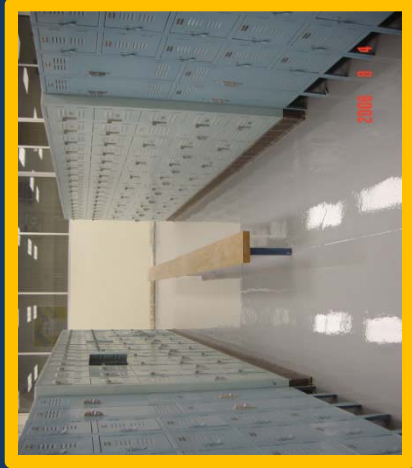
Your Bond Dollars at Work!

MAJOR MODERNIZATIONS



BHS, CHS
ROGERS ES, SMITH ES

GYMNASIUMS



ADA
COMPLIANCE
RESTROOMS





COLTON JOINT UNIFIED SCHOOL DISTRICT

Measures B & G



Your Bond Dollars at Work!

Use of Funds by School Type

FUNDING	ES	MS	HS	ALL
Measure B	\$13.84M	\$4.71M	\$79.50M	\$98.05M
Measure G	\$0.00M	\$0.87M	\$ 0.21M	\$1.08M
State Match School Facility Program	\$3.12M	\$1.85M	\$23.31M	\$28.28M
Capital Facility Fund	\$6.42M	\$1.87M	\$0.67M	\$8.96M
Other	\$4.10M	\$1.45M	\$1.08M	\$6.63M
TOTAL	\$27.50M	\$10.75M	\$104.77M	\$143.00M

(Data Source: District Report of March 15, 2010)



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COLTON JOINT UNIFIED SCHOOL DISTRICT

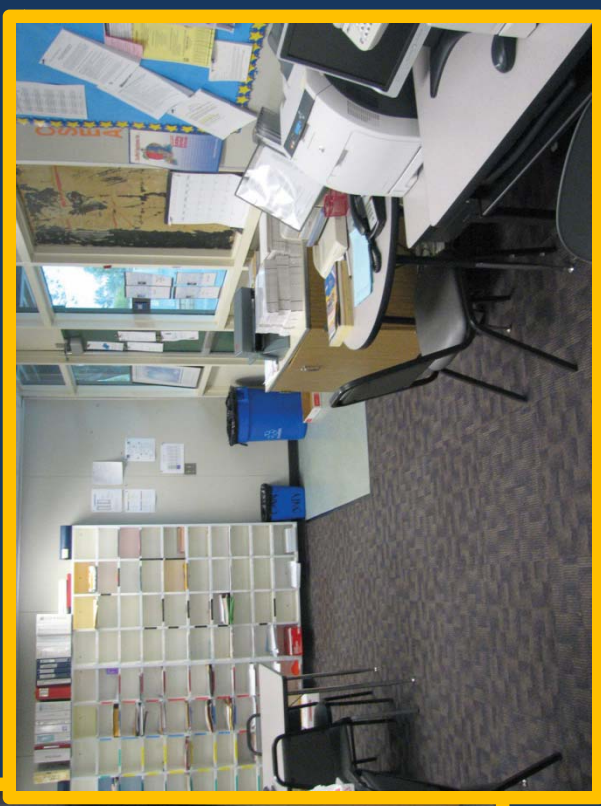
Measures B & G



Your Bond Dollars at Work!

NEW AND MODERNIZED AND CLASSROOMS

ROGERS AND SMITH ELEMENTARY SCHOOLS



**Sycamore, Lincoln, Grant , Birney,
Lewis, Wilson, Crestmore, Zimmerman,
Cooley Ranch, and Grimes Elementary Schools**

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Measures B & G



Your Bond Dollars at Work!

