



309 North Rios Avenue  
Solana Beach, California  
92075

Phone: (858) 792-6937

Fax: (858) 792-8270

Email: [jpa@sbsd.k12.ca.us](mailto:jpa@sbsd.k12.ca.us)

## BOARD OF DIRECTORS

**Eric Dill,**

Chairperson,

San Dieguito Union High

School District

**Nancy Lynch,**

Vice Chairperson,

Solana Beach School

District

**Doug Rafner,**

Director,

Del Mar Union School

District

**Mark Risco,**

Executive Director and

Board Secretary

# North City West School Facilities Financing Authority Special Meeting of the Board of Directors

November 18, 2014 309 North Rios Avenue Solana Beach, CA 92075

2:30 p.m.

Phone: (858) 792-6937; Fax: (858) 792-8270

## Welcome...

### PUBLIC COMMENTS

With the exception of personnel items, individuals wishing to address the Board concerning an agenda item (or on other topics pertaining to JPA/CFD jurisdiction) are invited to do so at this time.

In the interest of time, **public presentations are limited to five (5) minutes per person, per topic.** If you wish to speak, please complete a card (located at the sign-in desk); and present it to the Board chairperson before commencement of the meeting. When the chairperson invites you to speak, please state your name, address and/or organization before making your presentation.

**Please note:** The law does not permit complaints and/or charges against an employee or staff member in an open Board of Directors' meeting.

In accordance with the Brown Act, there shall be no action taken for an item that has not been scheduled on a published agenda. Instead, the Board may:

- 1) Acknowledge receipt of the information,
- 2) Refer to staff for further study, or
- 3) Defer the matter to a future agenda.

We appreciate your cooperation.

### PUBLIC INSPECTION OF DOCUMENTS

In compliance with *Government Code 54957.5*, agenda related documents distributed to the Board less than 72 hours prior to meetings are available for inspection at North City West School Facilities Financing Authority executive offices located at 27368 Via Industria, Suite 110, Temecula, California.

### AMERICANS WITH DISABILITIES ACT

In compliance with the *Americans with Disabilities Act*, please contact the director at (858) 792-6937 by **noon**, the day before the Board meeting, to arrange reasonable accessibility for meeting participation.

Please set cellular phones and pagers to **silent mode**, and engage in conversations outside the meeting room.

# North City West School Facilities Financing Authority

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**Directors:**

Eric Dill, Chairperson, San Dieguito Union High School District  
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## AGENDA

### Special Meeting

November 18, 2014

Items

Page No.

**1. CALL TO ORDER, ROLL CALL**

**2. PLEDGE OF ALLEGIANCE**

**3. APPROVAL OF AGENDA**

**4. PUBLIC COMMENTS**

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, or 3) refer the matter to the next agenda.

**5. ADJOURNMENT INTO CLOSED SESSION**

- A. Conference with Legal Counsel – Potential Litigation (Government Code Section 54956.9(d)(4).)
- Facts have arisen creating potential for litigation involving the Authority.

**6. ADJOURNMENT FROM CLOSED SESSION**

**7. RECONVENE SPECIAL BOARD MEETING**

**8. ACTION ITEMS**

**3-6**

- A. Authorize the Executive Director to consult with bond counsel on further action regarding the MCDC initiative.
- B. Approval of Resolution 15-01 to establish a restricted fund known as the Capital Facilities/Mitigation Fee Fund, Fund 25, with San Diego County Auditor and Treasurer.
- C. Approval of Fiscal Year 2014-15 budget adjustments

**9. ADJOURNMENT OF SPECIAL MEETING**

The next scheduled Board Meeting will be held on December 11, 2014 at the Solana Beach District Office. The District Office is located at 309 North Rios Avenue, Solana Beach, CA. 92075

# North City West

## School Facilities

### Financing Authority

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#### Directors:

Eric Dill, Chairperson, San Dieguito Union High School District  
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#### ITEM 8A

**SUBJECT:** North City West School Facilities Financing Authority Continuing Disclosure Compliance Review

**BACKGROUND:** Municipal securities issuers have the opportunity to self-report material misstatements in official statements regarding prior compliance with continuing disclosure undertakings under a new initiative introduced by the Securities and Exchange Commission's (SEC) Enforcement Division. The deadline for municipal issuers and other obligated persons to report violations was originally September 10, 2014, but was later extended to December 1, 2014.

Issuers who believe they may have made a misstatement in an official statement since 2009, should consider whether or not to participate in the Municipalities Continuing Disclosure Cooperation (MCDC) Initiative. The MCDC Initiative gives issuers the opportunity to self-report material misstatements in official statements regarding its prior compliance in return for more lenient settlement terms in SEC enforcement actions.

Due to the impending December deadline, Chairperson Dill authorized Willdan Financial Services (Willdan) in October to perform a compliance review of the Authority's filings between June 6, 2007 and September 30, 2014 to determine if any material misstatements have occurred.

The Continuing Disclosure Compliance Review report (Report) was completed on November 14, 2014. All required disclosure identified in the Report as "Not Filed" were filed by Willdan remedially with EMMA on or before November 13, 2014.

**FISCAL IMPACT:** Fiscal impact of any fines levied by the SEC are undeterminable.

#### **RECOMMENDED ACTION:**

Board to authorize the Executive Director to consult with bond counsel on further action regarding the MCDC initiative

See Attachment 1 for copy of Report

# North City West School Facilities Financing Authority

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## **ITEM 8B**

**SUBJECT:** Opening of new fund with the San Diego County Office of Education to account for Developer Direct Deposit/Mitigation Fees.

