



**ACSA Board of Directors Meeting Talking Points**  
**Meeting Date: October 13, 2023**

**BOARD MEETING**

- Next meeting: February 9, 2024 (Virtual)

**CONSENT ITEMS:**

- The Board of Directors approved the following consent items: minutes for July 19, 2023; membership report as of August 31; appointment to the Fiscal Crisis Management and Assistance Team (FCMAT); proposed revisions to the Retirement Committee Purpose Statement.

**PRESENTATIONS:**

**3.1 ACSA Employee Recognition**

The Board of Directors honored David Vera of the Information Technology department with the Employee Recognition Award for October, 2023. Vera was nominated for the award by the ACSA Staff Advisory Group, which is comprised of staff.

**DISCUSSION ITEMS:**

**4.1 Debrief of Leadership Assembly & Planning for 2024 Assemblies**

The Board of Directors reviewed the survey data from participants at the October 2023 Leadership Assembly. The survey received responses from 97 members. As part of the debrief, a discussion was had about opening the February 2024 governance meetings to the broader membership. If the governance meetings are open to all members, agenda creation and technical work will need to be considered.

**4.2 Cyber-Attack Update**

ACSA was the victim of a ransomware attack on September 25, 2023, that impacted systems and operations. ACSA's Board of Directors was informed that same day. ACSA filed a claim with its cyber insurance carrier, which had a deductible of \$10,000. This policy recommends and covers a cyber response team, including legal assistance, forensic support, internal IT support for recovery, threat-actor negotiations and ransom payment, among other direct cyber-attack-related costs. The cost of the cyber-attack is not expected to exceed ACSA's policy limit. Using a response team, ACSA negotiated a \$50,000 ransom payment with the threat-actor, which is common practice in these cases. ACSA's forensics team continues to assess if any Personally Identifiable Information (PII) was compromised. If forensics determines that PII data was

compromised, ACSA will notify impacted individuals. ACSA is currently transitioning from the recovery phase to the betterment phase to harden our environment and data for protection against future attacks.

#### **4.3 Compositions of ACSA's Committees and Councils**

The Board of Directors was briefed on the Small School District Committee's (SSDC's) second request to become a council. The Board tasked the Leadership Development Committee (LDC) with reviewing SSDC's request for further consideration. The LDC did not make a recommendation. Rather than take a position or send the request immediately back to the LDC, the Board determined that the association will remain status quo on this matter while an examination of the entire committees/councils structure is reviewed.

#### **4.4 Litigation Related to Parental Rights Policies**

The Board of Directors received a presentation from Namita Brown, Partner at Fagen, Friedman and Fulfrost (F3), on the litigation history involving several California public school districts.

#### **4.5 Diversity Data: Educational Services Programs**

The Board of Directors received a data presentation from Tracie Noriega, ACSA Senior Director of Educational Services, after requesting to hear about data on the programs provided by ACSA's Educational Services Department that may provide feedback for our Diversity, Equity and Inclusion work. Highlights of the data are as follows and can be viewed in the [attached presentation](#):

- 55 percent of ACSA Members are BIPOC, in comparison to the 80 percent BIPOC students of California.
- 30 percent of the Clear Credential program candidates are BIPOC.
- 42 percent of the Academy Directors are BIPOC.
- Two percent of ACSA Members report that they are LGBTQ+.
- Next steps include: Continued data collection and analysis; increasing diversity across PD offerings; attendees; committees; recruiting non-members, especially BIPOC administrators, and supporting Preliminary candidates throughout their career, i.e., "Prelim to Superintendent."

#### **4.6 ACSA Investment Strategies**

The Board of Directors received a presentation on future investment strategies from ACSA's Chief Financial Officer, Claire Cordell. Highlights of the presentation are below and can be viewed in the [attached presentation](#):

- ACSA currently holds several different asset classes, such as cash, a long-term Morgan Stanley investment and real estate (including a Burlingame property that is owned outright).
  - Morgan Stanley Investment
    - ACSA has a long-term investment at Morgan Stanley that has materially increased in value over the last four decades. This investment was established on February 1, 1988, with an initial

deposit of \$109,930, and besides an additional deposit of \$250,000 in 2022, has continued to appreciate to its current value of \$2,372,785 as of September 30, 2023, earning 5.26 percent of tax-free yield over the last 12 months, alone. This investment is diversified into four areas: cash (3.96 percent), alternatives (12.27 percent), fixed income and preferreds (30.25 percent), and equities (53.53 percent). The strategy on this investment is to generally hold apart from shifting a higher percentage of allocation to alternatives which has earned the highest yield over the trailing nine months at 11.17 percent.

