

LAS VIRGENES UNIFIED SCHOOL DISTRICT
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SUPERINTENDENT

**LAS VIRGENES UNIFIED SCHOOL DISTRICT
FINANCE COMMITTEE MEETING**

November 14, 2022

Present: Ms. Angela Cutbill, Board Clerk
Ms. Linda Menges, Board President
Dr. Dan Stepenosky, Superintendent
Dr. Ryan Gleason, Assistant Superintendent/CBO
Dr. Steve Scifres, Assistant Superintendent, Human Resources
Dr. Clara Finneran, Assistant Superintendent, Education
Ms. Brenda Cho, Director of Finance/Accounting
Ms. Dawn Quevedo, Accounting Technician
Mr. Tim Carty, Managing Director, Piper Sandler

The meeting came to order at 10:05 a.m. Dr. Gleason shared the agenda with the committee.

Measure S: Next steps

Mr. Carty from Piper Sandler was present to discuss the certification scenario for the Measure S Bond that was on the November 8th ballot. Mr. Carty explained that Measure S will extend the expiring 1997 Measure R tax rate and that the earliest the District can take their first draw is in August 2023. Mr. Carty shared that the Bond Year runs August 2–August 1 and the maximum amount of time that Measure R and Measure S can overlap without taxing is 36 months.

Mr. Carty also shared potential bond issuance schedules noting that the maximum term of each series of bonds is 30 years. The targeted Measure S rate is \$36 per \$100K assessed valuation. Mr. Carty stated that the District will bring before the board a preliminary official statement which includes how they plan on communicating with the community and will include an executive summary. Once approved by the Board of

Education, L.A. County will agendize and authorize the level of taxes. Dr. Stepenosky asked what rate LVUSD had in the past. Mr. Carty shared that the District has a rating in the AA category which is extremely favorable.

Mr. Carty went on to share a scenario of the cost/benefit of a Bond Anticipation Note (BAN). The estimated transaction cost of a BAN is \$335,850 and the net interest cost is \$988,975, totalling \$1,324,825. The benefit of issuing a BAN would allow for 6 months of avoided inflation totalling \$3,691,209.

Ms. Cutbill asked if the District did a BAN, would another issuance be done in the fall. Mr. Carty stated that the BAN would be done for what could be spent in 6 months, so the District doesn't pay interest for money it can't spend. Another issuance will be completed in the Fall.

Dr. Gleason shared that a Citizen's Oversight Committee is being prepared. He presented the committee with two options with the first being to amend the Measure G bylaws to include Measure S. Under this option, current Measure G members who would like to serve on Measure S, would re-apply. Term limits and duration would reset under this option. Under Option 2, bylaws would be established specifically for Measure S. The bylaws and amendments can be brought to the December Board Meeting.

The committee would like to move forward with Option 1 being brought to the Board on December 13th. Dr. Gleason asked what data the Board of Education would like to see before making a decision on BANs and Ms. Menges replied that they would like to see more data reflecting its pros and cons. The committee would like to move forward and Dr. Gleason will work with David Casnocha on the bylaws for the Citizens' Oversight Committee that will absorb both "G" and "S" initiatives.

Certificates of Participation/ Developer Fees

Dr. Gleason shared that the District took out certificates of participation in 2003 and they were last refinanced in 2017 at a 3.18% interest rate. The maturity date on these certificates is 11/1/2036 and the principal balance is \$8.8M. Dr. Gleason shared that the District is exploring using Developer Fee funds to pay off the balance, given the pending passage of Measure S. Currently, the cash balance in Fund 25 is \$8.4M. Dr. Gleason is working with LACOE on the transaction steps, and Mr. Carty is closely researching the terms of the contract. This will be further discussed at the next Finance and Facilities Committees.

Accounting and Finance Updates

Ms. Cho shared that the first interim financial reporting for period ending 10/31/22, will be presented to the Board of Education at the December 13 Board Meeting.

Dr. Gleason also shared that his department is holding weekly finance meetings to look into areas where over/underspending may be occurring. Specifically, these meetings are looking at funding sources, resources and timelines.

