

LOS ALAMITOS UNIFIED SCHOOL DISTRICT

Citizens' Bond Oversight Committee

March 5, 2019

**FINAL MINUTES – Approved May 9, 2019**

A meeting of the independent Citizens' Bond Oversight Committee of the Los Alamitos Unified School District was held on Tuesday, March 5, 2019 in District Office Training Room located at 10293 Bloomfield Street, Los Alamitos, California.

I. CALL TO ORDER

The meeting was called to order by Superintendent Sherry Kropp at 6:30 p.m. A quorum of members was present and the meeting, having been duly convened, was ready to proceed with business.

II. PLEDGE OF ALLEGIANCE

Andrew Pulver (Assistant Superintendent of Human Resources) 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. Sherry Kropp  
Dr. Andrew Pulver  
Dr. Nancy Nien  
Elvia Galicia  
C.J. Knowland  
Mayra Gonzalez  
Shoshana Dornblaser

Guest Presenter:

David G. Casnocha, Esq., Stradling Yocca Carlson & Rauth

IV. WELCOME/INTRODUCTIONS

Superintendent Dr. Sherry Kropp welcomed the committee members, staff and guests.

V. SUPERINTENDENT APPOINTS CHAIR

Dr. Kropp appointed Janet Murphy as the Chair of the Citizens' Bond Oversight Committee.

VI. SELECTION OF VICE CHAIR

Janet Murphy nominated Brett Lorber for Vice Chair of the committee. Marilynn Poe moved that Brett Lorber be appointed the Vice Chair and Brady Metcalfe seconded. The committee unanimously adopted, and the motion was carried.

VII. DETERMINATION OF TERMS

Lots were drawn to determine the term length for each committee member with the following results:

<u>One Year Term</u>	<u>Two Year Term</u>
Craig Cartozian	Jeff Barke
Keith Crafton	Trini Jimenez
Alexandra Ito	Brady Metcalfe
Brett Lorber	Lorraine Navarro
Janet Murphy	Marilynn Poe
	Chad Stuart

VIII. PRESENTATION BY BOND COUNSEL

David Casnocha of Stradling Yocca Carlson & Rauth provided background on the bond process and how oversight committees came to be required. He then reviewed the committee bylaws highlighting several areas:

- As an oversight committee, not an advisory committee, the committee's responsibility is to review expenditures, not make recommendations to the District.
- The committee is subject to the Brown Act. All meetings must be held in a public venue properly noticed. Discussions may only include agenda items that were previously publicized. Serial meetings are prohibited, meaning that committee business can only be discussed at a meeting with a quorum.
- Responsibilities of the committee:
  - 1) Review expenditure reports to ensure expenditures are consistent with the project list as defined in the ballot. The project list includes the Facilities Master Plan dated October 10, 2017. Funds may not be used for teacher and administrator salaries. Staff salaries may be paid with these funds if all work done by the employee is related to the bond projects.
  - 2) The committee has the right to inquire about project priorities, but the committee does not have authority to set priorities.
  - 3) The committee has a duty to inform the public as to the District's expenditure of bond proceeds. All official communications come from the Chair and must

reflect the opinion of the majority of the committee members. The District is required to maintain a bond oversight website. The committee will direct District staff as to the contents of the website. The District has a legal responsibility to assist the committee financially in informing the public. Bond funds may not be used to support the committee.

- 4) The committee must produce and submit a written annual report to the Board of Trustees which is typically done on a fiscal year basis. Usually committees use the results of the annual audit as compared to their own conclusions of the validity of the expenditures. The Committee cannot engage in activities that are deemed the duties of the Board/Superintendent which include: approval of contracts, approval of change orders, expenditure of bond funds, handling of legal matters, approval of project plans and schedules, approval of deferred maintenance plans and approval of the sale of bonds. While the committee does not have jurisdiction over these activities, the committee can ask due diligence questions relating to these activities. Authorized activities include receiving audit reports at the same time the District receives them, touring the project sites and reviewing District efforts to maximize bond proceeds by implementing various cost-saving measures.
- To prevent all committee members' terms from expiring at the same time, half of the committee members will have one year terms and half will have two year terms. Mr. Casnocha described the authority of the committee members in terms of not being authorized to direct district staff, they have the right to address the Board either as an individual or as a member of the committee, subcommittees are not authorized and the committee may receive copies of any public records relating to the projects funded by the bond measures. He also explained the importance of going up the chain of command to obtain information. The committee must remain intact through the expenditure of all bond funds and submission of the final annual report.

If, at any time, the committee feels that the bylaws should be revised, a request would be made to the Board to consider an amendment. If the Board agrees, Mr. Casnocha would draft the revision and the Board would approve through resolution.

