

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

Tuesday, December 3, 2024

5:30 P.M.

Highgrove Elementary School

Call Meeting to Order:

The Measure O Citizens' Bond Oversight Committee meeting commenced at 5:30 PM.

Members Present:

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

Member Absent:

None

Staff Present:

Orin Williams, Rene Castro, Renee Hill, Nickie Defalco Hoff, Karyn Dowden, Mario Garcia, Dean Deaver, Erin Power, Ariana Arciniega, Eric Walker

Consultants Present:

Jennifer Bradlee of Best Best & Krieger; Jeff Nigro from Nigro and Nigro; Alicia McHenry and Tarana Alam of KeyAnalytics

Community Members' Present:

Jason Hunter and Sandra Roy.

Public Comments for Items Not on the Agenda.

Public Comment Instructions were read by Chair Beeman. Afterwards, public comments were made by community members Jason Hunter, who wanted to address the fraud situation that he feels is not being addressed properly, and Sandra Roy, who expressed similar concerns, stating that the fraud situation should be looked into further to prevent future encounters, as well as RCOE payment procedures.

Discussion Items

1. Measure O Project Updates

a. Casa Blanca Elementary School

Mr. Williams and Mr. Castro presented to the committee, the most current Casa Blanca Elementary School project updates and explain the various areas of progress.

Community Input

Community member Jason Hunter provided public comments, addressing his concerns regarding funding being used for new schools instead of repairs as it was intended when voted on.

Committee Input

Ms. Martin expressed concern for students' safety from walking farther than previously done to Casa Blanca due to this project eliminating busing, then suggesting safety guards, night lighting, or other safety solutions. This prompted a discussion with Chair Beeman that similar concerns are addressed in other meetings, and neighbors are attempting to mitigate traffic on Lincoln and Madison roads, and some children have the option to attend a neighborhood school. Chair Beeman further stated that the solution to these concerns is not within the jurisdiction of the Committee, to which Ms. Martin disagreed by stating the projects funded by the bond are causing these problems, in addition to students possibly being pulled from other schools could lead to the school's closure. Chair Beeman responded to Ms. Martin's suggestion for additional safety by stating that there are public meetings being scheduled she can attend that will discuss these matters, and where Ms. Martin could raise her concerns, and further elaborated that it is in litigation if the funds are being appropriately used and this decision overall is not the committee's responsibility as they only oversee the use of bond funds and progress of projects that have been identified and approved by the school board.

Ms. Peake inquired if there would be additional safe bike storage, to which Mr. Casto explained that the Division of the State Architect requires bike storage, such as two lockers minimum with bike racks.

Mr. Stowe asked if schools will be closing or if this was a concern, to which Chair Beeman answered was a concern, and further recommended using the District website and District staff to search for specific information on this matter. Mr. Stowe explained there should be data to justify the reasoning for Casa Blanca being built, how many children live in the area, why children are being bused out, and he wants to research this data.

After additional discussion from Mr. de'Campo regarding the community being underhoused, Chair Beeman recommended moving on to the next presentation.

b. New Elementary School on the Eastside

Mr. Williams presented the progress and updates on the New Elementary School on the Eastside project. He proceeded to share schematic designs and upcoming drafted planning, displaying the Vision Design Committee list of names, aerial views of playgrounds, frontal and anterior views of main entries, various floor plans, indoor views, outdoor stage view, and project timelines.

Community Input

No public comments were made.

Committee Input

Mr. Stowe asked if it is the vendor or District's responsibility to manage the safety issues prior to the start of construction on a new school project, to which Mr. Williams explained it is the District's responsibility and Mr. Walker is currently overseeing the security of the site. Mr. Williams further elaborated on current efforts to alleviate these safety issues, such as renegotiating entering this space early next year in February, utilizing eminent domain to circumnavigate lack of response from property owners, and discussions happening with municipal organizations to prepare for the next steps.

Mr. Kroon then inquired if there will be any discussion restricting what occurs in the building across the street from the kindergarteners to prevent

dangerous exposure to anything harmful, to which Mr. Williams explains that an Environmental Impact Report is completed to ensure soil and air is clean with no impurities near or on the school, and that new business nearby would have to follow same guidelines to prevent anything polluting nearby.

Mr. Stowe inquired what would be placed between the playground and Lincoln High School, to which Mr. Williams explained that there will be a slight retaining wall and 8ft nylon-coated fence to create a barrier between high school and elementary school students, as well as a ramp to connect the schools.

Ms. Peake inquired what types of trees the District will plant in hopes of students being provided additional shading, to which Mr. Williams explained trees will be planted within the campus interior hardscape to provide shading, and a specific species of crepe myrtle will be planted along 14th Street as required by the city.

c. Highgrove II Update

Mr. Williams orated on the Highgrove II presentation, sharing updates about what has been completed to date, and confirming that currently the project is stalled due to interest rates and current economic situations. He explained further that once the developer picks up this area there will be many homes, which will create the eligibility for the District to apply for state funding.