**BACKGROUND:** During FY 2013-14, the NCW/JPA began receiving developer Direct Deposit Fees (aka Mitigation Fees) pursuant to the NCWSFFA School Facilities Funding Agreement from developers whose properties were in the NCW/JPA district boundary but not in the boundary of Community Facilities District No. 1 or No. 2.

The San Diego Office of Education has informed the NCW JPA that the local agency receiving such fees is required by law to deposit the revenues in a separate capital facilities fund. The California Department of Education recommends the establishment of a "Fund 25" to facilitate the segregation of revenues and expenditures related to this activity. Expenditures collected under this authority are restricted to the purposes specified in Government Code section 65970-65981 or to the items specified in agreements with the developer pursuant to other applicable law.

**FISCAL IMPACT:** None

**RECOMMENDED ACTION:** Board to approval of Resolution 15-01 to establish a restricted fund known as the Capital Facilities/Mitigation Fee Fund, Fund 25, with San Diego County Auditor and Treasurer.

See Attachment 2 for Resolution 15-01

# North City West School Facilities Financing Authority

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## ITEM 8C

### NCW/JPA ADMINISTRATIVE EXPENSE BUDGET AMENDMENT

**SUBJECT:** Amendments to FY 2014-15 NCW JPA Administrative Expense Budget.

**BACKGROUND:** The Administrative Expense Budget for Fiscal Year 2014-15 was approved in June 5, 2014 with allocations of \$7,000 for Outside Legal Fees, \$52,000 for Executive Director and \$7,000 for Outside Consultants. Since the passage of the original budget and following the September 11 2014 Board meeting, the NCW/JPA has experienced additional costs not anticipated at the time the original budget was approved.

#### Outside Legal Fees

Additional legal services have been incurred in September, October and November from Best, Best & Krieger (BBK), the NCW/JPA legal counsel, relating to a challenge by a developer to the NCW/JPA direct deposit fees. These services have included meetings and correspondence with the Executive Director, the developer and the developer's legal counsel. BBK has estimated its additional non-litigation billings on this matter will be approximate \$11,500, requiring an approval to increase the Outside Legal Fee 2014-15 budget from \$7,000 to \$18,500.

#### Outside Consultants

The Outside Consultants fee are budgeted for the annual reimbursement of demography study fee to the member school districts. Currently, Del Mar Union School District has submitted a reimbursement requests for \$22,470.15 relating to the 2014 Del Mar Union School District study prepared by Dolinka Group. San Dieguito High School District has submitted a reimbursement requests for \$7,059.25 relating to the 2014 Del Mar Union School District study prepared by Davis Demographics. Solana Beach School District has submitted a multi-year reimbursement request totaling \$30,855.63 relating to the 2008 through 2014 Solana Beach School District studies prepared by Decision Insite. Solana Beach SD has not submitted a reimbursement request since its 2007 study back in October 2006. The current reimbursement requests for the three districts total \$60,385.

Furthermore, the NCW/JPA authorized Willdan Financial Services to prepare a Continuing Disclosure Compliance Review as discuss in Agenda Item 8A. The cost of this review was \$4,000.

The total increased costs for the demographic study reimbursements and disclosure compliance are \$57,385, requiring approval to increase to the Outside Consultant 2014-15 budget from \$7,000 to \$64,385.

#### Executive Director

The Executive Director budget is based on the anticipated hours spent by the Executive Director staff during the normal course of business during the year. As a result of additional service hours spent by staff relating to developer direct deposit fee challenge and the preparation for and attendance at the Special Board Meeting on November 18, 2014, the Executive Director has estimated additional fees of \$15,000, requiring approval to increase the Executive Director 2014-15 budget from \$52,000 to \$67,000.

**FISCAL IMPACT:** Increase FY 2014-15 budget by a total of \$83,885.

**RECOMMENDED ACTION:** Board to amend the Fiscal Year 2014-15 NCW/JPA Expense Budget for Outside Legal Fees to \$18,500, Outside Consultants to \$64,385 and Executive Director to \$67,000

# North City West School Facilities Financing Authority

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<b>NCW JPA PROPOSED AMENDED BUDGET</b>			
	<b>FY 14/15</b>	<b>FY 14/15</b>	<b>FY 14/15</b>
<b>ACCOUNT</b>	<b>APPROVED</b>	<b>APPROVED</b>	<b>AMENDED</b>
<b>DESCRIPTION</b>	<b>BUDGET</b>	<b>AMENDMENTS</b>	<b>BUDGET</b>
Supplies	\$ 100		\$ 100
Travel/Conference	3,000		3,000
Dues & Subscriptions	250		250
Telephone	500		500
Rent	-		-
Repairs/maintenance	-		-
Insurance	4,000		4,000
Equipment/Furniture	-		-
Contingency	1,000		1,000
Audit, annual	5,500	300 (1)	5,800
Arbitrage Calculation	5,000		5,000
Office of Education	8,100		8,100
Bond Trustee	10,000		10,000
County Counsel	-		-
Outside Legal services	7,000	11,500	18,500
Executive Director*	52,000	15,000	67,000
Outside Consultants	7,000	57,385	64,385
<b>TOTAL EXPENSES</b>	<b>\$ 103,450</b>	<b>\$ 84,185</b>	<b>\$ 187,635</b>
(1) Approved at September 11, 2014 Regular Board Meeting			