A question was asked about what constitutes a quorum. There must be six (more than half) attendees to be a quorum. A tie vote results in the motion failing. Any legal questions should be addressed to Dr. Nien who will contact Mr. Casnocha.

A representative from the OC Taxpayer Association will attend a future meeting to provide additional training for the committee.

Chad Stuart asked if the committee is covered by District liability insurance. Dr. Nien will check with the District's insurance carrier.

Janet Murphy will act as a focal point for email communication.

## IX. PRESENTATION ON MEASURE K AND MEASURE G PROJECTS

C. J. Knowland, Director of Facilities, Maintenance, Operations and Transportation presented the current projects which are: LAHS Infrastructure, LAHS Multistory Building, LAHS Aquatic Center, LAHS Second Gym, LAHS Scoreboards, Additional Restrooms at LAE, Hopkinson and LAHS and replacement of Preschool/Kindergarten Playgrounds. The District has applied for a Sports Medicine state grant. The District recently went out to bid for the Aquatics Center project and a recommendation to award the project will be made at the next Board meeting. Concept designs are currently being gathered from three architectural firms for the new gym. The gym will have three basketball courts with removable bleachers and can be used as a multi-purpose room as well.

Projects that are currently underway have been financed using General Funds which will be reimbursed once the initial bond sales are complete.

#### X. REPORT ON BOND SALE

Dr. Nien reviewed the projected revenues for the next eight years. The District's financial advisor, Piper Jaffray, has made recommendations to sell \$50 million in bonds in April, \$12.5 million from Measure K and \$37.5 million from Measure G. Additional Measure G bond sales are anticipated to occur in fiscal years 2021-22, 2023-24 and 2025-26. The balance of the Measure K bond sales are dependent on the assessed value. Approximately \$100,000 is expected yearly in developer fee income. In April 2018 the District received \$4.9 million in matching funds resulting from projects at Oak and Weaver that were completed several years ago. The District has applied for \$10 million in grants. The question was asked if the committee can make decisions on how the bonds are sold. The answer is no.

A question was asked about additional restroom facilities for the gym area at the high school. There are plans to include additional restrooms in the second gym project. Dr. Nien also explained that \$2 million per year is being allocated for deferred maintenance. Major maintenance projects are done every ten years at each site on a rotating basis which includes any needed work such as paint, roofing, asphalt, etc.

Lorraine Navarro asked what the anticipated timeline is for the multistory building. Currently the team is looking at a completion date of Fall 2021. This is a relatively aggressive target date and may have to be adjusted post-demolition once the soil conditions are better known.

Two weeks ago Dr. Kropp and Dr. Nien traveled to San Francisco to meet with the credit rating agencies. Moody's rated the District as AA1. Since Los Alamitos USD is considered a solid, competitive district, the District will go out to a competitive sale during the second week in April. The cash should be available by the end of May or early June. Expenditures should begin at the end of fiscal year 2018-19. The audit will take place in October or November with the audit report being available by December 15. In January, the audit partner will present findings to the Citizens' Bond Oversight Committee and the committee will send out its report in March.

#### XI. SELECTION OF 2019-2020 MEETING DATES

A motion was made by Brady Metcalfe to meet quarterly. It was seconded by Marilyn Poe. The committee unanimously adopted, and the motion carried. Proposed dates for future meetings are May 7 or 9, October 16 (bonds will have been sold), January 29 (audit will be ready) and April 1. Dr. Nien will check on the availability of the representative from the OC Taxpayer Association who will be meeting with the committee.

XII. COMMITTEE COMMENTS

Chad Stuart asked if the committee is indemnified by district insurance. Dr. Nien's office will research.

Trini Jimenez suggested that the agenda item for public comments should be at the beginning of the meeting. Comments from the public should be limited to a specific number of minutes and they should sign in upon arriving at the meeting.

Brett Lorber suggested that the website highlight the verbiage that committee members signed attesting to the fact that they do not have any conflicts of interest.

The agenda for this meeting was posted on the District website, at Mary Wilson Library and at Los Alamitos City Hall 72 hours prior to the committee meeting.

XIII. PROPOSED FUTURE AGENDA ITEMS

Agenda items for the next meeting:

- Approval of minutes
- Move public comment on non-agenda items to earlier in the meeting
- Website design and contents
- Transparency – public disclosure
- August site tour

Committee members may email additional agenda items to the Chair.

XIV. COMMUNITY/STAFF PARTICIPATION ON NON-AGENDA ITEMS

Community member Doug Smith brought up concerns regarding the Measure K information posted on the website.

XV. ADJOURNMENT

The meeting was adjourned at 9:08 p.m. The next meeting of the Citizens Bond Oversight Committee will be held on Thursday, May 9, 2019, at 6:30 p.m. in the District Office Board Room.