

RIVERSIDE UNIFIED SCHOOL DISTRICT
MEASURE O CITIZENS' BOND OVERSIGHT COMMITTEE MEETING

Tuesday, September 10, 2024

Central Middle School

Call Meeting to Order:

The Measure O Citizens' Bond Oversight Committee meeting commenced at 6:00 PM.

Members Present:

Mr. Alcaraz, Chair Beeman, Mr. Corbo, Mr. de'Campo, Mr. Diggs-King, Mr. Garcia, Mr. Kroon, Ms. Patel, Ms. Peake, Mr. Stowe, Mr. Vandenberg

Member Absent:

Ms. Tu

Staff Present:

Tim Walker, Orin Williams, Tim DeLand, Erin Power, Ariana Arciniega, Nickie Defalco-Hoff, Eric Walker, Karyn Dowden, Rene Castro, Jr.

Consultants Present:

Jennifer Bradlee of Best Best & Krieger; Alicia McHenry of KeyAnalytics

Community Members Present:

None

Welcome and Introduction of Members

Chair Beeman requested all present members to introduce themselves, and were invited to share their individual favorite educators, while absent members were noted.

Public Comment for Items Not on the Agenda

Public Comment Instructions were read by Chair Beeman. There were no comments to be read.

Discussion Items

Ms. Power presented and invited an open discussion regarding a fraudulent payment incident that occurred in relation to Casa Blanca Elementary School and North High School projects, and the resulting cyber security prevention training undertaken by the District. She elaborated on the series of events in which an unknown 3rd party impersonated the legitimate construction vendor, Tilden-Coil, and convinced the District to send payments of \$926,800 to a

fraudulent account. She further explained the possible means this criminal utilized to deceive the District, by researching the District's bond program and vendor information so as to be leveraged to appear legitimate, further explaining the timeframe this occurred was between March to May, and action taken by the District in response: this involved a police report being filed; a Federal Bureau investigation that is currently ongoing; the \$148,178 in recovered stolen funds; an investigation of internal systems to ensure no cyber breach. It was concluded that there was no cyber breach and all data systems are uncompromised.

Ms. Powers further explained that this prompted District policies and procedures to be reviewed and that immediate steps were taken to strengthen these procedures and internal controls. She concluded that self-insurance dollars were used to reimburse the Measure O fund for 100% of what was stolen, and the bond fund was not impacted.

Mr. de'Campo inquired as to what a self-insurance fund is, to which Ms. Powers answered this is for incidents not covered by insurance, and this incident was not covered. Mr. de'Campo asked then how much of this fund was depleted, to which Ms. Powers answered in total \$926,800; there were \$148,178 recovered; resulting in about \$800,000 depleted after the recovered funds.

Ms. Powers then distributed a handout to the committee and explained how to find the transactions where fraudulent activity occurred on the sheet, as well as the reimbursement.

Mr. de'Campo inquired as to what has happened to the culprits, if the internal staff party involved was spoken to, potentially re-trained, and if there was suspect activity from District staff that may have been fooled or perhaps collaborators, to which Ms. Powers explained she cannot answer questions regarding personnel matters or to the open investigation, but Ms. Powers explained appropriate internal steps were taken with personnel and scheduled a detailed presentation on cyber security to identify this in the future.

Chair Beeman asked if there was something the committee could have seen in the shared financial reports that would alert them of this incident, to which Ms. Powers explained that legitimate invoices from a legitimate vendor were used and were what the district paid.

Chair Beeman then inquired to understand how publicly aware or known this is, when this was discovered, how the District responded or if the Board acknowledged this publicly, and as to how should the committee answer public questions. To this, Ms. Powers explained this was discovered end of May, that there is an upcoming Board meeting on September 12th to discuss this, and a press release will be issued tonight.

Ms. Powers elaborated on examples, per her recent training on the matter, how easily an individual or entity can be impersonated for the purpose of fraud or theft.

Consent Items:

Approval of February 13, 2024, Committee Meeting Minutes, and approval of June 4, 2024, Committee Meeting Minutes.

Chair Beeman confirmed that Ms. Bradlee clarified a committee member is allowed to vote approval of meeting minutes from a meeting they were absent for.

Chair Beeman then requested a motion to approve the consent calendar items, to which Mr. de'Campo made this motion for approval, seconded by Mr. Kroon.

