

LOS ALAMITOS UNIFIED SCHOOL DISTRICT

Citizens' Bond Oversight Committee

May 9, 2019

**FINAL MINUTES – Approved October 16, 2019**

A meeting of the independent Citizens' Bond Oversight Committee of the Los Alamitos Unified School District was held on Tuesday, May 9, 2019 in the District Office Board Room located at 10293 Bloomfield Street, Los Alamitos, California.

I. CALL TO ORDER

The meeting was called to order at 6:31 p.m. by Chair Janet Murphy. A quorum of members was present and the meeting, having been duly convened, was ready to proceed with business.

II. PLEDGE OF ALLEGIANCE

Trini Jimenez led the committee and staff members in reciting the Pledge of Allegiance.

III. ATTENDANCE

Members Present

Jeff Barke  
Craig Cartozian  
Keith Crafton  
Alexandra Ito  
Trini Jimenez  
Brett Lorber  
Brady Metcalfe  
Janet Murphy  
Lorraine Navarro  
Marilynn Poe  
Chad Stuart

Staff Present

Dr. Andrew Pulver  
Dr. Nancy Nien  
Elvia Galicia  
C.J. Knowland  
Mayra Gonzalez  
Shoshana Dornblaser

Guest Presenter:

Carolyn Caveche, Orange County Taxpayers Association

IV. WELCOME/INTRODUCTIONS

Chair Janet Murphy welcomed the committee members, staff and guests.

V. APPROVAL OF MINUTES

Jeff Barke moved to approve the *March 5, 2019* meeting minutes. Marilyn Poe seconded, the committee unanimously adopted, and the motion was carried.

VI. COMMUNITY/STAFF PARTICIPATION ON NON-AGENDA ITEMS

None.

VII. PRESENTATION BY ORANGE COUNTY TAXPAYER ASSOCIATION

Carolyn Caveche, Orange County Taxpayers Association CEO explained the function of the association. While the association neither supports nor opposes school bond ballot initiatives, they have established school bond criteria to help voters evaluate initiatives to determine if they are fiscally responsible. These criteria were recently revised and a draft version was distributed to the committee.

Ms. Caveche reviewed the CBOC bylaws stating that they are complete and mentioned that the bylaws do require the committee to comply with the Brown Act. Education Code does not require this. She suggested that if committee members are not familiar with the Brown Act, they should ask the District to provide training. She reminded the committee that they do not report to the Board of Education, but provide oversight relating to expenditures paid for with bond funds. The committee is responsible for informing the public of their findings and advising the public if the school district is in compliance with the requirements which is limited to construction, rehabilitation or replacement of school facilities.

Ms. Caveche stressed the importance of knowing the Education Code as it relates to the Citizens' Bond Oversight Committee's responsibilities and she provided handouts of Education Code sections 15278, 15280 and 15282.

The committee should be receiving copies of the performance audit and the financial audit. She suggested that the committee ask the District for training on these audits if they are not familiar with them. Performance audits look at whether the District is meeting the objectives efficiently and at the processes while financial audits show the numbers only.

Ms. Caveche suggested that the committee take field trips to the construction sites to see the progress first hand. She also mentioned that the committee is authorized to receive and review copies of deferred maintenance proposals. This is important to ensure that the District has a plan to maintain the new facilities once construction is complete.

The committee should consider the efforts by the District to maximize bond revenues with respect to construction management costs and bond issuances. Additional training may be needed for the committee regarding the type of building that is done (design, lease-leaseback, traditional, etc.) Ms. Caveche suggested that the committee ask for as much detail as possible in the expenditure reports and to let the district know how the committee would like the reports formatted.

The front page of the District website should have a clear link to the Citizens' Bond Oversight Committee documentation. Per the Brown Act, all agendas, minutes and annual reports must be posted online. She also stressed the importance of knowing what is allowable under the ballot measure and she shared copies of the Measure G bond language.

Carolyn stated that the bond resolution states that that the District agrees with the OC Taxpayers Association's criteria; however, the ballot measure includes some items that the criteria do not allow such as computer equipment.

All committee proceedings must be open to the public and the regular reports must be produced at least once per year. In January the committee will review the audit report with the auditors and in March the District staff will prepare the preliminary annual report to review with the committee. In April the Chair will present the report to the Board of Education.

