

San Bernardino City Unified School District

Regular Meeting of the Measure T Bond
Citizens' Oversight Committee (COC)

January 18, 2006

Conference Room G & H

Time: 1:00 pm – 3:00 pm

Board of Education Building

777 North F Street

San Bernardino, California 92410

MINUTES

Committee Members	Representing	Present	Absent
Teresa Alba	Parent	X	
Robbi Brunk	At-large	X	
Soledad Castillo	Parent/PTA Member		X
Carl Clemons	At-large	X	
Ronald Coats	Business Community	X	
Margaret Hill	Senior Citizen	X	
Gloria Mazzola	At-large	X	
Vacant	Business Representative		
Vacant	Taxpayer Organization		

District Support	Department	Present	Absent
Art Delgado	Superintendent Office		X
John Peukert	Facilities/Operations		X
Wael Elatar	Facilities Mgmt.	X	
Melinda Pure	Facilities Mgmt.	X	
Debra Love	Facilities Mgmt.	X	
Gene Hartline	Calif. Financial Serv. Consultant	X	
Keith Kajiya	URS Facilities Program Management		X

Guests	Department	Present	Absent
Mohammad Islam	Assistant Superintendent, Business Services	X	
Gene Fortajada	Director of Accounting Services	X	
Renee Graves	Vicenti, Lloyd & Stutzman	X	

1. Opening

- a. Call to Order
Meeting was called to order by Chairperson Gloria Mazzola at 1:10 p.m.
- b. Approval of Minutes
Minutes from the September 14, 2005, meeting were handed out.
Margaret Hill moved to accept minutes as presented and Robbi Brunk seconded
September 14, 2005 meeting minutes were approved by member vote.

2. Administrative Reports

a. Audit Report

Mohammad Islam introduced Renee Graves from Vicenti, Lloyd and Stutzman to discuss the **Performance Audit** and the **Financial Audit** for the Fiscal Year Ending June 30, 2005.

Renee explained the Audit Reports to the Committee. She explained that the Constitution requires that four things be present:

- Proceeds used only for Bond Process
- List of projects
- Annual Performance Audit
- Annual Financial Audit

❖ Performance Audit

Renee showed the Committee the Objectives of the Performance Audit and explained the internal controls in place to make sure we meet the objectives and are in compliance.

There were no items listed in the Schedule of Findings and Questioned Costs and the District is in compliance.

❖ Financial Audit

Renee Graves explained the findings in the Financial Audit. The District is following all district standards and all appropriate laws and regulations.

Bond proceeds plus interest were used as follows:

- \$44,742,912 to pay off the 2003 Certificates of Participation (Bridge Financing)
- \$260,635 for capital outlay expenditures for Bond project (Cesar Chavez Middle School/Joint Use Multi-Purpose Room)

The resulting fund balance was \$0 at the end of the year.

A budget amount was only shown for the portion used for Cesar Chavez Middle School because the funds used to pay off the Certificates of Participation were held by a third party trustee (U.S. Bank).

There were no items listed in the Schedule of Findings and Questioned Costs and the District is in compliance.

Renee asked if there were any comments or questions:

Carl Clemmons: Can we get copies of the Audit Reports prior to the meetings in the future?

Renee: Yes, she will have them available sooner.

Carl Clemmons: How do we know where the money was spent? It should be an advantage for us to know where and how the money was spent. Can this be listed in the Audit Report?

Melinda: It is listed in the Annual Report.

Renee: She will list in the next Audit Report.

Gloria Mazzola: Who is the Third Party Trustee?

Mohammad Islam: US Bank.

Carl Clemmons: Is it a normal process to have a budget not shown in the audit report?

Mohammad Islam: Due to the money being maintained by the Third Party Trustee it was not shown in the District budget, because the funds were not in the District account. Funds were held by the Third Party Trustee.

Ronald Coats: In future reports can we name the trustee and not call it "Third Party Trustee?"

Renee Graves: Yes, it can be footnoted.

Gloria Mazzola: Thank you for a very concise the report. The Audit reports are a "Job Well Done!"

Margaret Hill: Thank you for putting together a document we can understand.

Wael Elatar advised that the District submitted a Financial Hardship Application to the Office of Public School Construction (OPSC) last April and they sent a Conditional Approval in November. We are in a negotiation process with OPSC as we dispute their findings about how much money the District has to contribute. The District is considering not going into Financial Hardship at this time and instead issuing the next series of the bond. According to Financial Hardship rules, the District would be in a much better position by delaying entry into Financial Hardship because the 3-year audit window for prior Financial Hardship projects closed December 17, 2005. Applications submitted after this are considered new applications.

Mohammad discussed the sale of the second series of the Bond for an estimated \$45,000,000 to fund projects while we are in Financial Hardship. The District was not going to sell until 2006-2007 but due to changes in property values and the OPSC Financial Hardship rules, the District's financial advisor California Financial Services (CFS) is recommending an earlier sale.

Wael advised that:

- We should Issue the Bond this year instead of next fiscal year.
- If we don't issue the bond we may get a penalty from the state.
- We will still have to issue the Bond early to apply for Financial Hardship

The bond should carry us over for a year or more.

We will go to the Board to get advice. There is a Board workshop on February 7, 2006 at 4:30 pm.

Gloria Mazzola: Tell us about the workshop?

Gene Fortajada: It is scheduled for one hour before the next board meeting. It will be in a workshop format.

Wael Elatar: Explained the format and a few issues

Gloria Mazzola: Should we attend?

Wael Elatar: Since the Bond will be discussed... Yes some committee members should attend and all are welcome.

Modernization funds are almost exhausted at the state. However, with the sale of the Bond, it is expected that several District Modernization projects will receive State funding.

Within the next few months Facilities will issue a report showing all new projects.

If the Bond is issued, these funds may not show on the report until June or July of 2006.

Carl Clemmons: Do we have to have 2/3 vote to sell or just a majority?

Gene Hartline: Only need a majority of the Board members to approve the sale.

Ronald Coats: How often do we look into the priority changes needed in each area for building new schools?

Wael Elatar: We look into the numbers almost weekly. We discuss: What are our needs now? What will our needs be in the future?

Ronald Coats: Attendance and the District missing out on dollars due to students not being in class.

Wael Elatar: Projections are more accurate now with Tim Deland on board. We anticipate the numbers to steady now with decline in the downtown area and the Muscoy area and growth in the Northwest areas. Palm is showing growth and may need looking at to revamp plans for Palm II. We will keep looking at the numbers. We will list reasons for the projects along with the list of projects.

b. Annual Report

Melinda Pure explained that according to the Education Code and the bylaws of the Citizens Oversight Committee an annual report of activity is required. The format of the San Bernardino City Unified School District's Citizens Oversight Committee Annual Report explains Proposition 39 and explains the use of funds so far. Depending on Assistant Superintendent direction the Chair – Gloria Mazzola and Vice Chair – Robbi Brunk may need to attend the Board Meeting when the Annual Report goes to Board.

A vote was called to finalize the Annual Report – It was approved as presented.

c. New Members Selection

Wael explained that we are trying to fill two vacancies in the Committee. We are recruiting through: Newspaper Advertisements, at the Library, on the Website, through the Board Members and Committee Member recommendation. The two vacancies are for particular representation: Taxpayers Association representative and the Business Organization representative.

3. Schedule for Future Meetings

March 15, 2006

June 21, 2006

Above dates were decided on for the next meetings. There was discussion of having the Committee Meetings on the third Wednesday of the month.

4. Public Comments

There were no comments.

5. New Items

There were no new items.

Committee was adjourned at 2:15 p.m. by Robbi Brunk