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First

# Measure H Citizens' Bond Oversight Committee

Wednesday, March 8, 2023

6:00 to 8:00 p.m.

Transportation Services

## *Minutes*

**1.0 Welcome/Call to Order 6:04**

**2.0 Welcome from SCUSD's CBO – Rose Ramos**

**3.0 Public Comment – Individual public comment shall be no more than two minutes in length on each agenda or non-agenda item. No public comment.**

**4.0 Call to Order/Members Present/Absent**

*Andrea McPhee, Andrew Marks, Arthur Aleman, Brian Hill, Charlotte Yates, Christian Burkin, Christine Casey, David Mack, Dave O'Tool, Gabriel Tiffany, Ian Davis, James Miller, Julia Gahagan, Kae Saephanh, Manuel Jimenez, Marie Degelos, Nicole Elton, Nija Fountano, Robert Herrell*

**Absent:** Amber Verdugo

**Staff Present:** Rose Ramos, Chris Ralston, Cindy Tao (via Zoom), Nathaniel Browning, Brendin Swanson, Elena Hankard

**5.0 Approval of Agenda/Discussion of Tonight's Meeting**

*Motion by: Robert Herrell*

*Second by: Christian Burkin*

*The agenda was approved as presented. All in favor.*

**6.0 DS & C – District's Bond Financial Advisor & DWK Attorneys**

- **CBOC Training**
- **Review of Measure H Bylaws**
- **Discussion/Questions & Answers**

**Meredith Johnson DWK Attorneys – District's Bond Counsel**

**General Obligation Bond**

- *A constitutionally authorized debt or obligation*
- *Voter approved*
- *Secured by a pledge of property taxes*
- *Subject to accountability provisions and constraints on borrowing in Education Code*

**Proposition 39 Bonds**

*"Prop 39" amended the State Constitution to allow school district general obligation bonds to be authorized by a 55% vote (lowered from 2/3), but only if, inter alia,*

*– Bond projects are limited to only the specific projects contained in the bond measure's "Project List"*

*Education Code creates Citizens' Oversight Committee (COC) to review bond projects and expenditures in accordance with the Project List*

### ***Permissible Uses of Bond Proceeds***

- *Construction, reconstruction, rehabilitation or replacement of school facilities*
- *Furnishing and equipping of school facilities*
- *Acquisition or lease of real property*

*Note: All projects must be within the scope of the project list adopted by Board as part of the measure.*

*Question: How detailed and specific are the projects or is it more flexible? Answer DWK: The California Constitution literally says a specific list of projects and there is little to no guidance beyond that.*

### ***CBOC***

- *Minimum 7 Members, with one each:*
  - *Active member of Senior Citizen Org.*
  - *Taxpayer Association Representative*
  - *Local Business Representative*
  - *PTA Member*
  - *Parent of Student*
- *Member terms must be a minimum of 2 years*
- *CBOC members may only serve a maximum of three consecutive terms*

### ***Conflicts of Interest***

- *CBOC may not include as Members:*
  - *Employees/Officials of the District*
  - *Vendors of the District*
  - *Contractors/Consultants of the District*
- *Members' immediate family should also be independent*

### ***Purposes of the CBOC***

- *To inform the public concerning the expenditure of bond revenues.*
- *Review and report on expenditure of taxpayers' money for school construction.*
  - *Issue regular reports - at least once a year*
- *Powers not granted to the CBOC*
  - *Determining how bond funds may be spent*
  - *Acting in advisory capacity to the District Board*

*The only actual requirement of this committee is that annually a report is produced. The description is unique to each committee. It is to be generated by the committee with the assistance of the District. Then presented to the Board of Education.*

*The committee meets to review expenditures after they are made. The committee does not have the authority to tell the District how to spend the bond monies or to make any decisions as to which projects are funded by the bond funds.*

*The committee is a committee of the Board, established by the Board but it is not an advisory committee to the Board.*

*Question: What if the committee does not agree with the expenditures? Answer (Dale Scott): Has never seen this happen but if it does happen, this is a very big deal. This has never happened in his experience.*

*Question: Does the committee report to the Board regularly? Answer: Once a year.*

*Question: The purpose of this committee is to provide audit trail responsibility? Answer: It's to give the community a place where they can receive information so they can be assured that the bond monies spent were on projects on the project list. The committee is a resource to the community.*

*Is there auditing that already occurs as a normal course of business by the District of the funds that were approved by the voters? Answer: The District has two annual audits that are completed, a financial and a performance audit. The reports will be presented to the committee at a meeting after they are completed.*