Accomplishments

PROJECT	ES	MS	HS	TOTAL
New Bldg	-	2	2	4
Modern	18	4	6	28
Demolition	1	-	1	2
Athletic	-	-	8	8
Interim Hs	5	-	3	8
Relocatables	30	5	8	43
Alarm/LV	3	1	-	4
Shelters	4	1	2	7
Classroom	69	21	72	162
Restrooms	4	3	3	10

(Data Source: District Report of March 15, 2010)



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COLTON JOINT UNIFIED SCHOOL DISTRICT

Measures B & G



Your Bond Dollars at Work!

Planned Projects Middle School #5

BHS MATH & SCIENCE



CHS MATH & SCIENCE



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SEVILLE
CONSTRUCTION SERVICES



COLTON JOINT UNIFIED SCHOOL DISTRICT

Measures B & G



Your Bond Dollars at Work!

Planned Projects

SCHOOL	COST TO COMPLETE	STATE UNF/APPR	STATE APPLIED	Bond Funds Required
BHS Math & Science	\$15.82M	- \$8.18M*	N/A	\$7.64M
CHS Math & Science	\$19.88M	- \$9.57M*	- \$2.96M	\$7.35M
MS #5 RIALTO	\$38.86M	N/A	- \$14.81M	\$24.05M
BHS Cafeteria	\$8.00M	N/A	- \$2.0M	\$6.00M
CHS Cafeteria	\$8.00M	N/A	- \$2.0M	\$6.00M
TOTALS	\$90.56M	\$17.75M	\$21.77M	\$51.04M

(Data Source: SFC April 6, 2010)

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15 of 17





COLTON JOINT UNIFIED SCHOOL DISTRICT

Measures B & G



Your Bond Dollars at Work!

Construction Schedules

Calendar

	Q2 2010	Q3 2010	Q4 2010	Q1 2011	Q2 2011	Q3 2011	Q4 2011	Q1 2012	Q2 2012	Q3 2012	Q4 2012
BHS Math & Science Bldg			Construction								
BHS Cafeteria & Multi-purpose Bldg						Construction					
CHS Math & Science Bldg							Construction				
CHS Cafeteria & Multipurpose Bldg								Construction			
New Middle School #5									Early Construction		
											Late Construction



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COLTON JOINT UNIFIED SCHOOL DISTRICT

Measures B & G



Your Bond Dollars at Work!

Program Manager Activities

	Q2 Y10	Q3 Y10	Q4Y10
Master Plan BHS & CHS	✓		
District-Wide Master Plan	✓	✓	
Lease-Leaseback RFQ	✓	✓	✓
Architect/Engineer RFQ	✓		
Outreach	✓	✓	✓
Quarterly Report	✓	✓	✓
Program Evaluation Report	✓		

- Master Plan BHS & CHS
- District-Wide Master Plan
- Lease-Leaseback RFQ
- Architect/Engineer RFQ
- Outreach
- Quarterly Report
- Program Evaluation Report





COLTON JOINT UNIFIED SCHOOL DISTRICT

Measures B & G



Your Bond Dollars at Work!



Measures B & G



Your Bond Dollars at Work!



Facilities Update

April 8, 2010

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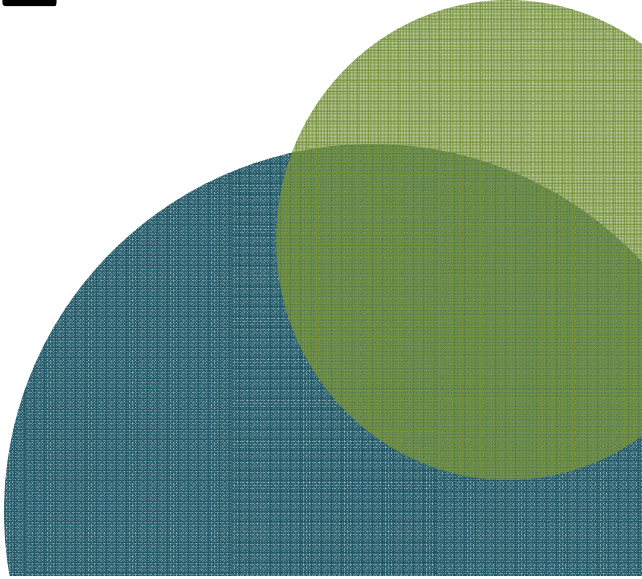


