

Measure Y Citizens Oversight Committee
MINUTES
Thursday, February 7, 2019
Eisenhower High School – Tour 3:00 – 4:00 p.m.
Meeting at KEC, Board Room 4:00 p.m. – 5:00 p.m.

Present: Paula Bailey, Chairperson; Connie Buge, Member; Leroy Parker, Member; Russel Silva, Member; Mohammad Z. Islam, Associate Superintendent, Business Services; Iris Chu, Director, Facilities Planning, Louise Lujan, Facilities Planning Accounting Technician, and Karen Smith, Administrative Secretary II, Business Services.

Guests Present: Jeff Volpei, CliftonLarsonAllen, LLP

Absent: Brenda Asta, Member; Sara Garcia, Member; Doug Worrel, Neff Construction; George Palma, Facilities Planning Technician

Members of the Committee took a tour of the Eisenhower High School Performing Arts Theatre from 3:00 p.m. to 4:00 p.m. before the official meeting.

The business meeting was held at Kazalunas Education Center in the Board Room and was called to order by Paula Bailey at 4:07 p.m.

Minutes of November 28, 2018 meeting:

The Minutes of the November 28, 2018 meeting were reviewed. Motion to approve the Minutes was made by Russell Silva and seconded by Leroy Parker.

Measure Y 2010 General Obligation Bonds Financial and Performance Audit Report:

Mr. Jeff Volpei of CliftonLarsonAllen, LLP attended the meeting to present to the Citizens' Oversight Committee the audit report of the Proposition 39 General Obligation Bonds, Bond Building Fund for Measure Y ended June 30, 2018. The committee introduced themselves to Mr. Volpei. Mr. Islam explained to the Committee that an independent audit firm is required by law to provide an unbiased report of the General Obligation Bond to verify the process through random samplings. The original Bond was for \$98M and the remaining balance is \$29M.

Mr. Volpei informed the Committee that he has been with firm, CliftonLarsonAllen (CLA) for four years, and CLA does both the general audit and the Proposition 39 audit for the District. He explained to the Committee that the Bond Fund (Fund 21) has a (1) financial portion of the audit which is the traditional audit of cash, and (2) the performance portion of the audit detailing how the funds are spent.

The auditors review the initiation of contracts and where projects are currently at and make sure expenses are in accordance with the approved project list. Last Fiscal year, July 1, 2017 through June 30, 2018, the District was rendered an "unmodified opinion" by the auditors which are the cleanest opinion that can be received meaning there are no issues or findings. The auditors looked at 62 transactions with 62% of expenditures represented and audited \$7.7M in invoicing; there were no findings.

Mr. Islam reminded the Committee that the District is required by law to perform an audit. At this time, we are not able to sell the entire balance of the bond, but we are exploring how much the District can possibly sell of the bond and what projects can be considered with those funds. Mr. Islam further stated that there is a great deal of regulations, and this topic will be a discussion at future meetings. There are many projects that the District needs for school sites, but that conversation needs to begin with administration first. Mr. Islam complemented the auditors on their work and making sure that the District

is in compliance. After the Citizens' Oversight Committee (COC) accepts the audit report, it will be taken to the Board of Education for acceptance.

Mr. Islam informed the COC that the agreement with CliftonLarsonAllen will be expiring, and the District will need to engage in the Request for Proposal (RFP) process to select the next auditors. CLA has the right to submit a proposal; the RFP process for audit services is every five years. Mr. Islam reminded the Committee that initially Vicenti, Lloyd & Stutzman were our auditors, but they merged with CliftonLarsonAllen a while ago.

Mr. Islam recommended that the COC members attend the Board meeting on February 27, 2019 when Madam Chair, Paula Bailey, will present the Proposition 39 General Obligation Bonds Measure Y Building Fund Financial and Performance Audit Report as of June 30, 2018.

Mr. Islam thanked Jeff for his efforts, and he left the meeting.

Measure Y Series C Expenditure Report:

Mr. Islam introduced Louise Lujan to the Committee explaining that Louise will be attending all meetings from now on as she deals daily with the expenses of the projects and watches the funding of Measure Y closely on a daily basis. Also, Mr. George Palma, Facilities Planning Technician, will be joining all of the meetings too as his involvement in the projects is daily and essential.

Iris Chu and Louise Lujan distributed a handout of Measure Y, Series C, Income and Expenses as of Feb. 5, 2019.

- Beginning balance of Series C Proceeds for the Bond was \$32,015,000.00.
- The projected ending balance is \$1,305,469.99.
- We have remaining obligations for shade structures, Girls' Softball field, Building R, and Milor Cafeteria amounting to \$4,641,424.16.
- Some funds are encumbered and some are in the process of being encumbered
- Funds may not be used for any other projects until all projects are closed.

Mr. Silva asked if we anticipate selling additional bonds. Mr. Islam explained that we hope to sell part of the remaining balance of the bond, and we are looking into that. He will update the Committee when he has more information. The District continually needs to maintain facilities, and the expense is far more than our General Fund can provide.

Measure Y Series C Project Update:

Upcoming projects include the following:

- Shade structures are 99% complete.
- Restroom Building for Girls Softball Field is almost at 100% with less than two weeks of construction and then it will be available for student use.
- Building R Conversion – Plans to be submitted to DSA for review in a month or two; DSA will take approximately 3 to 4 months, and after that the District will plan to start the bid process approximately the fall of 2019.
- As of last year, choir, band and drama room were in Building R. Now that students have a Theatre, there will be two (2) vacant classrooms that can be part of Physical Education (PE), as there has been a request for an additional locker room and weight room. Iris reports that the old drama classroom has a sloped floor, and it will be a big job to renovate.
- Milor Cafeteria and Kitchen expansion – Campus needs indoor seating for students during lunch time, especially during the winter season and rain. Project is in the design process, and Facilities Planning is coordinating with the kitchen consultant; there will also be a serving line in the cafeteria.
- Upgrade equipment to code: DSA approval and County Health Dept. are involved so the process will take longer, approximately three (3) to four (4) months for DSA approval process.

Mr. Islam announced to the COC that the Grand Opening for the Performing Arts Theatre will be held on April 4, 2019 (Per flyer). Mr. Islam invited COC members to attend so that they may be recognized at the event, and he thanked them for the work they have done to support the Theater and all Measure Y projects.

Next Meeting Date: To be determined

Mr. Islam stated that he will advise the COC when the next meeting date will take place as it may be up to six weeks or more before we meet again, so that he has more information regarding the possible sale of the bond and what the process involves. Also, projects will need to be prioritized and many other plans will need to be made and discussed.

Connie Buge made a motion to adjourn, and the motion was seconded by Mr. Leroy Parker.

The meeting was adjourned at 5:01 p.m.

Respectfully submitted,

Karen Smith, Administrative Secretary II