Chula Vista Elementary School District

PROPOSITION E
INDEPENDENT CITIZENS OVERSIGHT COMMITTEE

Minutes
Regular Meeting
March 1, 2017 – 6:00 P.M.
Dr. Lowell J. Billings Board Room
Education Service and Support Center

1. Call to Order

Chairperson Dr. Diane Gerken called the meeting to order at 5:59 P.M.

2. Introductions

Mike Mears, Senior Audit Manager, Wilkinson Hadley King & Co. LLP

3. Roll Call

Members Present:
Ami Abbott
Marina Beltran Diaz
Debbie Croshier
Sean R. Dunbar
Dr. Diane Gerken
Mary I. Helvie
Karyn Koenig

Members Absent:
None

Others Present:
Oscar Esquivel, Assistant Superintendent for Business Services and Support
Theresa Villanueva, Director of Fiscal Services
Rudy Valdez-Romero, Director of Facilities
John Heredia, District Security Manager
Lisa Brannen, Business Services and Support Specialist (meeting recorder)

4. Approve Minutes

MSCU Helvie/Koenig that the minutes of the November 30, 2016, regular meeting of the Independent Citizens Oversight Committee (ICOC) be approved as presented.

5. Approve Proposition E Building Fund Audit as of June 30, 2016

Mr. Mears reviewed the highlights of the Audit Report, pointing out that the District received an unmodified opinion, which is the best it could receive. Mr. Mears referred the Committee to page 5, Management Discussion and Analysis, which is new and now required. Page 9 indicates all prior bond money has been spent and there is a zero balance remaining. Page 20 shows the new bonds expected from the Proposition E, Series C issuance. Page 23 is the Independent Auditor Report, which shows the unmodified opinion.

Page 25 shows the tests on expenditures. Mr. Mears explained that backup for 99% of expenditures in excess of $5,000 are pulled and audited. The auditor also looks at the line items for all expenses less than $5,000 and if something unusual is noted, the backup is pulled for that too. Mr. Mears gave an example of "subway" as an expense, which is an example he used last year. He clarified that it was not our District that had incorrectly applied that expense. Mr. Mears commended Ms. Faustino, the District Accounting Manager, for her diligence in ensuring all expenses are properly allocated.

Page 26 & 27 show that there were no audit findings in 2015-16 or 2016-17. Page 28 of the audit report breaks down by school site how the Bond funds were spent. Castle Park, Lillian J. Rice and Rosebank Elementary Schools were finalized, and Allen, Hilltop Drive, and Vista Square Elementary Schools received their full modernization.

6. Presentation: Final Cost Summary of Proposition E, Series C, General Obligation Bond Issue

Mr. Esquivel reported that the Series C Bond issuance closed in January 2017, and reviewed the Summary of General Obligation Bond Sale prepared by Dale Scott & Company. Standard & Poors gave the District a AA- rating. Mr. Esquivel explained that this is a very good rating for a school district. The rating is impacted by the General Fund projections. The bonds were sold at a True Interest Cost of 3.7999% Dr. Gerken commented that she is glad the bonds were able to be sold at the full $45M at the time they were to avoid a higher interest rate, and so the District paid minimal costs and had maximum return. Mr. Esquivel referred to page 5, which shows the bids received and remarked that it was a very competitive bid process. He further reviewed the sources and uses of funds on page 6, and explained how the underwriter's discount and debt service fund affected the bottom line. All in all, the Series C Bond issuance is very favorable to the District.

7. Discussion: Future Modernizations

Mr. Esquivel reported that with the issuance of the remaining $45,000, 000 Series C Bond issuance, modernization of the remaining five schools (Mae L. Feaster, Harborside, Karl H. Kellogg, John J. Montgomery, and Sunnyside Elementary Schools) is planned during the summers of 2018 and 2019. Dr. Gerken inquired as to which schools would be modernized each year. Mr. Esquivel responded that the District would be notifying the affected schools first, and then he would be

happy to let the Committee know as well. Mrs. Helvie requested that the Committee receive an email with the information.

8. Annual Report to the Board of Education

The Committee reviewed a copy of the June 2016 Annual Report. Mr. Esquivel requested feedback for the upcoming 2017 report in June. Mr. Esquivel noted that as there was no modernization activity in the current fiscal year, the report would primarily be a summary of past activity and information regarding the Series C Bond issuance. Dr. Gerken indicated she would be happy to present the report again this year.

9. Discussion: Terms Ending for Proposition E Independent Citizens Oversight Committee Members and Process for Recruiting New Members (Handout)

Mr. Esquivel referred the Committee to the handout and explained that with the second two-year term ending for all Committee members, there are three options. The first two options refer to the process for replacement of members. The third option would be to request the Board to amend the bylaws to allow the current members to serve a third term, which is allowable under Education Code Section 15282). The Committee indicated they would like to continue to serve for an additional two year term, if allowed, so that they can see the Proposition E Bond projects through to completion, since the final modernizations are scheduled for the summer of 2019. Mr. Esquivel said he would have a discussion with Dr. Escobedo and get back to the Committee. Mrs. Brannen will check with Bond Counsel to see if Ms. Koenig can continue to serve another term since her son will be promoting out of the District halfway through the next term.

10. Other Items/Open Discussion

None

11. Future Meeting Dates

The next approved meeting date of the ICOC are as follows:

- *April 26, 2017* *(6:00 p.m., Dr. Lowell J. Billings Board Room)*

12. Adjournment

Chairperson Dr. Gerken adjourned the meeting at 6:31 P.M.

lb