

ADOPTED MINUTES OF THE REGULAR MEETING
CITIZENS BOND OVERSIGHT COMMITTEE MEETING
HACIENDA LA PUENTE UNIFIED SCHOOL DISTRICT
JUNE 7, 2017

The Regular Citizens Bond Oversight Committee Meeting on June 7, 2017, was called to order by Leticia Covarrubias, Committee Chair at 6:33 p.m., in the La Puente Conference Room of the District Administration building located at 15959 East Gale Avenue, Hacienda Heights, California 91745.

Members present were: Leticia Covarrubias, Charlie Klinakis, Savina Low, Neal Noborio, Olivia Roberts, Reina Schmitz, Margarita Sudjono, Adria Ybarra.

Members absent were: Henry Huang, Joe Moore, Louis Perez

Item No. 1	<p>Moved by <u>Charlie Klinakis</u> and seconded by <u>Adria Ybarra</u> for Agenda review and reorder. 8 yes. 0 No. 0 Abstain Review and Re-order <u>No Change</u></p>
Item No. 2	<p>Request to speak to agenda</p> <ul style="list-style-type: none"> • Adria Ybarra – Suggest that CBOC members received update of the status of the Bond sales. When the bond is sold where is the accrued interest, and the construction fund going to be directed? Are the Bonds going taxable or tax-exempt? <ul style="list-style-type: none"> ○ District plans to go tax-exempt
Item No. 3	<p>Moved by <u>Charlie Klinakis</u> and seconded by <u>Olivia Roberts</u> for Approval of minutes from previous meeting – March 1, 2017. 8 yes. 0 No. 0 Abstain Review and Change <u>No Change</u></p>
Item No. 4	<p>Moved by <u>Adria Ybarra</u> and seconded by <u>Charlie Klinakis</u> for Adoption of Norms. 8 yes. 0 No. 0 Abstain Review and Re-order <u>No Change</u></p>
Item No. 5	<p>CBOC Members Positions An error was made in the positions given to the CBOC Members during the meeting held on March 1, 2017, below is the corrected list:</p> <ul style="list-style-type: none"> • Leticia Covarrubius: At large member • Henry Huang: At large member • Charlie Klinakis: Tax payers organization • Savina Low: Parent or guardian of a student in the District • Joe Moore: At large member

	<ul style="list-style-type: none"> • Neal Noborio: Parent or guardian of a student in the district and member of a Parent Teacher Organization • Louis Perez: Active member in a senior citizens' organization • Olivia Roberts: At large member • Reina Schmitz: At large member • Margarita Sudjono: Member active in a business organization representing the business interests of the District • Adria Ybarra: At large member
Item No. 6	<p><u>District Rating</u></p> <p>Gary Matsumoto gave an update on the District Bond rating. About two weeks ago Annie Bui, Associate Superintendent of Business Services, and Superintendent Cynthia Parulan-Colfer attended a series of meetings in San Francisco with Fitch, Standards & Poor's (S&P), and Moody's.</p> <ul style="list-style-type: none"> • Ratings are supposed to come out this week, hopefully, next week we have the official letter. • Currently we at A+ S&P, AA++ with Moody's <p>With higher ratings:</p> <ul style="list-style-type: none"> • Rates are lower, with lower rates there is less to payback. • With a higher rate the term will be lower. • Higher ratings are attractive to investors. It shows that the District can pay off the bonds. <p>Things that affect a districts rating are:</p> <ul style="list-style-type: none"> • Financial stability • Enrollment • Reserves • Assessed valuation of properties <p>Bond rating drafts may come out tomorrow, if the district is ok with the draft, the ratings will come out next week.</p>
Item No. 7	<p>Bond Expenditures to date – None to date. This will be a standing item on the agenda Adria requested to include all change order information.</p>
Item No. 8	<p>Annual CBOC Compliance requirements and activities</p> <p>Memo written by attorneys, Peter Fagan and Lori Chu. Three sections</p> <ul style="list-style-type: none"> • Annual CBOC Compliance Requirements <ul style="list-style-type: none"> ○ Meet at least once per year ○ Prepare and present to the Districts' Board of Education in public, and annual written report ○ Report to the Board at least semi-annually ○ Committee members will comply with conflict of interest laws • CBOC Member Roles – read in item No. 5 • CBOC Responsibilities and Duties <ul style="list-style-type: none"> ○ CBOC Members must carry out the following: <ul style="list-style-type: none"> ▪ Inform public on District expenditures ▪ Review quarterly expenditure report ▪ Received and review copies of Districts annual independent performance audit

