

MONTEREY COUNTY COMMITTEE  
ON SCHOOL DISTRICT ORGANIZATION  
NOVEMBER 1, 2017  
APPROVED MINUTES

1. Opening Business

1.1 Call to Order: Chair Harvey Kuffner called the meeting of the Monterey County Committee on School District Organization to order at 6:30 PM in the Student Union of Greenfield High School (225 S. El Camino Real, Greenfield, California).

1.2 Roll Call

**COMMITTEE MEMBERS PRESENT:**

Harvey Kuffner, Chair  
Judy Pennycook, Vice-Chair  
John McPherson  
Ronald Panziera  
Mary Claypool  
Dr. Nancy Kotowski, Secretary to the County Committee

**GUESTS:**

Greenfield Community Members  
SMC Community Members  
Greenfield USD Staff  
SMCJUHSD Staff

**COMMITTEE MEMBERS ABSENT WITH NOTIFICATION:**

Sergio Alejo  
Janet Wohlgemuth

**STAFF TO SUPERINTENDENT:**

Garry Bousum  
Dr. Deneen Guss  
Tom Mooneyham  
Carla Stewart

1.3 Pledge of Allegiance: Harvey Kuffner led the Pledge of Allegiance.

1.4 Adoption of Agenda

MSC 17-18-01 (5-0) Judy Pennycook, Mary Claypool

That the Monterey County Committee on School District Organization adopt the agenda as presented.

2. Communications

2.1 Correspondence: Dr. Kotowski shared that in the rear of the room, there were copies of correspondence received: from Dr. Brian Walker (SMCJUHSD) to the iBank, and a letter in response to Dr. Walker from iBank.

2.2 Oral Comments from the Public (*Limited to Items on the Agenda*): None.

3. Unfinished Business Non Action Items

3.1 Review of the June 27, 2016, Meeting of the County Committee on School District Organization

Harvey Kuffner, Chair, provided a verbal review of the June 27, 2016, County Committee meeting and the actions taken on the other six criteria. He also shared that copies of the minutes of June 27, 2016, were available in the rear of the room.

3.2 Update on Developments since the June 27, 2016, Meeting of the County Committee on School District Organization

Dr. Kotowski stated that the School Services of California Report, prepared on behalf of South Monterey County Joint Union High School District, was available in the rear of the room. The report was requested due to concerns that the interests of the South Monterey County Joint Union High School District and the impacts of unification may have not been addressed. MCOE staff received a copy of the report in April; meanwhile, the budgets from each district had changed significantly from the time of the initial submission of the petition, and had to be thoroughly re-analyzed. MCOE staff thoroughly analyzed the School Services Report and provided a summary (also available in the rear of the room) of the analysis. Staff has been working in conjunction with the leadership at both school districts, ongoing since the last County Committee meeting, gathering answers. Dr. Kotowski reported on the meeting with the I-Bank in November 2016, which also included both districts, as well as Assemblymember Anna Caballero.

3.3 Monterey County Office of Education Analysis of the School Services of California Report Entitled, "South Monterey County Joint Union High School District and Greenfield Union School District: District Unification Analysis"

Garry Bousum presented MCOE's analysis of the School Services of California Report. He stated that the Greenfield High School campus and any personal property situated at the site would become the property of the proposed Greenfield Unified School District. District wide personal property not designated for a particular school site would be allocated based on Ed Code 35560(a)(2), "all other property, funds, and obligations, except bonded indebtedness, shall be divided pro rata among the districts in which the territory of the former district is included." Mr. Bousum stated that MCOE concurs with the Division of Property analysis in the School Services of California Report.

Mr. Bousum reviewed the division of debt analysis, which concurred with the School Services of California report, indicating that the residents of Greenfield would be required to assume a portion of the South Monterey County Joint Union High School District (SMCJUHS) outstanding General Obligation Bond debt. In addition, property owners would see no change in the amount of taxes assessed for the SMCJUHS outstanding General Obligation bonds, even after Greenfield Unification. Consideration may be given to the assessed valuation, number of pupils, property values, and other matters which the petitioners or County Committee deems pertinent. The division of other assets, liabilities and fund balances would be allocated based on: district fund balances and liabilities (proportional ADA or assessed valuation, depending on the type of fund reserves or liabilities incurred); student funds and scholarships (proportional high school enrollment, unless these funds are restricted to a particular high school); post-retirement benefits (proportionate share of post-employment benefits and

compensated absences with the division determined by FTEs, ADA or other reasonable method).

Mr. Bousum reviewed the largest obstacle in the proposed unification, which was the division of the State emergency loan. The School Services of California report identifies the non-impairment provision of the Lease Agreement between I-Bank and SMCJUHSD, and stated that this provision prohibits a reorganization of the District, unless the loan was paid in full. He stated that MCOE agreed with this analysis, however, in a letter from the I-Bank to SMCJUHSD, the district is reminded that the district cannot reorganize without violating the non-impairment provision in the lease agreement. He stated that although the letter identified two options, the I-Bank stated that the defeasance of the bond was the only way to avoid violating the non-impairment provision. Although the defeasement of the bond may be the easier option to implement, the interest rate to acquire a loan to defease the State loan would be significantly higher rate than the I-Bank loan.