EXHIBIT B

Colton Joint Unified School District

Facilities Workshop Funding and Financing

April 8, 2010



School Facility Consultants

- Full Service Facility Consulting
 - State & Federal Funding
 - Planning, Developer Fee Justifications and Mitigation
- Established in 1986
- Represents over 200 school Districts
- Over \$3 Billion Secured for K-12 Clients
 - *Modernization, New Construction, Joint-Use, Career Technical Education, Overcrowding Relief Grant*

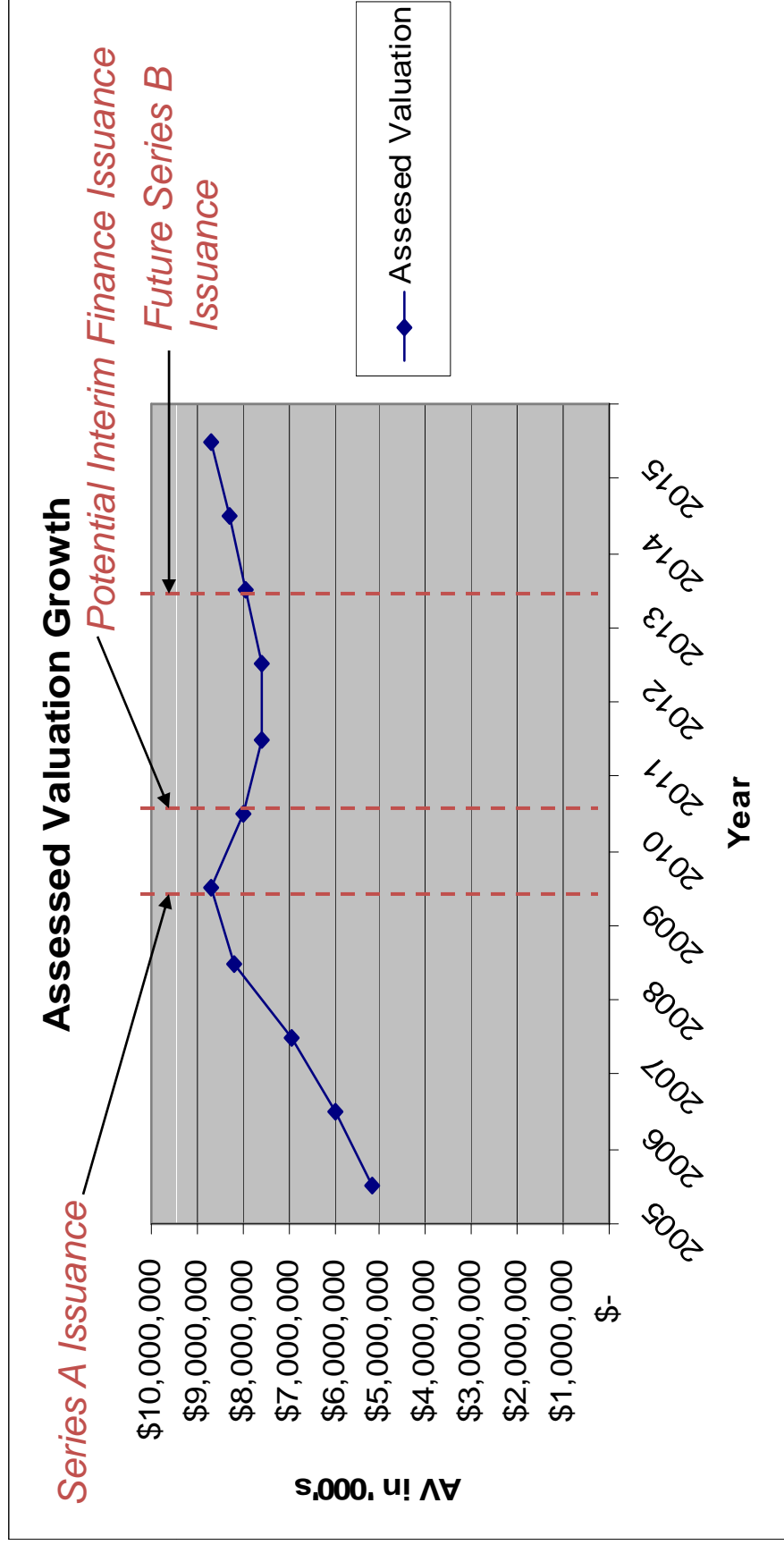
ALMA Strategies

- Integrated Planning & Consulting
 - Construction Planning
 - Financial Planning
 - Asset Management
 - Energy/Solar Consulting
- An SFC Affiliate
 - Principals have worked with SFC for over 20 years

The Effect of the Economy on School Facility Funding and Finance

- **Cash Flow Crisis**
 - Unique, hopefully temporary, inability of school districts to access authorized cash due to current economy and ongoing State Budget Crisis
 - Limited access to State bonds now dependent on when the State decides to sell bonds rather than the District driving the access to State cash by entering into contracts
 - Limited access to Measure G bond authorization because of decline in Assessed Valuation (AV) and tax rate limits