A vote was taken via roll call vote per the Brown Act. The vote was as follows:

Mr. Alcaraz, Chair Beeman, Mr. Corbo, Mr. De'Campo, Mr. Diggs-King, Mr. Garcia, Mr. Kroon, Ms. Patel, Ms. Peake, Mr. Stowe, Mr. Vandenberg

None opposed and no abstentions. The motion carried.

Committee Discussion

Chair Beeman recommended that the meeting location should be included in meeting minutes.

Staff Reports/Discussion Items

1. District Staff Report on New Committee Members and Appointments

Mr. DeLand presented to the committee what the current membership appointment process is, the current status, and elaborated on the history of the prior 7 members for the understanding of the new committee members: who resigned, reapplied, and termed out as of the end of July, then proceeding on to the current committee makeup. Mr. DeLand then confirmed that recruiting remains ongoing, and there are no pending applications at this time, and invites the committee to provide recommendations and inform all interested that applications can be found on the District website.

Ms. Peake requested clarification that a qualifying applicant must be a non-employee, non-board member of the district currently, to which Mr. DeLand confirmed is correct and elaborated they must live within the District and abide to code and ethics of the Board. Ms. Bradlee added that this applicant must also not be a vendor either.

Mr. Stowe asked if anything discussed in committee meetings is confidential or are there questions that should be directed to someone particular, as he is not

sure what he can answer. To this, Chair Beeman confirmed this is a public meeting with public records.

2. District Staff Report Regarding Measure O Project and Financial Updates

Mr. DeLand presented on the information found within the reports distributed by KeyAnalytics for active projects, explaining the status and updates of currently active, ongoing projects, and pending future projects.

Chair Beeman inquired about the North modernized bathrooms work, if all campus bathrooms meet ADA accessibility standards, to which Mr. Deland explained that all modernized bathrooms were designed to meet these standards, but he cannot say with certainty if other bathrooms do. Chair Beeman requested if the District could research to confirm if any campus bathrooms still do not meet the ADA standards. Chair Beeman then requested if project work conducted near or on a campus initiates ADA Accessibility Standards, to which Mr. Deland confirmed this is correct and provided examples of measures taken to meet these standards, and further explained that standards do tend to change every few years.

Mr. De'Campo requested clarification on what the District measures are for the percentages of cost-to-complete assigned to each project status, to which Mr. Deland confirms this measure is the progress payments in the financials report.

Chair Beeman asked if 13th Street for Eastside is being vacated and Mr. Deland explained this is to be kept as a public one-way street, with diagonal parking for the school, and buses will drop off on campus. Mr. Williams expounded on this, stating that the city will allow street parking non-exclusively for school during school hours, and during non-school hours to the public, so the street doesn't need to be vacated, also improving the size of the school by pushing some parking into the street.

Mr. Stowe asked if there is a code about how close liquor stores may be to schools, to which Mr. Williams confirms that a specific number of steps from a liquor store to the front of a school is a statutory requirement, which is met.

Chair Beeman asked, if a state bond on the November ballot will assist in funding for project costs, to which Mr. DeLand explained the requirements for this bond is matching for the District to match state funds, structured to be a 50/50 state match, but generally the District receives far less than this and necessitates the District to fund the majority of the cost. Chair Beeman then inquired about the surplus being discussed later this week and if this could fund project costs, to which Mr. Williams explained the District's intention and plan with this surplus. Chair Beeman emphasized and confirmed, by her understanding from Mr.

Williams, that the District could have a potential eligible \$100,000,000 in state bond funds of approved.

Mr. Kroon inquired, regarding the Highgrove II project that has come to a stop, if preliminary costs were funded by Measure O, to which Mr. Williams explains this is correct but that this was not necessarily a waste of funds due to the changes coming for this project.

Mr. DeLand, at this juncture, explains that though the next agenda item is to present on the project financials by Ms. Alam, but due to the state of emergency from the airport fire occurring near her home and her currently needing to evacuate to safety, this will not be presented. Mr. Williams then elaborated to the severe conditions of this area by informing the committee to the over 4-hours' drive time it required for Ms. McHenry to attend this meeting, and he further explained that all the information for this presentation is included in the reporting created and distributed to all committee members by KeyAnalytics. Chair Beeman requested if committee questions from this financial report can be sent to Mr. DeLand so these can be answered in the next meeting, to which Mr. DeLand and Mr. Williams assured her they can.