Community Input

Public comments were made by Jason Hunter, who expressed his concern that members of the community were being asked to fund this project instead of the developer paying the building costs directly.

Committee Input

Ms. Martin inquired about the project's \$1 million in encumbrances stated in the Measure O Active Projects COC Report, and if there will be recoupment of losses or interest accrued, to which Mr. Williams explained

architectural services were encumbered but funds are still retained, and the District's fiscal team is ensuring the District earns as much interest as possible. He then further explained what is not yet paid is ready to be paid once the project begins again, though there is no immediate need to do so yet. Mr. Williams elaborated the District will apply for the additional State Funds once prepared to do so. Ms. Martin inquired if the portables will be removed, to which Mr. William answered that many were left after renovation in anticipation of the new school, and once other schools are opened, the portables are to be moved.

Chair Beeman inquired as to how many students have enrolled in Highgrove, and Mr. Deaver confirmed 912 students, to which Chair Beeman reaffirmed the need for a school is emerging.

Mr. Vandenberg inquired about Mr. Williams statement that Developers would contribute to the cost of this project, and what that entails if Measure O funds will be replenished to understand if Measure O will fund the entire project or if it will be reimbursed – to which Mr. Williams explained that a portion of Measure O funds were used for architectural plans to get this into the approval process and believes other funds were used to purchase land, further elaborating that Community Facilities District and developer fees have been retained as sources of funds. In answer to how much has been spent from Measure O, Ms. Alam confirmed about \$4 million has been spent.

2. Update on School HVAC Maintenance and Replacement

Chair Beeman made a motion to delay Agenda Items D2 and D3 due to lack of time to discuss all Agenda items and for the committee to decide at the end of meeting to either move forward with the presentations or to defer to a future agenda, this was seconded by Mr. de'Campo.

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, Ms. Smith, Ms. Tu

No abstentions.

The motion carried.

3. Report on Updates to Long-Range Facilities Plan

Chair Beeman made a motion to delay Agenda Items D2 and D3 due to lack of time and for the committee to decide at the end of meeting to either move forward with the presentations or to defer to a future agenda, this was seconded by Mr. de'Campo.

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, Ms. Smith, Ms. Tu

No abstentions.

The motion carried.

Consent Items:

Approval of September 10, 2024 Committee Meeting Minutes

Chair Beeman asked if there was any discussion on the minutes. Being none, she asked for a motion to approve the minutes. Mr. Vandenberg made this motion, 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, Ms. Smith, Ms. Tu

Ms. Martin and Ms. Tu abstained.

The motion carried.

Staff Reports/Discussion Items:

1. Presentation of Independent Audit for Fiscal Year 2023-2024

Chair Beeman requested to make a motion to rearrange Agenda Item F1 and F2. Mr. Stowe motioned, seconded by Mr. Alcaraz. No objections were made.

Mr. Nigro presented an overview of the layout and scope of the audit report that was shared with the committee for this meeting, providing a history of Prop 39 as it relates to bond funds passed by the government, and the resulting accountability measures formed which included the requirement of a Citizens' Oversight Committee, in doing so an annual financial and performance audit became part of California constitution. Mr. Nigro further explained the process of completing the independent audit as well, and how to reach and read the information provided in this report.

Mr. Nigro concluded, after conducting the audit in accordance with general government standards, and reviewing the District's internal controls, can verify the District complied with all laws and regulations that could have financial impact with the District, and it was the District that brought the incident of fraud to the auditors attention to be included in the findings.

Community comment:

Mr. Hunter and Ms. Roy provided public comment. Mr. Hunter and Ms. Roy expressed disappointment and concern towards the audit and the reported findings towards the fraudulent payment, as well as public understanding of what "self-insurance reimbursed" entails.

Committee comment:

Towards Mr. Hunter and Ms. Roy's comments regarding "self-insurance" fund, Ms. Tu confirmed self-insurance is a different funding source and this self-insurance reimbursed Measure O. To this, Mr. Nigro deferred to Ms. Power for additional feedback, and Ms. Power elaborated that self-insurance is a different fund, which is Education Code 566, and was used to reimburse Measure O funds not recovered throughout the investigation.

Ms. Martin requested clarity to understand if the Highgrove II \$1 million encumbrances were recent, to which Mr. Williams answered by explaining the Districts rollover encumbrance process that occurs every fiscal year, involving at the end of June 30th every year, all purchase orders are closed and the remaining amount is rolled over to the current year. Ms. Alam further elaborated that of the Highgrove II encumbrances, the biggest expense was the site

acquisition cost, with other minor amounts to other small vendors, as well as rolling over each other, all of which were Measure O funds, not CFD funds, clarifying Mr. Williams earlier answer regarding which funds have been used for Highgrove II project.