Assessed Valuation (AV) Growth



Measure 'G' GO Bonds – Series A

Series A

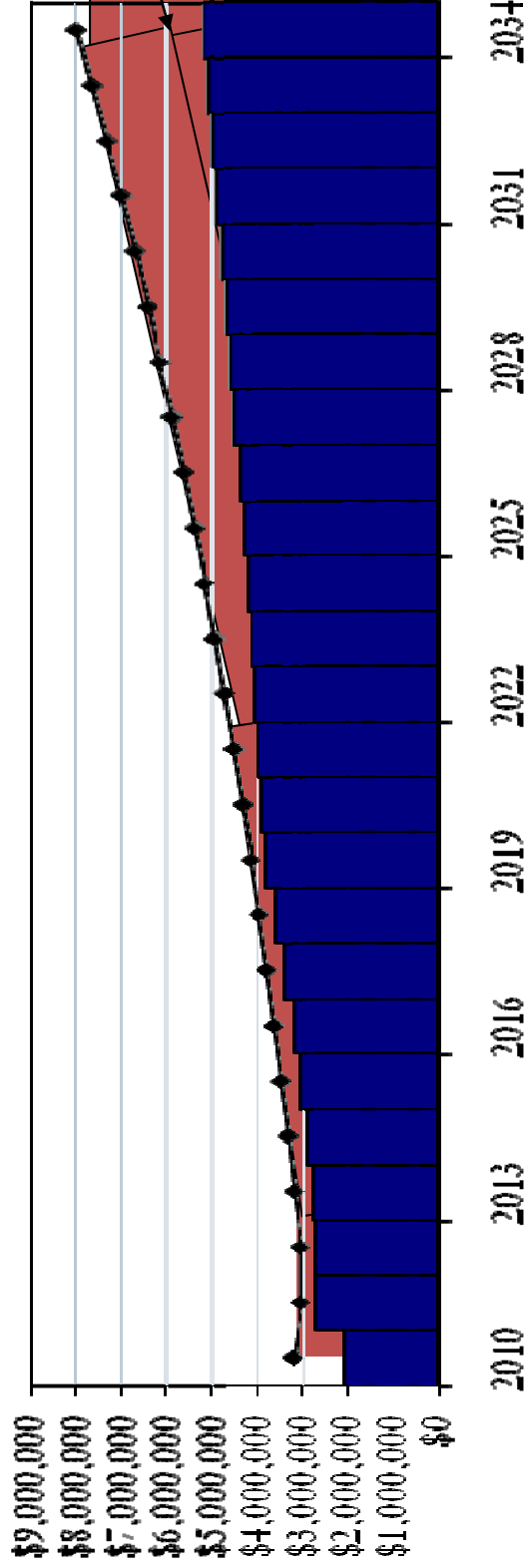
Issued: 10/27/09

Maturity:
08/01/34

Par: \$ 49 M

Available Revenue and Debt Service Profile

Additional Capacity



■ Series A Debt Service ◆ Projected Available Revenue at 40% Tax Rate

Note: Projected Available Revenue is calculated based on the District's FY 2009/10 assessed valuation, assuming a 5% decline in assessed valuation from 2009/10 to 2010/11, no change in assessed valuation from 2010/11 to 2011/12, and 4.50% annual increase thereafter.

Status of State Bond Sales

- State froze automatic disbursements of State bond funds on December 18, 2008
- Since then, State school bonds have been sold sporadically, typically in Spring and Fall
- Total remaining State funds authorized totals approximately \$5.7B
- Approximately \$3.4B in line awaiting disbursement of funds
- 2009 bond sales totaled approximately \$2.6B
- Bond sales in March 2010 totaled approximately \$1.3B
- State plans to allocate the March 2010 sales to projects in the coming months
- SAB may consider prioritizing “construction ready” projects as an alternative to traditional date order/first in – first out funding
- The March 2010 sales may include funding for the District. Colton HS M&S (\$9.5M) is the highest District project on the list of unfunded approvals.
- Once funding is allocated, the District has a maximum of 18 months to enter into binding contracts for 50% of the construction work in the project and request the funds to be released

Review of District Projects

The Board has prioritized the following projects:

- Bloomington High School – Math and Science Building
- Colton High School – Math and Science Building
- Middle School #5
- Bloomington High School – New Cafeteria/Multipurpose Room
- Colton High School – New Cafeteria/Multipurpose Room

State Funding Review

Project	Estimated State Funding*	Funding Status	Likelihood of Funding Based on Date Order/First In- First Out Funding
Bloomington HS Math & Science	\$8.18M	Unfunded Approved	Within current State bond authorization. Timing of funding is the question. Hopefully approved for funding late 2010 or 2011.
