

Poway School Employees Association

Regular Meeting of the Board of Directors
PSEA Administrative Offices
13378 Poway Road, Poway, CA 92064
MINUTES for August 12, 2014

QUORUM CALL/CALL TO ORDER 4:45 p.m. A quorum was established.

BOARD OF DIRECTORS	
PRESENT	ABSENT
Lynnette Turner , President	Mary Jo Stollfuss, Treasurer (excused)
Yoenda Dornan, Secretary	
Doug Nicoll, Member At Large	
Susan Hartman, Member At Large	
Linda Farmer, Vice President	
Marcelle Ouellet, Parliamentarian	
OTHERS PRESENT	
Ricardo Ochoa, Teri Johns, Sue Thomas, Diane Zimmermann, Cassandra Brown, Jody Nidzieko, Rheia Vigay, Robby Boyd, Doug Crooks, Tina Luu, Sharon Frank	

REVIEW AND APPROVAL OF MINUTES

Motion to read and approve the minutes of the last Executive Board meeting: Motioned by: Susan Hartman; Seconded by: Linda Farmer. Motion: carried.

OFFICER REPORTS

President's Report

The President reported:

There was little progress at our last negotiation session with the District earlier today. We have been on "hiatus" over the summer as the District minimizes operations during the June and July months. We did receive a counter proposal to our Health & Welfare and Vacation proposals, however it "no change to contract language" at this time. We will meet again on September 3rd. We anticipate coming to an agreement on Professional Development, leaving some very difficult discussions ahead regarding wages, vacation, health & welfare and restoration of positions.

The Legislative Committee met and has a report for the Board, including a recommendation. After a thorough interview of the five candidates declared within our established timeline, it is their recommendation that the Board support three challengers, Michelle O'Connor-Ratcliff, John Riley and Charles Sellers. These three challengers have shown a desire to work with PSEA on important labor issues like the disparity between District contributions to teachers and classified staff for health insurance and improvements in overall working conditions.

Point of Order- President requested that General Order GO2014-08-01 be moved to immediately after the presentation of the Legislative Committee report.

GO2014-08-01; Motion by Linda Farmer to approve of creation of political committee for support of School Board candidates in the November 2014 election, utilizing allocated budget of nte \$30,000; second by Susan Hartman. Motion: carried.

Vice President's Report

The Vice President reported:

Linda went to the Personnel Commission Meeting, there was a “first reading” to amend the PC rules. This reading came as a surprise to PSEA so we asked to have the items tabled to a later date so PSEA could resolve/investigate the issues. PSEA currently has a grievance regarding the use of substitutes and a unit modification petition before PERB regarding the inclusion of substitutes into the unit. The rule changes will directly change the ability of PSEA to represent its members in those negotiation. In October, the PC will have a ‘second reading’ on them.

Secretary's Report

Nothing reported.

Treasurer's Report

Mary Jo Stollfuss was absent and presented no Financial Report or Membership total.

Parliamentarian's Report

Nothing reported.

Members at Large Reports

Doug Nicoll reported:

Doug attended the PUSD CAB Refinancing Workshop. The District is researching legal ways to restructure the bonds. All ideas so far have impacted the general funds. Dale Scott, a consultant, gave a presentation on an idea to buy back CAB bonds, if the sellers wish to sell, and potentially reduce the taxpayer burden. Doug's complete report is attached.

Susan Hartman reported:

She highly recommends for everyone to educate themselves on the State budget. It is easy to find under the state government website and it will give you a firsthand view of where our state budget stands and what is being looked at for funding.

MEMBER QUESTIONS/COMMENTS:

Rheia Vigay stated that she was concerned about the Administrative Assistants at the BSS meeting and the behavior that she saw. She noticed the tension, and did not understand the situation. The Board answered the “whys”...that for the first time in PUSD history a group of employees were mandated to attend a BSS meeting. After a few questions and answers, all of her concerns were addressed.

GENERAL COUNSEL'S REPORT

Ricardo Ochoa our General Counsel reported:

- **BSS In-Service “Leave of Absence”:** The District's actions in denying PSEA the ability to put Elementary School Admin Assistants on union-paid leave of absence during the BSS In-Service

was only offensive and counterproductive, it was illegal. We will be discussing with the Board in closed session the next steps.

- **Substitute Unit Modification Petition:** The briefing is closed on this petition as of late June, and we are awaiting a ruling from the PERB Regional Office.
- **ESS / Subbing for nobody:** We are continuing to gather evidence concerning the misclassification of ESS employees as “substitutes” in what appears to be a de facto (and illegal) pre-probationary period.
- **Reductions in Vacant Positions:** PSEA recently learned that the District has been reducing the contracts of vacant positions without negotiating that with PSEA, which violates collective bargaining laws.. We have asked for information regarding this practice and will be pursuing this further.
- **Other:** We continue to assist PSEA members with various workplace issues, such as reasonable accommodation meetings and workplace investigations.

GENERAL ORDERS

1. GO2014-08-01; Moved to follow presentation of Legislative Committee, above.
2. MO2014-08-02; Motion to approve retention of Duffy, Kruspodin & Company, Certified Public Accountants, for a 3 year contract to conduct the 2013-2014 Audit of PSEA Records and prepare taxes in the amount of \$6,500.00 in 2014, \$7,000.00 in 2015, and \$7,500.00 in 2016. Motioned by: Susan Hartman; Seconded by: Yoenda Dornan; Motion: carried.
3. MO2014-09-01; FIRST READING: Approval of increasing the retainer amount from \$9,000.00 to \$11,000.00 per month, paid to Ochoa Legal Group for representation services. (Will be voted on at the September 16, 2014 meeting.)

