

# IRVINE UNIFIED SCHOOL DISTRICT

## *Finance Committee*

*March 26, 2013*

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- Call to Order:** The meeting of the Finance Committee was called to order by Felix Chen.
- Roll Call:** Roll Call was conducted via sign-in sheet.
- Members Present:** Felix Chen, Madeline Clyde, Brian Daucher, Ira Glasky, Sherry Slunka and Jason Vilorio (arrive at 7:10pm)
- Members Absent:** Alan Battenfield, Alex Abshier, Denise Espinosa, Maria Howard, Kathy Overman and John Fogarty
- IUSD Staff:** Susana Lopez, Director of Fiscal Services  
Raianna Chavez, Confidential Secretary
- Guests:** Adam Bauer of Fieldman, Rolapp & Associates
- Next Meeting Date:** A meeting has been requested for April or May, prior to the scheduled Wednesday, June 26<sup>th</sup>, 2013 meeting.

### *Finance Committee Business*

#### **1. Call to Order; Roll Call; Recognition**

- Felix Chen called the meeting to order at 6:30 p.m.

#### **2. Approval of Meeting Minutes**

- January 29, 2013 - Approved

#### **3. Tech Bond Proposition Update, by Adam Bauer of Fieldman, Rolapp & Associates, IUSD's Financial Advisor**

- Mr. Bauer presented information on the proposed Prop 39 GO Bond "Tech Bond".  
Mr. Bauer introduced himself and his firm, Fieldman, Rolapp & Associates who has worked with IUSD since the mid-1980s, and whom only works with public agencies, with Mr. Bauer himself, mainly works with public schools.  
Mr. Bauer explained that IUSD has requested exploration into a voter approved Proposition 39 GO bond with a technology focus.  
Mr. Bauer detailed the limitations of a Prop 39 GO bond:

IUSD has a maximum bonding capacity of 2.50% of the assessed property value in the district's boundaries; with a tax rate maximum of \$60 per every \$100,000 of assessed property value. These would be maximums, which IUSD should not need to access. The district's property area has a total assessed valuation of \$36,811,119,332 for 2013, which would equal a maximum bonding capacity of \$920,277,983 at the 2.50% maximum.

A Prop 39 GO bond requires a 55% approval of actual votes.

Before the election, at least 88 days before, the School Board must declare a resolution for the election, declaring: an estimated tax rate amount, bond amount, and list what projections would be financed from the proposition/bonds.

Should the Proposition be approved by voters an Oversight Committee, comprised of citizens, would need to be appointed who would meet annually to audit and verify the funds were being used as intended.

Assumptions in calculating the bond include:

- a. current interest bonds, with no capital appreciation bonds,
- b. assuming a very conservative 0% growth in assessed value,
- c. at 25 year term,
- d. and an approximate repayment ratio of \$2 to every \$1.

The District is required to

The District is looking at layering the bond sales, as the District is required to spend the funds received within three years of receiving the funds.

The anticipated interest rate is anticipated to be between 4.5 – 5.5% for long term bonds and around 1.35% for shorter bonds; however, there is a lot of fluctuation in interest rates. With a phased approach, the interest rate would depend on the year the bonds are issued. The District could decide to issue bonds or not, depending on the interest rate at any given time.

The soonest the District could place a Prop 39 GO Bond on the ballot is June 2014. If passed the County would then need to be notified by the first week in August to have the measure added to the tax bill.

Mr. Daucher asked if a survey (or voter polling) was necessary.

Mr. Bauer answered that Tustin USD, who passed a \$135 million bond measure with a technology focus in November of 2012, did so with a 60.1% voter approval and a pre-election survey. A survey can provide the distri

The proposed LCFF would negatively impact IUSD. With the current Revenue Limit Funding IUSD would receive \$265 per ADA, in 2013-14; under the proposed LCFF IUSD would