#### **CBOC Activities**

- Review annual, independent financial and performance audits performed by an independent consultant.
- Inspect school facilities and grounds to ensure that bond revenues are expended in compliance with law.
- Review any deferred maintenance proposals or plans.
- Review District efforts to maximize bond revenues through implementation of cost-saving measures:
  - Professional fees
  - Site preparation
  - Joint use of facilities
  - School site design efficiencies
  - Reusable facility plans

#### **Brown Act Basic Requirements**

- Posting of 72-Hour Notice
  - No meetings without notice
- Agendas
  - Limit on closed sessions
- Quorum present
- Public Access
- Right of Citizens to Speak

*Question: Under these guidelines, if there a chance to have a closed session if it was so desire? There are reasons why a legislative body can go into closed session. None of these exceptions apply to the oversight committee.*

*Closed session items include:*

- Real estate decisions
- Personnel
- Pending litigation

***SCUSD has a Measure H webpage on the website for all meeting materials reviewed in meetings.***

*Regarding quorum rules: Under the Brown Act, when a quorum is present, this constitutes a meeting. If anything is discussed, this could be in violation of the Brown Act.*

#### **DS & C – Dale Scott – Financial Advisor**

*Will give an understanding of Prop 39 and how bonds work.*

*Presentation:*

- Select Election Date
- Initial Debt Structure
- Voter Survey
- Finalize Debt Structure
- Resolution/Ballot Language/Project List/TRS

- *Sale of Bonds*
- *Appointment of CBOC*
- *Filing of Continuing Disclosure*
- *Additional Reference*

*Question: It's a 30 year bond, we will see the funds in series, and does it come due all at the same time? Or is it always 30 years after a series is officiated. Answer: It can be anywhere from 3 years to 30 years.*

*Closing (Dale Scott): CBOCs are by and large an incredible conduit for people to understand what the District is doing with their bond funds.*

### **7.0 Facilities Master Plan and Measure H Background**

- *March 2020 ballot initiative to provide safe, environmentally adaptable, modern schools and playfields through an equitable frame.*
- *Needed to address \$3.5 billion (2019) in facilities need.*
- *64.46% voter approval rating.*

#### *SCUSDs Facilities Master Plan Priority Methodology*

*Type A Projects – Based on the Facilities Condition Index to address immediate liability needs.*

*Type B Projects – Based on Equity Index*

*Board of Education approved the facilities master plan in October 2021. It prioritized capital projects funding at sites identified through equity indicators and LCAP identified student populations, rather than by enrollment growth or the condition of the facilities.*

*Question: What does “minimized facilities condition” mean? Answer: Early on in the planning process, the District had an outside entity with their expertise come in and look at every single component of every single one of our buildings so we could know the condition of everything at every site so we could collectively figure out where all of our facilities are condition-wise in relation to each other.*

#### **Measure H projects (Type B):**

*Kemble/Chavez Elementary Schools*

*Nicholas Elementary School*

*Oak Ridge Elementary School*

*Question: What stages are these projects in? Answer: Identified and funded. Developer partners are approved. Construction starts this summer.*

#### **Type A projects: Campus renewals, safety and security, sustainability, liability, technology.**

*Two questions: Measure H was approved right before the shut-down in March 2020. What impact did this have in the process? Answer: We did receive federal and state funds to help mitigate COVID and the spread and to provide additional support to students during this time. But also to address the facility and supply issue that we needed to mitigate COVID. Masks, outdoor spaces, etc. We were able to use those dollars to install shade structures, etc. Upgrade HVAC also.*

*COVID did delay the implementation of Measure H projects. SCUSD still has Measure Q and ESSER projects that are active.*

*Second question: There is \$225M in the series A, roughly how big a breakdown would A vs. B be? Answer: Budgeted approximately \$165M for B and the remainder for A. This was planned 16 months ago. We are closer to \$200M now. We are required by the Board to hit all 6 educational petals.*

*All of tonight's presentations will be posted to the Measure H webpage on the SCUSD website.*

**8.0 Future Business-Next Meeting Dates/Locations**

- *May 10, 2023*
- *August 9, 2023*
- *November 8, 2023*
- *Chair & Co-Chair Elections*
- *Financials*

*Member introductions at next meeting.*

*Member Hill: There is a California Bond Oversight Committee organization that is very informative (Cal BOC).*

**Adjourn: 8:00**

*Motion by: Brian Hill*

*Second by: Jim Miller*