Salaries for employees whose job duties relate only to bond construction projects can be paid for with bond funds.

If committee members feel they need training in understanding the audit reports, the District is responsible to provide this training. The OC Taxpayers Association can provide resources for training, if needed.

#### VIII. WEBSITE/COMMUNICATION

A question was asked why there are no annual reports on the website after 2015. The prior committee met once in 2016. Staff will check for bond activity in 2016 to determine if there is a report missing.

All documents will be posted online and will not be removed as additional meeting documentation is added.

#### IX. REPORT ON BOND SALE

Dr. Nien reported on the bond sale. Standard and Poor's raised the District's long-term rating from AA to AA+ and Moody's affirmed the District's Aa1 rating. These are both the second highest designations of credit worthiness. The increase in the Standard and Poor's rating is due to the following reasons:

- Good financial management policies and practices
- District's strong reputation and desirability
- Maintenance of a strong financial position
- Continued growth in property value
- Overall stable enrollment growth, despite recent declines
- Access to employment throughout the Los Angeles and Long Beach economies and strong wealth and income indicators

Dr. Kropp and Dr. Nien attended the credit rating meetings in February. The bond sale took place on April 16 and the bond proceeds were received on May 9.

Nine firms submitted bids for Measure G Series A bonds totaling \$37.5 million. Mesirow Financial had the lowest bid at 3.225888%. The range was not very wide as the highest bid was 3.35%. The same firms bid on the Measure K Series F bond totaling \$12.5 million.

Morgan Stanley & Co. prevailed with a rate of 2.999%. The highest rate was 3.15%. These rates include all fees. The terms on the bonds are 30 years and 25 years respectively.

X. UPDATE ON MEASURE K AND MEASURE G PROJECTS

Dr. Nien reviewed the current project list and highlighted the Second Gym project which is being looked at by several architectural firms to determine a cost estimate and scope. Currently \$10 million that has been earmarked for the project, but the cost may be higher depending on the design.

C.J. Knowland, Director of Facilities, Maintenance, Operations & Transportation, shared updates on current projects. Rachlin is serving as the District's Construction Manager. The architects on these projects are Rachlin, LPA and Westgroup. The Lee playground replacement project is underway as well as the LAHS infrastructure work. The pool replacement began two weeks ago. The multistory building will be the next project to get started. The interim housing will be set up in late summer.

The District applied for several grants including two CTE grants for Computer Science/Engineering and Sports Medicine. The District did not meet the criteria for the Sports Medicine grant so the space allocated for this purpose will be changed to classrooms. The District is continuing to apply for additional grants which may allow for Sports Medicine classrooms in the future.

C. J. presented the concept designs for the new gym. The new gym would serve as the face of the athletics area of the campus.

The bidding for the Weaver and Rossmoor playground replacement projects will open on May 14. The District is using the Design, Bid, Build methodology for the playgrounds. The multistory building is a Lease-Leaseback.

Dr. Nien reviewed the Revenues and Cash Flow for June 2019 through June 2026.

XI. SELECTION OF AUGUST TOUR DATE

The committee agreed to include the high school campus tour as part of a meeting. It will take place on September 10, 2019 at 9:00 a.m. The committee will meet in the Board Room at the District Office and a bus will be provided to transport the committee to the high school for the tour.

XII. COMMITTEE COMMENTS

None.

XIII. PROPOSED FUTURE AGENDA ITEMS FROM COMMITTEE MEMBERS

Agenda items for the next meeting will include approval of the minutes and the campus tour as it will be an abbreviated meeting. The next full meeting will be held on October 16, 2019 with the following items on the agenda:

- Response from the District on whether there were any Measure K funds that were not included in the last annual report.
- Clarification on the conflict of the O.C. Taxpayer Association's criteria and the language in Measure G, specifically relating to the purchase of computer equipment.
- Clarification of the term "quarterly" in relation to the Brown Act as stipulated in the CBOC bylaws.

#### XIV. ADJOURNMENT

The meeting was adjourned at 8:29 p.m. An abbreviated meeting of the Citizens' Bond Oversight Committee will be held on Tuesday, September 10, 2019 at 9:00 a.m. This meeting will include a tour of the high school campus. The next regular meeting will be held on Wednesday, October 16, 2019, at 6:30 p.m. Both meetings will take place in the District Office Board Room.