Colton HS Math & Science (ORG)	\$9.57M	Unfunded Approved	Within current State bond authorization. Timing of funding is the question. Hopefully approved for funding in 2010.
Colton HS Math & Science (N/C)	\$2.96M	Submitted	Likely within current State bond authorization. If within bond authorization, hopefully approved for funding by 2011 or 2012.
MS #5	\$14.81M	Submitted	Likely within current State bond authorization. If within bond authorization, hopefully approved for funding by 2011 or 2012.
Bloomington HS Cafeteria/Multipurpose	\$2.00M	Not Yet Submitted	May not be within current State bond authorization. May be reliant on future State bond and eligibility at the time of project submittal.
Colton HS Cafeteria/Multipurpose	\$2.00M	Not Yet Submitted	May not be within current State bond authorization. May be reliant on future State bond and eligibility at the time of project submittal.
Total	\$39.52M		
Potential Additional State Eligibility	\$9.80M	Not Yet Submitted	May not be within current State bond authorization. May be reliant on future State bond and eligibility at the time of project submittal.

*As of April 6, 2010

Potential Options for Moving Projects Forward

- **Cash-based Approach**
 - Move projects forward with cash-on-hand and future projects when future local or state bonds become available to reimburse or move new projects forward
 - No risk, but only allows the District to move forward projects to the extent that they have cash-on-hand to do so.
- **Cash/Financing-based Approach**
 - Move a larger group of projects forward with cash on hand and financing structured to pay debt service and/or retire financing when future local or state bonds become available to reimburse or move new projects forward.
 - Structured to mitigate cash flow issues and move a larger number of projects forward to meet more of the District's facility needs more quickly in a good current bid climate.
 - Structured to repay borrowing out of future authorized local and state funding to mitigate risk of borrowing (i.e., limit exposure of the general fund).

