Chula Vista Elementary School District

PROPOSITION E
INDEPENDENT CITIZENS OVERSIGHT COMMITTEE

Meeting Minutes
April 18, 2018 – 6 P.M.
Dr. Lowell J. Billings Board Room
Education Service and Support Center

1. Call to Order

Mr. Hurtado-Prater called the meeting to order at 6:05 P.M.

2. Introductions

Introductions were made for Independent Citizens Oversight Committee (ICOC) members, District staff, and David Kuhle and Michelle Reiner of Balfour Beatty Construction.

3. Roll Call

Members Present:

Dr. Jolyn DePriest
Dr. Diane Gerken
Mary I. Helvie
Jason Hurtado-Prater
Martha Juarez
Karyn Koenig
Ben Lien

Members Absent:
Sean Dunbar
Valerie Gerken Rios
James L. Smyth
Floyd Strayer

Others Present:
Oscar Esquivel, Deputy Superintendent
David Kuhle, Balfour Beatty Construction
Michelle Reiner, Balfour Beatty Construction
Carolyn Scholl, Facilities Planning Manager
Rudy Valdez-Romero, Director of Maintenance and Operations
Joseph Dombrowski, Grounds, Maintenance, and Safety Manager
Ann-Marie Pering, Manager, Purchasing, Publications, and Warehouse

Mariatheresa Villanueva, Director of Finance
Lisa Brannen, Business Services and Support Specialist (Meeting Recorder)

4. **Approve Minutes of the February 21, 2018, Meeting of the ICOC**

MSCU Gerken/Helvie that the Minutes of the February 21, 2018, meeting of the ICOC be approved as presented.

5. Approve Proposition E Building Fund Audit as of June 30, 2017

Mr. Esquivel presented the independent audit provided by Wilkinson Hadley & King. He directed the ICOC's attention to Page 2, Independent Auditor's Report, noting that the important point is the opinion located on page 3, which states the Opinion is unmodified. This means that, "..the financial statements referred to above present fairly, in all material respects, the financial position of Proposition E Building Fund (21-39) of the Chula Vista Elementary School District as of June 30, 2017, and the results of its operations for the year then ended in conformity with accounting principles generally accepted in the United States of America."

Mr. Esquivel went on to say that other reports to consider addressed internal procedures and other legal procedures and compliance with Proposition 39.

Pages 5-7 of the Audit Report addresses the District's management discussion and analysis highlighting the Series C bond issuance in January 2017, and summarizes financial data. Mr. Esquivel noted as of the audit date, there was approximately $43 million in the County Treasury. There was some activity noted in 2016-17, the majority of which are expenses related to architectural planning.

Page 28 of the Audit Report discusses internal controls and compliance with Proposition E. The Audit Report did not identify any deficiency regarding internal controls that would be considered a material weakness, and on page 29, notes there are no instances of non-compliance. The Audit Report goes on to state on page 30 that the District also complied with the use of funds and the procurement process required by Proposition E.

During the audit process, the auditor talked to staff and noted internal controls are sufficient. The auditor also sampled 97% of the $2 million expended in the 2016-17 fiscal year for the audit. Page 32 finds the District compliant with regard to the bidding process. All ICOC meeting agendas and minutes were also reviewed and found in compliance with Education Code requirements.

The District received an unqualified opinion on the audit, which means they complied in all material aspects and there were no findings.

Ms. Juarez questioned the nature of the expenses in 2016-17 since there was no modernization that year. Mr. Valdez replied that they were consultant fees and DSA

fees to prepare for the upcoming modernizations. Ms. Juarez also questioned the amounts listed on page 23 of the audit. Ms. Villanueva replied that they were the estimates for the 2018 modernization as of June 30, 2017.

MSCU Gerken/Helvie to approve audit.

6. **Update: Summer 2018 Modernizations**

Mr. Valdez-Romero reported that all construction contracts have been executed. There is a pre-construction kick-off tomorrow with the subcontractors where the District and Construction Manager will set expectations. There are meetings occurring constantly to ensure the project runs smoothly.

Ms. Juarez asked how the re-bid went. Mr. Valdez-Romero replied that it went well. The District had an overall savings of $1.1 million from the earlier bids. Ms. Juarez asked if there have been any surprises. Mr. Valdez-Romero replied, not to date.

7. Discussion: Annual Report to CVESD Board of Education June 20, 2018

Mr. Esquivel reviewed the draft annual report. Ms. Juarez requested clarification on the ability to pay State fees from Proposition E funds. Mr. Esquivel replied that yes, fees are paid from those funds.

Mr. Esquivel explained that based on the current estimated, there will not be enough Proposition E funds to fully modernize both Sunnyside and Mae L. Feaster Charter in 2019.

The 2018 Modernization Sites should be finished by late August, 2018, with the exception of the administration building at John J. Montgomery Elementary, which should be complete by October.

Ms. Juarez asked that a summary be added to the annual report with a breakdown by school of money expended to date. Mr. Esquivel indicated a chart will be added.

Ms. Koenig asked why it costs so much now. Mr. Valdez-Romero replied that material and labor costs have increased, as well as fees.

Ms. Juarez requested that the ICOC be allowed a week to review the draft annual report. It was agreed that the ICOC would discuss the report again when it reconvenes on May 2, 2018, for the 2018 Summer Modernization site visits.

8. Discussion on Possible November 2018 General Obligation Bond

Mr. Esquivel reported to the ICOC that the District is looking at the possibility of placing a GO Bond initiative on the November 2018 election ballot. If successful, this is where the remainder of the money will come from to complete the currently

scheduled modernizations. Mr. Esquivel explained that this would involve the extension of the existing tax rate of the 1998 GO Bond. It has been estimated that $134 million in bond proceeds would be available. It would depend on the assessed valuation. This would include the entire District. The District is currently conducting site needs assessments. The bulk of the money would go back into school sites, including updating technology, lighting, and safety at the remaining school sites.

Mr. Esquivel noted that the possible GO Bond extension initiative would be taken to the Board of Education for consideration. Mr. Juarez asked what is the benefit of the extension. Mr. Esquivel replied that the taxpayers would not see a new rate on their bill – the tax rate would remain the same. Discussion ensued regarding bond tax rates and how they work. Ms. Juarez asked what the tax rate was for Proposition E. Mr. Esquivel replied he would look it up and bring that information to the next meeting.

Mr. Hurtado-Prater asked if the proposed GO Bond would be part of Proposition E. Mr. Esquivel replied it would be a new proposition. Mr. Hurtado-Prater asked if $134 million would be enough. Mr. Esquivel replied, probably not. Mr. Esquivel noted there is a lot of work that still needs to be done, and it would encompass the entire District.

9. Next Meeting: Wednesday, May 2, 2018, 9:00 a.m., for Summer 2018 Modernization Site Visits

The ICOC will reconvene on Wednesday, May 2, 2018 at 9:00 a.m. for purposes of visiting the 2018 Summer Modernizations Sites, and to review any suggestions for its annual report to the Board of Education.

10. Other Items/Open Discussion

None.

11. Adjournment

Mr. Hurtado-Prater adjourned the meeting at 7:10 p.m.
MSCU Juarez/DePriest that the meeting be adjourned.

OE:lb