

**DEL MAR UNION SCHOOL DISTRICT
BOARD OF TRUSTEES
Del Mar Union School District Office
Conference Room
225 9th Street
Del Mar, CA 92014**

NOTICE OF SPECIAL BOARD MEETING

**February 12, 2007
12:00 PM**

Written notice is hereby given in accordance with Education Code Section 35144, Government Code 54956, and other applicable law that the following Special Meeting of the Board of Trustees, Del Mar Union School District, will be held on Monday, February 12, 2007 beginning at 12:00 p.m. at the Del Mar Union School District Office, Conference Room, 225 9th Street, Del Mar, CA 92014.

PLEASE NOTE: Any member of the public who wishes to address the board on an item on the agenda or on another topic which lies within the governing board's jurisdiction may do so, but must present a written request on the form provided, before the meeting is called to order. A member of the public who wishes to address the Board on such item is limited to three minutes unless such time limit is waived by a majority vote of the Board. The total amount of time to be allowed on any item is twenty minutes, unless the time limit is waived by a majority vote of the Board.

In accordance with the Brown Act, unless an item has been placed on the published agenda, there shall be no action taken. The Board may 1) acknowledge receipt of the information, 2) refer to staff for further study, 3) refer the matter to the next agenda.

In compliance with the Americans with Disabilities Act, if you need special assistance, disability-related modifications or accommodations, including auxiliary aids or services, in order to participate in the public meetings of the District's governing board, please contact the office of the District Superintendent at (858) 523-6198. Notification 72 hours prior to the meeting will enable the District to make reasonable arrangements to ensure accommodation and accessibility to this meeting. Upon request, the District shall also make available this agenda and all other public records associated with this meeting in appropriate alternative formats for persons with a disability.

BUSINESS TO BE TRANSACTED WILL BE LIMITED TO THE FOLLOWING:

1. CALL TO ORDER 12:00 p.m.
 2. Approval of Agenda *Motion* _____ *Second* _____ *Ayes* _____ *Noes* _____
 3. Communications from the Public
-

4. First Reading, Resolution of the Board of Trustees of the Del Mar Union School District Appointing and Employing Certain Consultants in Connection with Issuing Special Tax Bonds to Fund a Portion of Ocean Air School.
5. Adjournment of Special Meeting:

Time: _____ *Motion* _____ *Second* _____ *Ayes* _____ *Noes* _____

Special Board Meeting of February 12, 2007

February 8, 2007

To: Board Members

From: Rodger Smith

Through: Tom Bishop

Subject: First Reading, Resolution of the Board of Trustees of the Del Mar Union School District Appointing and Employing Certain Consultants in Connection with Issuing Special Tax Bonds to Fund a Portion of Ocean Air School

Following this narrative is a memorandum that Board members received recently Regarding the need for funds to meet anticipated cash flow requirements for the completion of construction of Ocean Air School. In order to sell the bonds referenced in the memorandum, it will be necessary to contract with several different consultants to insure that all legal and financial requirements are met. Resolution 2007-1 is intended to authorize the Superintendent to establish contracts with the various consultants who are necessary components of this transaction.

The consultants listed in Resolution 2007-1 are firms which the DMUSD and the North City West JPA have utilized in previous bond sales. These firms have provided outstanding services to the DMUSD in the past and it is believed that this is an excellent team of experts to conduct the proposed bond sale.

Benjamin Dolinka, president of the Dolinka Group, will be available at this meeting to answer questions that Board members may have relative to the proposed sale of 95-1 bonds.

FISCAL IMPACT: The fiscal impact of the proposed sale of bonds is unknown at this time. However, costs associated with the sale of bonds are generally supported by proceeds from the bond sale; no impact on the general fund is anticipated as a result of this transaction.

RECOMMENDED: This item is intended as a first reading, therefore, no action is recommended at this time.

4.0

Special Board Meeting of February 12, 2007

January 30, 2007

To: Tom Bishop
From: Rodger Smith
Subject: Funds for the Construction of Ocean Air School

As we begin planning for the completion of the construction of Ocean Air School, it will be necessary to address two funding issues in the very near future. The first of these issues is the lack of available funds in the account of Community Facilities District 95-1 (CFD 95-1) to meet its obligation for construction costs of Ocean Air School. The second of these issues is a reduction of anticipated funds from the State of California. These issues are discussed in greater detail below:

- Based on the attendance boundary of Ocean Air School and the boundaries of CFD 95-1, it is estimated that one hundred seventy students could be generated by residential units that have been and will be constructed in CFD 95-1 within the attendance boundary for Ocean Air School. One hundred seventy students represent 26% of the estimated enrollment for Ocean Air; 26% of the costs for Ocean Air equates to an estimated obligation of \$9.6 million. Of the \$9.6 million obligation, only \$4 million is currently available to meet construction costs through completion of the construction project in August, 2007.

The Facilities Planning department has been aware of the likelihood of this short fall since preliminary cost estimates for the project were developed at the time the schematics were approved by the Board. This issue does not present a crisis of any sort; the existing special tax revenue stream of CFD 95-1 is sufficient to support additional debt. Based on a preliminary analysis and today's bond market, the amount of additional debt that could be supported by the current revenue stream would cover the unfunded obligation of CFD 95-1.