Mr. Bousum reviewed the two options outlined by the I-Bank: amend the lease agreement to remove the non-impairment provision, which in I-Bank's opinion would reduce the bondholder's security in receiving payments and would be opposed by the I-Bank; or, defease the State emergency loan by following the process of the lease agreement which requires SMCJUHSD to deposit with the Trustee money or bonds in an amount to pay either the debt service (principal and interest) on the State Loan estimated to be \$2.14 Million for the period of August 15, 2018 through February 15, 2020, or enough funds to pay the principal amount of the bond from February 15, 2020 until August 15, 2029 in the amount of \$9.345 million. He noted that to defease the State loan in 2018-19, it would require an estimated \$11,485,000 to be deposited with the Trustee.

In addition to the two options identified in the report, Mr. Bousum also shared a third option identified in consultation with legal counsel, which was legislation that would allow payment of the debt within the current repayment structure. The new legislation would divide the current state revenue apportionment intercept provisions between the two districts, and in this way, the bond holder security interest would not be impaired because the revenues subject to intercept would not be reduced.

John McPherson stated that he wanted to make sure everyone understood what this meant – that there was an assumption initially that the loan could be split up, but it cannot. I-Bank made it clear that unless the loan can be repaid through various options (meaning the districts would have to come up with millions of dollars), then unification cannot occur. Legislation could hopefully change the rules, but that would take a lot of players and time, and the extension on the petition expires on April 5, 2018, which was the maximum extension time for the waiver.

The following individuals spoke in favor of the unification petition: Paul Dake, Annette Mooneyham.

The following individuals spoke in opposition of the unification petition: Maria Padilla, Leslie Girard, Theresa Ibarra.

### 3.4 Next Steps

Dr. Kotowski stated that district leadership will continue to work with MCOE staff on the details of the petition. The analysis that School Services of California provided, as well as the analysis that MCOE performed, was sent to the Department of Education to review the assumptions that were generated. If the Department of Education agrees with the analysis, there would be a greater chance of accomplishing Criteria 9. Dr. Kotowski reviewed the options of the County Committee, and the local option, which could be initiated by the County Superintendent with the agreement of the two effected school districts, keeping the County Committee involved, and possibly keeping down costs of the unification. She noted, however, at this point, even under the local option the County Committee would be required to deny the petition if any one of the nine criteria is not met, which would result in an appeal and loss of local control.

## 4. Unfinished Business Action Items

### 4.1 Criterion 6

Dr. Deneen Guss presented the data in regards to Criteria 6, Sound Educational Program. The master schedules at both high schools offer similar academic core and elective courses. The number of staff at each is attributed to the number of students at the school. She indicated that Criteria 3 and 9 could be met if Greenfield Union Elementary School District made a 1% reduction in expenditures and SMJUHS D made a 3% reduction in expenditures. Approval of Criteria 6 was recommended because it was found that the proposed unification and loss of Greenfield High School would not disrupt or undermine the educational program remaining with SMCJUHS D if the unification were to occur.

Ron Panziera made a motion to defer action on Criteria 6 until the time that action will be taken on Criteria 3 and Criteria 9, until everything is ironed out with the funding. John McPherson seconded the motion.

Zandra Galvan, Superintendent, Greenfield Union School District, addressed the County Committee. She stated that both districts are looking at continuing vertical articulation, and understand that there is a lot of work ahead for them, but willing to move forward with that work. She requested that a resolution for Criteria 6 be resolved, so that the focus can be Criteria 3 and 9, with the deadline of April approaching.

Members of the Board wished to speak on the motion:

Judy Pennycook stated that she would like to look at everything in totality, and felt that was the best way to proceed.

John McPherson thanked everyone involved for the work done thus far, but he felt it was hard to determine that there would be no significant disruption in educational programs in the districts with so much in the air with Criteria 3 and 9.

Mary Claypool stated that there is no way to know where the cuts will be made in the budget for the budget restructuring.

Dr. Kotowski stated that the School Services report indicated no significant impact and that the issues outstanding on the loan still need to be resolved, with focus on Criteria 3 and Criteria 9. Analysis on Criteria 6 is completed but no one will know exactly where the districts will make cuts the next three years; however, cuts are made with the least impact on the classroom.

Harvey Kuffner stated that he felt it was a disservice to the community to not take a positive action on the item, and that the Committee Members need to listen to the people in the community.

Judy Pennycook reiterated that they are asking to defer, to review everything in totality. She shared that they have a responsibility and serious decision to make, and need to look at everything as a whole. It would be detrimental to bring it forward without all the information needed to make an informed decision.

Ron Panziera stated that he came to the meeting fully ready to vote in favor of it; however, there are no crystal balls, and it would be far better to defer the vote until there is solid information on Criteria 3 and Criteria 9. He reassured everyone that it was no reflection on staff and educators, they are doing excellent work.

Ron Panziera made a motion to defer action on Criteria 6, with a second by John McPherson.

MSC 17-18-02 (4-1) Ron Panziera, John McPherson  
*Harvey Kuffner opposed*  
*Sergio Alejo, Janet Wohlgermuth absent*

The County Committee Will Vote on Whether or Not the Greenfield Petition for Unification of the Greenfield Union Elementary School District with the Coterminous Territory of the South Monterey County Joint Union High School District to Create Greenfield Unified School District Substantially Meets the "Sound Educational Performance and No Significant Disruption of Educational Programs" Criterion [Education Code Section 35753(a)(6)]:

***The Monterey County Committee on School District Organization voted to defer action on this item until action is taken on Criteria 3 and Criteria 9.***

5. Questions from the Public

Beatriz Diaz, Greenfield resident, thanked the County Committee and staff for their work, and for conducting the meeting in the City of Greenfield.

6. The meeting was adjourned at 8:38 PM.

APPROVED: \_\_\_\_\_

Ronald Panziera, Chair