


SANTA BARBARA SCHOOL DISTRICTS

TO: Santa Barbara School Districts Board of Education

FROM: J. Brian Sarvis, Ed.D., Superintendent 

DATE: March 20, 2008

RE: Deputy Superintendent Housing Assistance

BACKGROUND

The salary and benefit package in the deputy superintendent's recently approved contract provides for housing assistance in the form of a no interest or other favorable down payment loan of up to \$150,000. The purpose of the provision was to enable the deputy superintendent to acquire a residence within the district. The deputy superintendent has located a suitable residence that he wishes to purchase and to that end I am recommending board approval of a district-funded three-year loan in the sum of \$150,000. The loan documentation will include a promissory note to be secured by a second deed of trust with provision for earlier repayment should the deputy superintendent leave the district's employ prior to the expiration of his three-year term of employment. The loan documentation will provide for interest to accrue during the term of the loan at the same rate earned by district funds deposited in the Santa Barbara County Treasurer's Investment Pool.

Prior to bringing this to the board, I have sought Craig Price's assistance, as district legal counsel, in evaluating the proposal to assure conformity with all applicable legal requirements. Mr. Price has concluded that the proposed loan of district funds is legally permissible so long as there are no applicable restrictions on the source of the funds, as would be the case, for example, with bond funds.

After considering different options, including a third party bank loan, we have concluded that the preferable manner for proceeding would be to loan the funds from the unrestricted general fund. Mr. Price has obtained confirmation from outside accounting authorities that in booking the loan as a receivable, it will count towards meeting the state-mandated reserve requirements.

RECOMMENDATION

That the board approve the proposed \$150,000 loan for purposes of a residential real property down-payment, direct staff to document and complete the loan, and authorize the board president to execute any necessary documentation.