- Cash
  - ACSA's cash currently resides in a collection of non-interest-bearing checking accounts at Bank of America. The opportunity exists to increase security over these funds as well as gaining material tax-free yield with low-risk and moderate-high liquidity.
  - During Q423, ACSA will establish interest-bearing savings accounts at Bank of America (at 4.5 percent yield), setting aside \$7 million as working capital, in a ZBA sweep structure to maximize yield and security between ACSA's checking accounts and new savings accounts.
  - During Q423, ACSA plans to transfer \$12,800,000 from Bank of America to Morgan Stanley to be invested in new accounts with low-risk and moderate-high liquidity with a diverse allocation strategy in the following areas: preferred savings, treasury securities portfolio, CDs (3-month, 6-month and 11-month MS promo CDs), and a custom treasury ladder.
- Burlingame Property
  - ACSA purchased the Burlingame property in July 1974. Currently office space at this location is leased generating unrelated business income (UBI) at a loss considering fully burdened expenses to manage and maintain the asset. The dated building is also in need of additional investment to bring the property up to code. ACSA is exploring options to sell the property, either land-only, as-is, or with improvements. The estimated sale price is \$4M-\$7M over the next 1-3 years. The gain on sale of this asset is tax-free, and funds received would be redeployed in an investment with optimal yield.

### **Action Items:**

#### **5.1 Recommendations from the Hitachi Systems Assessment**

The Board of Directors received a [presentation](#) from Claire Cordell on the Hitachi Systems analysis and presented a plan that calls for a \$3 million investment over three years with a \$3.8 million return on investment.

*MOTION: Approved*

## 5.2 Legislation Endorsements

The Board of Directors received a [presentation](#) from Iván Carrillo, ACSA Senior Director of Policy and Governmental Relations, on recommendations for the endorsement of 10 candidates for office.

As part of the vetting process, ACSA VPLAs and regional members interviewed 25 candidates in 14 races across 10 ACSA regions. The candidates recommended for endorsement are:

- Megan Dahle-Senate District 1
- John Laird-Senate District 17
- Robert Rivas-Assembly District 29
- Robert Garcia-Assembly District 50
- Jose Luis Solache-Assembly District 62
- Al Muratsuchi-Assembly District 66
- Mark Gonzales-Assembly District 54
- Efren Martinez-Assembly District 57
- Josh Newman-Senate District 37
- Darshana Patel-Assembly District 76

*MOTION: Approved*

Candidate vetting continues and more endorsement recommendations expected in months ahead.

### **REPORTS:**

#### **Board of Directors' Responsibilities at Leadership Summit**

The ACSA Board of Directors received a presentation from Danelle Buckley on the upcoming ACSA Leadership Summit (Nov. 2-4 in Sacramento). Please see the notes below:

- Current attendees: 675
- Attorney General Rob Bonta will be the keynote speaker at the ACSA Every Student Succeeding ceremony (Thurs., Nov. 2).
- 16 of the 21 ESS students will be appearing in person at the ceremony. The attending students will have lunch at the Hyatt Hotel and board members are invited to attend the lunch with their region's student.
- Board members have rooms designated at the Hyatt Hotel. All planning committee members have rooms at the Sheraton Hotel.
- If board members are interested in hosting rooms and introducing speakers, a signup sheet is forthcoming.
- A Summit kickoff reception is scheduled to take place in the exhibit hall.
- Affiliate groups (CAAASA/CALSA/CAAPLE/LGBTQ+) will have rooms set aside after Thursday's general session for meetings.

## **PAC Board of Directors meeting**

### **Consent:**

#### **2.1 Consent items**

The PAC Board of Directors approved the following consent items: minutes from the July 19, 2023, meeting.

### **Presentations ([ACSA PAC Board Update](#)):**

#### **3.1 Year-to-Date Expenditures**

ACSA Candidates PAC:

- Current balance as of 9.25.2023: \$1,140,769.56
- Total Deposits (7.1.2023-9.25.2023): \$184,666.41
- Total expenditures (7.1.2023-9.25.2023): \$90,916.00

ACSA Issues PAC:

- Current balance as of 9.25.2023: \$922,743.88
- Total Deposits (7.1.2023-9.25.2023): \$175,306.99
- Total expenditures (7.1.2023-9.25.2023): \$58,302.76

### **Discussion Items:**

#### **5.1 2026 Gubernatorial Candidate Landscape**

The next election to select California's governor will occur on November 3, 2026. Three viable candidates have formally announced their intentions to run for the office. They include:

- Eleni Kounalakis-California Lieutenant Governor
- Tony Thurmond-California Superintendent of Public Instruction
- Betty Yee-Former California State Controller

Attorney General Rob Bonta is also exploring running. It is early in the process and the landscape will change. It is almost certain California will have a minority or female governor in 2026. ACSA has worked closely with many of these individuals, but we will be thoughtful through the endorsement process.