Cash-Based Option

<i>Cash Basis</i>	<i>Cost to Cumulative</i>	
	<i>Complete</i>	<i>Complete</i>
Bloomington HS, M&S	\$ 15.82	\$ 15.82
Colton HS, M&S	\$ 19.88	\$ 35.70
Middle School # 5	\$ 38.86	\$ 74.56
Bloomington HS, New Cafeteria/MP	\$ 8.00	\$ 82.56
Colton HS, New Cafeteria/MP	\$ 8.00	\$ 90.56
TOTAL	\$ 90.56	
Available Funding (Cash)		
Other Capital Facility Funds	\$ 5.50	
Measure G Series A	\$ 45.50	
Total Available Funding (Cash)	\$ 51.00	
Cash Gap	\$ 39.56	

*Cash Gap: If CJUSD were to start all these projects immediately

Cash/Financed Based -Option

Anticipated Revenue	
Unfunded Approved State Funds	\$ 17.75
Measure G Series B	\$ 30.00
Future State Funds	\$ 17.77
Total Anticipated Revenue	\$ 65.52

** Assuming all assumptions hold during horizon*

Anticipated Revenue \$ 65.52

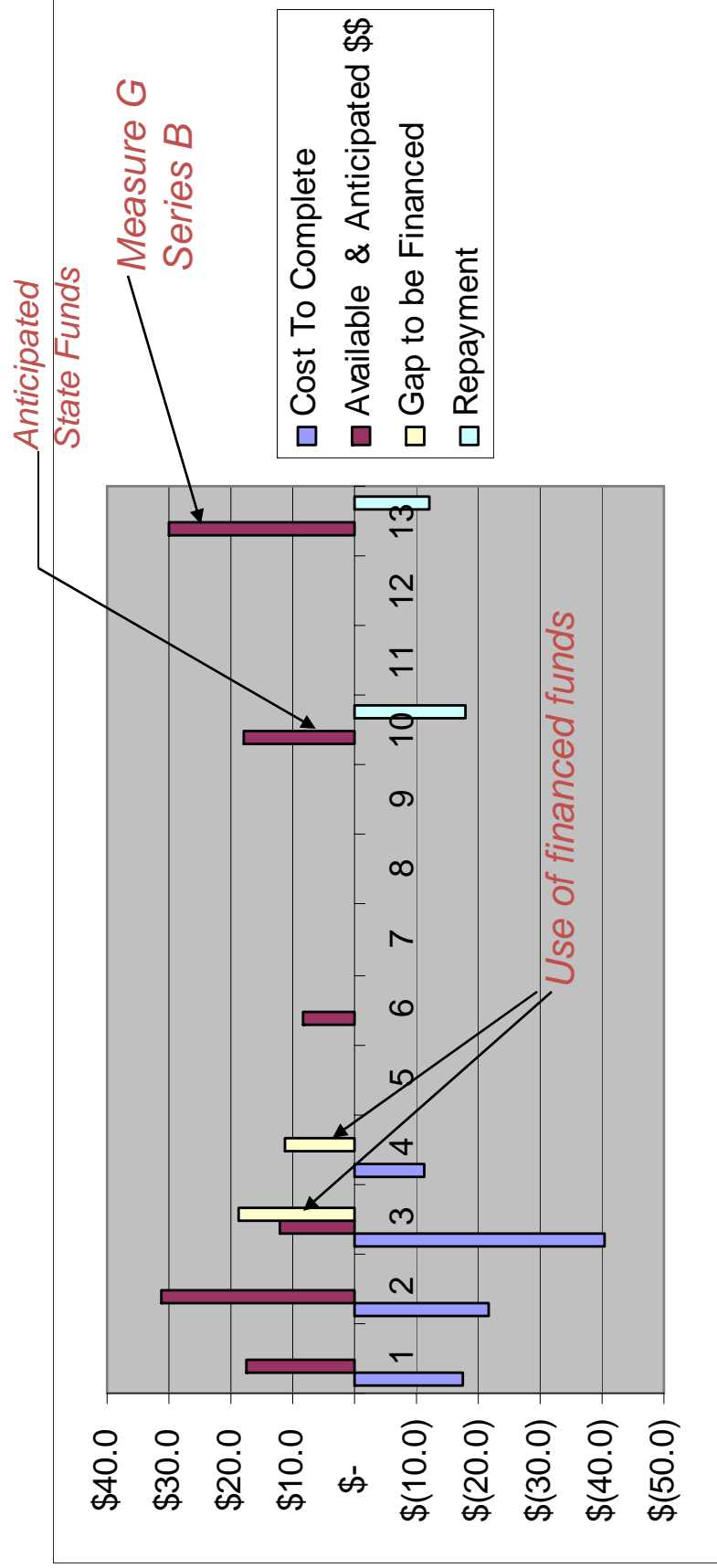
-Cash Gap (today) \$ 39.56

AR > Gap by: \$ 25.96

This is a good thing! District has anticipated \$\$ to pay loans!

Example of Future Encumbrances Cash Flow

	Q3-10	Q4-10	Q1-11	Q2-11	Q3-11	Q4-11	Q1-12	Q2-12	Q3-12	Q4-12	Q1-13	Q2-13	Q3-13
Cost To Complete	\$ (17.4)	\$ (21.5)	\$ (40.5)	\$ (11.2)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Available & Anticipated \$\$	\$ 17.4	\$ 31.1	\$ 12.1	\$ -	\$ -	\$ 8.2	\$ -	\$ -	\$ -	\$ 17.8	\$ -	\$ -	\$ 30.0
Gap to be Financed	\$ -	\$ -	\$ 18.8	\$ 11.2	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Repayment										\$ (17.8)			\$ (12.2)



Financing Options (in \$M's)

Options	Available Funds	Amount to be Financed	Total Funds to Complete Work	Potential Cost (Interest)	Risk	AV Growth Assumption	Issues
Option 1	\$ 51.0	\$ -	\$ 51.0		No Risk		Slower delivery of program
Option 2	\$ 51.0	\$ 30.0	\$ 81.0	+/- 3.0%+	Low Risk	4.5%	Anticipated revenue covers debt Anticipated revenue covers
