

**WHEATLAND SCHOOL DISTRICT
SPECIAL MEETING OF THE BOARD OF TRUSTEES**

August 17, 2009

District Office

7:00 PM

MINUTES

1. CALL TO ORDER

President of the Board, Ish Medina, called the meeting to order at 7:35 P.M.

2. ROLL

Present were Board Members: Wayne Bishop, Ish Medina, Nicole Crabb, Denis O'Connor and Susan Abe.

Others present: Superintendent Debra Pearson, Paul Boylan, Ryan McCarthy, Tamara Johnson, Brenda Harter, Paula Lamb, Ann Bishop, Jordan Williams, Roger Abe, Kirsten Newton, Jon Isom, Kirsten Carlin, Jim Kennedy, Dan Mierzwa and Connie Walczak.

3. OPEN SESSION

President of the Board, Ish Medina, read the agenda for tonight's meeting explaining the time limits for discussions. Sue Abe stated that she received notice of this meeting on Friday, August 14th at 3:30 PM. She said that this agenda item did not warrant an emergency meeting. Ms. Abe stated that the community was not properly informed about the meeting and the discussion of the bond. She said that the community should have been given the opportunity to be here and to respond. Mr. Medina stated that one of the primary reasons for this meeting was because Ms. Abe had questions and concerns about the bond. Ms. Abe stated that she is challenging Mr. Medina's authority to act independently when representing the Board.

It was a consensus of the Board to allow Jon Isom, from Dale Scott and Company, to give a presentation. John Isom reviewed the timeline and meetings that were held regarding the bond. Mr. Isom stated that the first presentation was done on May 27, 2008. At that time, the District had a net bonding capacity of \$7.5 million. A survey was done from July 15th through July 18th to see if the community would support a bond. Four attempts were made to every registered voter in the District. Four hundred-twenty three surveys were done with support of 58% of those surveyed. There is a 4% error margin.

Mr. Isom reported that the Wheatland School Board of Trustees passed a resolution on August 8, 2008 to proceed with the bond and to place it on the November ballot. The ballot language was finalized. The tax rate was estimated and mailed to every registered voter as part of the sample ballot. A District "fact sheet" was developed. An underwriter (De La Rosa) was

selected. On Election Day, the District received overwhelming support from the voters. In June of 2009, based on the expected declines in assessed values, the bond program was reduced. The District received an A+ rating. In August of 2009, there was a G.O. Bond analysis. Projected debt issuance:

Series A (2009):	\$2,400,000
Series B (2021):	\$1,900,000
Series C (2026):	\$1,400,000
Total	<u>\$5,700,000</u>

Mr. Isom gave the Board the “pro’s and con’s” of issuing the bonds now.

Johnna Bartholomew stated that the voters were in favor of the bond. Ms. Bartholomew said that by not moving forward, the wishes of the voters in the community are being ignored. She said that it might be a good time to move forward with the lower costs of construction at this time.

Roger Abe stated that the costs for \$1.6 million would be approximately \$231,779. The costs would vary for each sale. Mr. Abe said that Marysville’s costs are \$110,000 for a \$35 million dollar bond. Jim Kennedy, Yuba County treasurer, stated that is correct. He said that smaller bonds have higher costs. Mr. Kennedy that he and his office have asked a lot of questions to make sure that the Wheatland School District had all of the information. Sue Abe stated that she was thankful for the information that she received from the county. She said until that time that the board had no information.

Sue Abe asked Mr. Isom about the three year deadline to spend the money after issuance. Mr. Isom said that if the money is not spent in three years, the I.R.S frowns upon it. Mr. Kennedy concurred with that statement. Mr. Isom reported that the preliminary estimate from the county was a 7% drop in assessed property values. He said the actual drop was 15%.

Kristen Newton asked Mr. Isom that if the bonds are issued once the assessed property values increase, can the District accelerate the following two issuances. Mr. Isom said that would depend on the increase in property values.

Ms. Abe asked Mr. Isom to elaborate on the survey and financial agreement with Dale Scott. Mr. Isom said that a survey is always done in each community that is proposing a bond. It is important to find out if a community would support a bond. Mr. Isom said that it is a free service for the survey. Ms. Abe asked if the District was liable for any fees at this point. Mr. Isom said that all fees are contingent on the passage of the bond and the bond sale. Ms. Abe asked Mr. Isom if he can promote a bond and

serve as the financial advisor. Mr. Isom said no. Eighth Floor Campaigns is a subsidiary of Dale Scott and they conduct the promotions. Mr. Bishop' asked how much money was spent on the campaign. Julie Beaman stated it was about \$8000. Mr. Bishop asked who contributed to the campaign. Mr. Isom said the campaign was funded by donations from local people. Mr. Bishop asked Mr. Isom if the company that did the surveys is reputable. Mr. Isom stated that the survey was conducted by a reputable firm.

Paula Lamb suggested that a meeting be held to communicate with the community about the bond. She said that the community passed the bond and they deserve to know the progress and/or postponement. Nikki Crabb stated that it is not the role of the Oversight Committee to call a meeting with the community. Ms. Pearson stated that the role of the Oversight Committee is to make sure that the funds are spent on the projects that were outlined in the election materials.