COMMITTEE REPORTS

Scholarship Committee

Chairperson Yoenda Dornan reported Scholarships will go live with all updates by the end of August. Scholarships will be awarded in October 2014. All members must make take notice of changes and requirements. Scholarships must be mailed to the PSEA office to be accepted.

Legislative Committee

The members of the Legislative Committee presented: We met over the summer and had a good opportunity to see which candidates to support that would ask questions, give support to different issues, and not always follow what everyone else is doing. Each candidate was asked to come and answer questions that the committee asked. The committee was looking for supportive candidates that would be proactive and have a positive attitude toward labor relations and our Association. The committee was surprised with the lack of concern from current running Board Members. PSEA will support the three new challengers who share our labor interests and all have children in our District.

UNFINISHED BUSINESS

None.

NEW BUSINESS

- Fall membership drive needs to be scheduled.
- We need to create a Financial Committee.

ADJOURN TO CLOSED SESSION: 6:51 pm

EXECUTIVE SESSION:

The Board adjourned to the Executive Session at 7:00 p.m. and adjourned at 7:36 p.m.

COUNSEL’S REPORT ON EXECUTIVE SESSION:

The Board has authorized the filing of litigation, if necessary, over the District’s denial of Leave of Absence for the School Administrative Assistants to participate in a PSEA-sponsored in-service.

Next Meeting Date: October 14, 2014

ADJOURNMENT

7:37 p.m.

It was moved by Marcelle Ouellet, seconded by Linda Farmer, to adjourn the meeting. **Meeting adjournment was approved by unanimous consent.**

ATTEST:

Yoenda Dornan, PSEA Secretary

Date: _____

Report of Member at Large, Douglas Nicoll
August 12, 2014

I attended the PUSD CAB Refinancing Workshop on August 12th. The District is trying to fix the errors that crept into the final product. In 2008 there was an approved prop C with 76% of the popular vote. In 2011 there was issued the last series of the bonds to pay off the anticipation notes. 9 to 1 repayment was "discovered" by the media, and now the state may have a way to save the taxpayers some of this money by refinancing.

There are some legal ways to restructure the bonds. All ideas so far have impacted the general funds, there may be a way to avoid that, this is what the following presentation was about.

Dale Scott CRB - CAB Restructuring Bond

2009 legislative change, more than 25 years, and debt service can increase. Good for buyers, not so much for tax payers. 2012 law changed again, no more long term, and repayment 4 to 1 or less.

Fees only if financing are successful and no laws are broken, and no general fund encumbrances.

We need to have the underwriter on board early in this process, though they don't recommend this normally. We can't issue the refunding bonds up front. So, we use a bank to purchase the bonds on the open market. Those are held on behalf of the district. At that point we pay back the bank and they cancel the bonds.

25% saving may be achievable by doing this. Transfers the costs to current taxpayers.

Going rates to make our current bonds tax consequences null - 8% inflation!

With 196 million, this will give us a net savings after the refinancing payout of 95 million, or roughly 10%.

Bond buy backs are a little mysterious, but some situations make it worth it to sell, as they trim down, some need the cash, some need to balance the tax liabilities, some have changed the timeline of their investments, looking for quicker returns. Our bonds are not paying anything for twenty years. We hope that as some investors revalue their portfolios, they would consider selling off PUSD bonds.

This is not a one-time window opportunity, this could be a yearly or every other year sort of thing. One way to do this is to say "let us use a certain amount of tax money, and then buy what we can to save the taxpayer the most money." We don't really know what we can get. If we get nothing, it cost nothing. School district CABS are like beachfront property, there isn't any more.

Which people buy CABS, mostly institutional buyers. We couldn't identify private owners unless you happen to know them.

Increase taxes a little now to save over time, and drop the tax rate earlier than originally planned. The bottom line in savings is conservatively about 10% of the 980 million dollar service amount. All the legislative work was done around the actual payouts, no market value, no inflation calculation, just taking the total repayment versus what you could buy back at a discount. Our legislators calculated on a 0 percent discount.

A private citizen discovered that the bonds on the current market even 20% above market, wasn't enough to pry them loose from the sellers. For PUSD the costs should be around 2 % of the savings to go back to the tax payers, over time. There was no justification offered as to why PUSD cost would be half or less than the previously stated costs.

If the rate isn't what was predicted, will future tax rates still stay the same. Part of why we did the long payout was to keep taxes flat. But we were expecting four percent and got zero percent inflation in the property valuation, so no growth to keep the taxes flat or even reduce them as was hoped. Can new bonds be used to buy old bonds? The law is not clear on that, but the law is clear that the district can hold a majority vote to refinance as long as there is a clear savings.

We really want to hear from those whose taxes will be going up; especially since we promised they wouldn't. There will also be at least one more meeting for the decision making action. Ballot issue was sold on the idea of keeping the tax rate flat. That doesn't look like it was a legal promise, as when valuations fall, assessments go up on any general obligation bond. That's what a GOB is, a promise to pay. We didn't make a plan for a five year recession.

This is not a general fund issue. This is a taxing/bond funding issue. Taxes will come up if needed to pay back the bonds, the LCFF funds are not going to be in danger. It does, however, limit future bonding capacity. On the topic of California restructuring bonds, we're not on the bleeding edge, but we are in the forefront on this.