Categorical Grant Updates

Dr. Gleason shared a categorical grant update. He shared that the Expanded Learning Opportunity Grant (ELOP) awarded \$1,421,452. Given proposed changes in funding for the ELOP grant, Dr. Gleason suggested using the award to fund the YMCA's *Find Your Genius* program at select schools.

The Arts/Instructional Materials Block Grant award is \$6,320,816. This is a four year grant with an annual allocation of \$1,508,20. Recommended Uses for this grant include:

- Supplant Instructional Materials Budget of \$1.1 M over Four Years
 - Relieve Unrestricted General Fund
- Sustain Elementary Counseling

Dr. Gleason shared that a plan for use will be brought to an upcoming Board of Education Meeting.

The Learning Recovery Block Grant award is \$3,572,178. It is a five year grant with an annual allocation of \$893,104. Dr. Gleason noted it will not be used this year.

Recommended uses include:

- Support the cost Intervention Specialists
- Support the cost of Summer School

The A-G Completion award is \$370,475.

Recommended uses for include:

- SHOP/Center Support
- Stipends for Data and Intervention

The Ethnic Studies Grant award is \$97,000. This recommended use of this grant is to support instructional materials costs.

Dr. Gleason shared that the following grants will provide approximately \$2.5 M in relief to the general fund through 2026:

- AIM Block Grant
- Learning Recovery Grant
- A-G Completion Grant

Dr. Gleason also shared an update regarding the Proposition 56 grant, noting that a proposal to use the funds for the security firm, Covered 6, was rejected. Dr. Gleason did say that \$300K of relief has been identified for restorative TOSA's and additional law enforcement hours.

Lastly, Dr. Gleason shared that the District is applying for \$150K of non-competitive kitchen infrastructure grants and \$500K in competitive kitchen infrastructure funding. Grant applications are due this month. Securing this funding would modernize the kitchen equipment across all five secondary schools and the central kitchen.

Proposition 28

Dr. Gleason shared that Proposition 28 passed in last week's election. This proposition requires the state to spend 1% of the Proposition 98 guarantee on public education that is restricted for music and arts education. Initial calculations for our Proposition 28 allocation from School Services of California are around \$1.3M annually for LVUSD beginning in 2023-24. Other details include:

- The measure will require the state to add an amount equal to 1% of Prop. 98 funding to the state's guarantee, but there are no tax increases meaning somewhere the state will have to leverage funding in a reserve account or find efficiencies elsewhere to fund this program.
- Schools with higher proportions of unduplicated students (low-income, foster youth, English Learners) will receive a high proportion of funding.
- 80% of funding must be used to hire new staff.
- The state will take 2022-23 staffing as a baseline and the district will need to demonstrate how the funding grew music and theater education programs beyond the existing baseline.

Dr. Gleason noted that this will remain a standing agenda item for the Finance Committee.

Budget Updates and Forecast

Dr. Gleason shared budget updates noting that there is a \$3.5M operating deficit to close. If the District needs to fund a 7% COLA it will amount to an approximate \$8M cost.

Dr. Gleason shared that there is currently \$11.5 M in the General fund made up of the following:

- -\$2.5 Million in Supplanted Costs from Grants
- -\$2.5 Million in Immediate Measure S impacts (Utilities + COP Debt + Deferred Maintenance)
- The District will need either:
 - 500 New Students/\$2M in Efficiencies
 - \$7M in Efficiencies

Dr. Gleason spoke of COVID/categorical grants that provide one-time funding for certain areas. Some areas will continue to be funded with new grants and some have funding that will expire. Ms. Cutbill would like more information about those areas that will lose funding so the District can make a decision on how to proceed.

Other Business

Dr. Gleason shared an update regarding current rental and lease agreements. Dr. Gleason also shared an update regarding enrichment programs sharing that the District has been working with the company, *Growing Outdoors*, to explore instituting a more efficient process.

Dr. Gleason shared that a transportation plan will need to be brought before the Board by April. He also confirmed with the committee that a study on Facility Use Fees is still a priority and the committee confirmed it was.

The meeting came to a close at 11:42 a.m.