Mr. Vandenberg requested more transparency, stating his confusion if Measure O was made whole through the insurance fund and if that is a District fund or instead an insurance policy. Ms. Power then explained that this is a District fund called the "insurance fund" that is funded via an actuary study conducted every year to determine what losses there could be, and fraud was not covered by an insurance policy so this self-insured fund was set aside for uncovered events.

Mr. Stowe questioned what insurance policies exist for the District, to which Ms. Tu added by inquiring what the District's Cyber Security Policy is. Ms. Powers answered by stating the District has insurance for certain things over and above certain amounts, however this was not classified as a cyber-attack or network breach, but within cyber security policy. Ms. Powers adds she is not aware of any policies that would cover such an incident.

Chair Beeman inquired about page #14 in the audit report, regarding the procedure that was done and how fraud would not have been detected. Regarding this, Mr. Nigro stated it is not that fraud would not have been caught but the firm's process does not have limitless resources and cannot test everything but attempts to achieve at least 43% coverage, and Chair Beeman requested if this rate can be increased. Mr. Nigro explained that the firm's contract is approved by the Board, and if the Board wishes a larger percentage to be tested, they can request to modify the contract.

Mr. Corbo asked if the vendor had not notified the District to not receiving payment, if the audit ever would have reflected this fraud occurring, and if true, in light of this if doubling the audit's sample size is necessary. Mr. Stowe added if there are concerns or complaints about transparency towards what has occurred, then these need to be brought to the board. To this, Ms. Hill added that the distinction between committee and board responsibility is important to her, and the committee has provided valuable input to improve processes, and having these discussions is helpful, for example it can lead to a decision to change policy such as increasing sampling or improved communication for public clarity.

Chair Beeman asked to make a motion to accept the Audit Report as submitted. Mr. Krook motioned, seconded by Mr. de-Campo.

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, Ms. Smith, Ms. Tu

No abstentions.

The motion carried.

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

Ms. Alam presented the Measure O Active Project Report Financial Updates, explaining the information provided in this report comes from the same source as the audit report, which is the District's financial system called Galaxy. Ms. Alam proceeded to walk through the granular details of this report and how to read the financial information it shows, walking through the stated funding balances, as well as the project budgets, encumbrances, and expenditures to date from Measure O.

Ms. Martin requested confirmation if she is reading the Sunshine project budget correctly, and Ms. Alam clarified how to read the project budget breakdown in this report.

Community comment:

Jason Hunter provided public comment, asking who received the interest on the property taxes and what those funds could be used for. Also stated that additional information should be listed for project funding advising the public what the other sources of capital are.

Action Items:

1. Annual Report for Fiscal Year 2023-24 Review

Chari Beeman requested to the committee if there are comments to be made or requests for changes, outside of what has already been notated and read to the committee. The committee proceeded to overview the draft Annual Report, citing all changes and corrections that need to be made.

Chair Beeman moved to make a motion to approve this report, inclusive of the changes to be made by correcting misspelled names on the cover page, the chart on page #6-7 to accurately reflect the Trustee, deleting the first bullet point on page #5, and adding a statement on page #9 that reflects the discussion on September 10th regarding fraud payment, and Mr. Williams and Mr. DeLand will verify the school project completion dates, clarify on page #8 item B from the meeting August 17th, 2023 if a vote was taken, and correct Mr. Corbo's misspelled name on page #6. A motion was moved by Mr. Stowe and 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, Ms. Smith, Ms. Tu

No abstentions.

The motion carried.

Community comment:

Mr. Hunter and Ms. Roy provided public comments. Ms. Roy stated that there needs to be a committee request to have the District provide a presentation regarding their invoice payment process, their ACH setup as well as new policies implemented in response to the fraud. Ms. Roy also requested District counsel properly identify themselves when speaking as District counsel and not representative of the Committee. Mr. Hunter concurred with Ms. Roy's statements and added that there needs to be a report after the fraud investigation is closed from the District staff providing incident details.

Committee Member Agenda Requests:

In respect to Ms. Martin's request for additional information regarding the fraud, Chair Beeman would like to add to the agenda that Ms. Power again provide additional information to the fraudulent incident that occurred and provide an update on the procedures undertaken to prevent this from reoccurring, as well as add an ongoing agenda item for the committee to receive an update on the investigation regarding the fraud every meeting, as an example if more money has been recovered.

Ms. Martin would like to add to the agenda a discussion on how to treat the upcoming terming out of certain committee members. Mr. Williams confirmed that those up for renewal can submit an application of interest for renewal. Furthermore, Chair Beeman clarifies that for those who are eligible for renewal, may submit this form for the Board to review for approval. In addition, Mr. Williams added that those not interested in renewal can just let the District know.

Chair Beeman entertained a motion, for deferred Items D2 and D3, to be moved to a future meeting. Mr. Stowe so moved, 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, Ms. Smith, Ms. Tu

No abstentions.

The motion carried.

Next Meeting

Next meeting will be March 11th at Arlington High School, at 5:30PM.

Meeting adjourned at 8:14PM.