- A second element in the shortage of available funds to meet cash flow needs for the construction of Ocean Air School has been caused by a significant reduction of new home construction and sales within the district. The original estimate of the DMUSD's eligibility for state school construction funds was \$3 million. Due to the reduction of new home sales within the district and the subsequent reduction in the approval of future sub-division maps, the district is unable to justify the level of eligibility for new school construction funds that was originally anticipated when the Ocean Air project was initiated. At the present time,

our projected eligibility for state funds has been lowered from \$3 million to \$2 million.

Based upon the information above, the total shortfall of funds to complete construction of Ocean Air School is estimated to be \$6.6 million. In order to complete the school, a source of funding that will support the \$6.6 million will need to be identified in the very near future.

Issuing additional debt in the form of selling CFD 95-1 bonds represents the most viable option to provide funds for the completion of Ocean Air School. The possibility of selling additional bonds has been discussed with Benjamin Dolinka, a consultant who worked with the district on the original formation of our two CFD's and with whom we contract for several management services related to operation of our CFD's. According to Mr. Dolinka, CFD 95-1 has sufficient additional bonding capacity to address the need for funds described above.

In order to explore the possibility of selling additional bonds through CFD 95-1, I recommend that we invite Mr. Dolinka to discuss this concept with the Board of Trustees as soon as possible. Mr. Dolinka is very knowledgeable about public financing strategies and I believe that he would be instrumental in helping the district chart the most effective course to meet our cash flow needs. If you would like me to do so, I will be happy to facilitate Mr. Dolinka's attendance at a meeting of the Board of Trustees so he can provide information about the sale of CFD 95-1 bonds in order to meet the district's cash flow needs for the construction of Ocean Air School.

RESOLUTION NO. 2007-01

RESOLUTION OF THE BOARD OF TRUSTEES OF THE DEL MAR UNION SCHOOL DISTRICT APPOINTING AND EMPLOYING CERTAIN CONSULTANTS IN CONNECTION WITH ISSUING SPECIAL TAX BONDS TO FUND A PORTION OF OCEAN AIR SCHOOL

WHEREAS, the Del Mar Union School District (the “District”) formed Community Facilities District No. 95-1 (“CFD No. 95-1”) to fund school facilities necessary to accommodate students to be generated from residential units located within the boundaries of CFD No. 95-1;

WHEREAS, CFD No. 95-1 was intended to provide the District with funding through (i) the collection of One-Time Special Taxes and Maximum Annual Special Taxes and (ii) Bond Issues (definitions of terms are located within the Rate and Method of Apportionment of CFD No. 95-1);

WHEREAS, the District issued Certificates of Participation in 1999 (the “1999 COPs”) and pledged Maximum Annual Special Taxes of CFD No. 95-1 to make Lease Payments on such 1999 COPs;

WHEREAS, the 1999 COPs were used to fund a portion of the Torrey Hills Elementary School to accommodate existing and projected students to be generated from residential units located within the boundaries of CFD No. 95-1;

WHEREAS, the District is currently constructing Ocean Air School that is planned to accommodate students generated from residential units located within the boundaries of CFD No. 95-1, as well as students generated from residential units located outside the boundaries of CFD No. 95-1;

WHEREAS, the collections of One-Time Special Taxes and Maximum Annual Special Taxes from CFD No. 95-1 are not sufficient to the portion of costs of Ocean Air School allocated to CFD No. 95-1, the District desires to appoint and employ certain consultants to assist the District in developing, structuring, and issuing Special Tax Bonds of CFD No. 95-1 for the purpose of funding a portion of Ocean Air School;

NOW, THEREFORE, BE IT RESOLVED by the Board of Trustees (the “Board”) of the Del Mar Union School District, as follows:

Section 1. All of the recitals herein contained are true and correct and the Board so finds.

Section 2. Dolinka Group Inc. is hereby appointed as the District’s Special Tax and Financial Consultant to provide certain financial planning assistance to the District in the

development and implementation of the Special Tax Bonds. The Superintendent of the District is hereby authorized and directed, for and in the name and on behalf of the District to enter into a contract with such firm for the provision of services as the District's Special Tax and Financial Consultant.

Section 3. Stone & Youngberg LLC is hereby appointed as the District's Underwriter for the Special Tax Bonds. The Superintendent of the District is hereby authorized and directed, for and in the name and on behalf of the District, to enter into a contract with such firm for the provision of services as the District's Underwriter.

Section 4. Bowie, Arneson, Wiles & Giannone is hereby appointed as the District's Bond Counsel. The Superintendent of the District is hereby authorized and directed, for and in the name and on behalf of the District, to enter into a contract with such firm for the provision of services as the District's Bond Counsel.

Section 5. Jones Hall is hereby appointed as the District's Disclosure Counsel. The Superintendent of the District is hereby authorized and directed, for and in the name and on behalf of the District, to enter into a contract with such firm for the provision of services as the District's Disclosure Counsel.

Section 6. The Superintendent of the District is hereby authorized and directed, jointly and severally, to do any and all things, which they may deem necessary or advisable in order to carry out, give effect to and comply with the terms and intent of this Resolution.

Section 7. All actions heretofore taken by the officers, employees and agents of the District with respect to the Special Tax Bonds are hereby approved, confirmed and ratified.

Section 10. This resolution shall take effect from and after its date of adoption.

PASSED AND ADOPTED this 12th day of February 2007

President of the Board of Trustees of the
Del Mar Union School District

Clerk of the Board of Trustees of the
Del Mar Union School District