3. Update of the New Elementary School on the Eastside

Mr. DeLand explained in further detail on the design progress for the new elementary school on the Eastside, referring to its location used as the temporary project name until a permanent name is created. This presentation showcased the Vision Design Committee and meeting engagement concepts, as well as various schematic designs and images, composite floor plans, timelines, and confirming the entire project budget of roughly \$118,000,000 that will not be completely funded by Measure O, which was represented in a presented pie chart graph of the budget and the delineation of various District fund sources to be used.

Mr. De'Campo requested if the completion date is Fall, 2027, which Mr. DeLand confirmed it is.

Action Items

1. Preliminary Draft CBOC Annual Report for Fiscal Year 2022-23

Chair Beeman shared a brief explanation for the new members on the purpose, regulations, layout, and rules to the preliminary draft CBOC Annual Report for the period of July 1, 2022 – June 30, 2023, and requested committee feedback and recommendations as they reviewed this draft report. After which Chair Beeman proceeds to review each page, and the information shown in each section of this report.

Chair Beeman requested a motion to approve the draft report so it can go to the Board. Mr. Stowe made this motion, seconded by Mr. Alcaraz.

A vote was taken via roll call vote per the Brown Act. The vote was as follows:

Mr. Alcaraz, Chair Beeman, Mr. Corbo, Mr. De'Campo, Mr. Diggs-King, Mr. Garcia, Mr. Kroon, Ms. Patel, Ms. Peake, Mr. Stowe, Mr. Vandenberg

None opposed and no abstentions. The motion carried

4. Review Committee Bylaws Regarding Vice Chair to Chair Succession Plan

Ms. Bradlee asked if redlines were received by all members for the bylaws to add to Vice Chair-to-Chair succession plan. She explained that committee bylaws can only be amended by the Board, but changes can be voted here and taken to the Board to consider to be changed. Among these changes, Ms. Bradlee explained, is an amendment to a succession plan in times if a Chair vacancy occurs in the middle of a term, to have the Vice Chair automatically succeed to the Chair, and for there to be a vote to nominate a new Vice Chair. If the committee approves and votes for this succession plan, this can then be taken to the board to be approved or considered being amended to the bylaws.

Mr. Stowe asked if the Vice Chair takes a full term, to which Chair Beeman confirmed until the next December.

Chair Beeman requested a motion for approval. Mr. Kroon made this motion to approve, seconded by Mr. Stowe.

A vote was taken via roll call vote per the Brown Act. The vote was as follows:

Mr. Alcaraz, Chair Beeman, Mr. Corbo, Mr. De'Campo, Mr. Diggs-King, Mr. Garcia, Mr. Kroon, Ms. Patel, Ms. Peake, Mr. Stowe, Mr. Vandenberg

None opposed and no abstentions. The motion carried.

5. Consider Items to be Included in Annual Report for Fiscal Year 2023-2024

Mr. De'Campo requested the improved annual report for presentation be included in this list of items, as well as the vote to change the bylaws, and the welcoming of new committee members.

Mr. Stowe wanted to include the fraudulent payment presentation be added.

Committee Member Agenda Requests

Chari Beeman is concerned with the heating and air maintenance in facilities, and that many schools do not have working air conditioning, and is curious how hot playgrounds get and if this is measured. To this, Mr. Williams stated that Samuel Precie, the District Executive Director of Maintenance, Operations, Transportation, and Government Relations, can discuss what is being done currently more broadly in the next meeting, and other projects that are not Measure O but relates to what projects Mr. DeLand is working on and what is being done regarding how many shade structures are being added.

Mr. De'Campo requested that for new projects, the details on cooling spaces, which he feels are important.

Ms. Peake requested to add to the agenda to know what is being done in aging sites regarding maintaining HVAC to keep up with high heat at these sites, and how this is measured or if they are tested. To this, Mr. DeLand explained a required code mandates safety measures and this is based on an hourly air exchange rate.

Next Meeting

Next meeting will be Tuesday, December 3rd, at 5:30, at Highgrove Elementary School.

Meeting adjourned at 7:38PM.