Denis O'Connor asked Mr. Kennedy for assurance that since the bonds have not been issued, there is nothing on the tax roles and the community will not be taxed at this time. Mr. Kennedy said that is correct. Mr. O'Connor asked Mr. Kennedy to clarify who actually submits to the county for it to move forward. Mr. Kennedy said that the District would be responsible to do that.

Mr. Bishop said that the community had faith in the Wheatland School District and the Board of Trustees. He said that the community relied on that trust and passed the bond. Mr. Bishop said that he was under the impression that the District was bonding for \$5.7 million. Mr. Isom said that it depends on the assessed value. Mr. Bishop stated that he had been under the impression that the District could have sold \$5.7 million dollars in bonds based on assessed property values in the summer of 2008. He said that from the information given tonight, that he found that the \$5.7 million bond capacity was based on assumptions of continued homebuilding in the District at a somewhat lower rate than the previous five years. Mr. Bishop asked Mr. Isom if he felt such assumptions were reasonable considering the fact that the building slump started in 2005. Mr. Bishop asked Mr. Isom if he went over all assumptions with the Board during this process. Mr. Isom said all of that information had previously been given during a slide show at a board meeting.

Mr. Bishop said that if all of the information was given up front, that the board would not have had so many disagreements regarding the bond. Mr. Bishop said that a really rosy picture was painted last year. Otherwise, it would not have gone to the voters. He said that according to Mr. Isom's presentation tonight, the information regarding the decrease in the bond's value and the assessed property values was out there in June. Mr. Bishop asked Mr. Isom why the Board did not have that info in June. Mr. Bishop

said that he feels as though people have not been forthcoming about the bond. He said that he did receive one of the calls from the surveyor. He said that the caller was misleading in his opinion.

Sue Abe asked Ms. Pearson if she knew that Eighth Floor was a subsidiary of Dale Scott. Ms. Pearson replied that she did not. Ms. Abe said that Ms. Pearson proceeded with this bond with no plan and without sharing vital information.

Wayne Bishop said that he has been asking for over a year for a plan and costs for the projects. He said that he has been concerned about the maintenance costs for the pool, library, and fields. Sue Abe agreed that Mr. Bishop has been asking for that information and Ms. Pearson has never presented it.

Kristen Newton stated that we need to move forward; however, everyone is at the mercy of the Board. She said that the Board needs to clarify its position. Ms. Newton said that there is no reason to do all of this leg work to get costs if the bond is going to be put on hold. Ish Medina said that with the assessed land values and the decrease in the amount that the issuance of the bonds at this time would bring, it is better to postpone it at this time.

Shannon Nystom said that plans can not be drawn up at this time and that virtually everything is on hold. No one can proceed without money. Mr. Gibson said that the voters gave us the opportunity to improve Wheatland. The kids deserve updated fields and tracks. The bonds could be sold at this time and there would be plenty of money to complete those projects.

Roger Abe said that these decisions should have been made before the bond ever went to the voters. Ms. Pearson said that designs were not done until we found out if it was supported by the voters. Sue Abe said that it was done backwards. She said that Ms. Pearson should have had preliminary costs and some plans. John Isom said that usually there is a preliminary list of projects and then, after the bond passes, they fine tune the costs and priorities and develop a master plan with bond money. Sue Abe said there was never a real need for any of the proposed projects. Mr. Kennedy said that Marysville School District and Yuba College did have preliminary costs and plans. However, he said there is no right or wrong way to do this. Mr. Isom said that some districts spend general fund money upfront and others wait for bond monies.

Nikki Crabb said that it needs to be put on the agenda for the September meeting for the Board to vote on. Ms. Pearson said that it can be placed on the September agenda or the Board may wait until November after the Oversight Committee meets again. Paul Boylan said that it can be placed on the September agenda as a discussion item with the possibility of an

action taken. There was a consensus of the board to have it placed on the September agenda.

Wayne Bishop said that the Board needs to examine the future of the bond. Nikki Crabb stated that she would like to have a copy of the financial agreement and the powerpoint that Mr. Isom presented tonight.

Sue Abe said that the voters voted for a pool. She said that the pool must be maintained. That would cost approximately one teachers salary for a year. She said that we have laid off teachers and classified staff. Ms. Abe said there is no identified projects and that Mr. Bishop has asked on several occasions in the last year for that list. Mr. Pearson has never given the board that list.

Johnna Bartholomew said that even if you didn't like the survey, the final survey was done on election day. The community passed the bond. Mr. Bishop said that the bond was passed because the community trusts the Board and the District. He said that the board did not have all of the information that we needed. He said that the general fund money needs to be used to teach school. It should not be used to maintain a pool.

Jordan Williams asked the Board what would be the hopeful end result? Ms. Abe said that the bond has not been made clear. Information was not being shared with the Board. Ms. Abe said that she would like to see a pool built. She said that she would donate to the pool.

Wayne Bishop said that he would like to see a formal board action at the next board meeting as to whether to proceed with the bond. Mr. Bishop would like to see a master plan that includes preliminary costs. Mr. Bishop said that his main concern is that we have the facilities and staff to teach school.

Denis O'Connor said that the Oversight Committee has done a good job.

4. ADJOURNMENT – 9:15 P.M.

Respectfully submitted:

Debra Pearson
Superintendent
Wheatland School District