	<ul style="list-style-type: none"> ▪ Within its discretion, inspect school facilities and grounds for which bond proceeds have been expended ▪ Review copies of deferred maintenance proposals or plans developed by district ▪ Review efforts by the District to Maximize bond proceeds by implementing various cost-saving measures. ○ CBOC member cannot <ul style="list-style-type: none"> ▪ Participate in the actual bond sale or issuance ▪ Establish priorities and the order of construction ▪ Negotiate or select contractors or consultants ▪ Approve the design for each project ▪ Inspect job sites without prior permission ▪ Contact District contractors or consultants ▪ Select independent audit firm(s) ▪ Approve an annual budget for the committee or adopt a plan of publicizing the activities of the Committee ▪ Direct staff of the District ▪ Exercise responsibility for projects financed through the State of California, Developer fees, redevelopment, tax increment, certificated of participation, lease/revenue bonds, the general fund, or the sale of surplus property without bond proceeds. <p>If the CBOC has an issue with how the district is handling the bond, they can do the following:</p> <ul style="list-style-type: none"> ○ Ask for their specific comments to be placed on the official meeting minutes ○ Present their concerns to the Board in the report ○ Speak publically at the Board meeting
Item No. 9	<p>Annual Performance Audits</p> <p>On an annual basis we are required to have an independent auditor, audit the bond funds in accordance with Prop. 39. The CBOC will review the audit report. Fund accounting and modified accrual basis of accounting are used.</p> <p>Performance audits, test compliance with laws, regulations, contracts, and consistency with ballot language.</p> <p>Internal control are the checks and balances we have in place (a segregation of duties).</p> <p>Bid Compliance requirement – same as district practice</p> <ul style="list-style-type: none"> • Bid limit • Contractors have to go on job walks, they are given specific information on what the District needs • We have to work with the lowest “Responsive and Responsible” bidder • If we receive an unrealistic number from a bidder, we will contact the contractor, and usually there is an error and they will withdraw their bid.

	<ul style="list-style-type: none"> • If we do not have a good grouping of bids, if the bid is not realistic, or if there is only one bid, the Board has a history of rejecting the bid and having us go out and re-bid. • We can piggyback bids for products • Bid limits <ul style="list-style-type: none"> ○ Construction bid limits <ul style="list-style-type: none"> ▪ \$15,000.00 to build ○ \$88,300 for services and labor • Department of Industrial Relations (DIR) oversees if contractors are paying prevailing wages. • Change order limit is 10% up or down • CBOC would like a glossary of terms (cheat sheet). • Final audit report is submitted in mid-December • The Board has not given us direction on the priority or lists of sites.
Item No.10	<p>District update Mark Hansberger reviewed the School Site Improvement Projects PowerPoint, which was presented to the Board in May. These projects are all General fund money. Are schools going to go green or have solar panels?</p> <ul style="list-style-type: none"> • Before we looked at renewable energy we had to focus on energy efficiency. • Window replacement will be part of the bond. <p>Scope of 21st Century Classrooms has not been decided upon, we have:</p> <ul style="list-style-type: none"> • Completed a set of trial classrooms in October 2016 • Visited other school district sites with teachers and District staff, to assess what the teachers like and dislike in a 21st century classroom. • Generally speaking we will refinish ceilings, wall, floors, deal with presentation surfaces like tack boards, how we do marker board, and present digital information with touch screen TV's.
Item No. 11	<p>Point of Discussion for upcoming meeting:</p> <ol style="list-style-type: none"> a. Site Visits – When construction starts, committee may want to split up in sub groups, and come together at the CBOC meeting to present what was seen. For convenience, members can meet on Saturdays, with the help of the facilities department. Hard hat, safety glasses will be provided. b. Discuss having CBOC members put together a presentation at various school sites. c. Bond rating d. Best practices for CBOC members e. Bond staff breakdown – Who's been hired, organizational chart, and salaries f. New Director of Facilities for the Bond will present progress reports. Have as a standing item on the "District Update"
Item No. 12	<p>Next Scheduled meeting: September 6, 2017 at 6:30pm</p>

Item No. 13	Moved by Charlie Klinakis and seconded by Savina Low to adjourn meeting at 8:09pm 8 Yes. 0 No. 0 Abstain
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