Option 3	\$ 51.0	\$ 45.0	\$ 96.0	+/- 3.5-4.5+%	Medium Risk	4.5%	debt, but makes timing of anticipated revenue very critical
Option 4	\$ 51.0	\$ 60.0	\$ 111.0	+/- 5.5+%	High Risk	6%+	Anticipated revenue is very close to amount of debt. High risk is not good.

There are many options to structure a debt issuance, which will be sorted out once the team is assembled.

STRATEGY & INSTRUMENTS

- Only borrow what is critically needed and can be repaid timely
- Consider the possibility of issuing debt in two phases, to hedge uncertainty of State funding
- Focus on the most economical and applicable financial instruments for this type of interim effort. These will vary based on market conditions and financing structure

Two examples of financing instruments that may be better suited for this effort are:

Instrument	Type	Term	Rate	Flexibility	Time of Issuance
Bond Anticipation Notes (BAN's)	Bridge Loan	Up to 5 years	2% to 4% depending on maturity and other terms	Flexible	60 to 120 days
Certificates of Participation (COP's)	Long Term Loan (Lease)	20 to 30 years	5% to 6% depending on maturity and other terms	Extremely Flexible	60 to 120 days

Suggested Next Steps

- Decide on Interim Financing
 - Suggested Strategy: \$30M + \$15M
 - Hedge on State funds
- Start the Process
 - Align Interim Financing timeline with project schedules
 - Assemble the team
 - Underwriters, bond counsel, etc

Benefits & Challenges

- **Benefits**
 - Advance projects and capitalize on soft construction market
 - Savings in construction costs may be equal or better than financing costs
- **Challenges**
 - The speed of recovery is key
 - State funding & assumptions may change

Thank you!

