

WCCUSD
CITIZENS' BOND OVERSIGHT COMMITTEE

MINUTES

Meeting of September 14, 2020

A) OPENING PROCEDURES

Note: this meeting was held on line using the Zoom platform and was open to the public to attend.

B) CALL TO ORDER/PLEDGE OF ALLEGIANCE

Mr. Gosney called the meeting to order at 2:06 pm.

C) ROLL CALL

Present: John Anderson, Maisha Cole, Sallie DeWitt, Don Gosney, Lorraine Humes, Anton Jungherr, Cameron Moore

Absent: Ken Burns, Guadalupe Enllana

9 members ~ 5 required for a quorum; a quorum was present.

Staff Present: SeungJa Cha, Luis Freese, Ellen Mejia-Hooper, Melissa Payne, Tony Wold

Board Liaison: Absent

D) APPROVAL OF AGENDA

Mr. Gosney requested that Item R – Bond Performance Audit and Item Q – Bond Waiver Limit to be addressed first in the agenda so that Dr. Wold could present and participate in the discussion. The agenda was approved by consent with these changes.

E) PUBLIC COMMENTS FOR ITEMS NOT ON THE AGENDA

None.

D I S T R I C T R E P O R T S

F) BOND PROGRAM PROJECTS STATUS and FINANCIAL REPORTS (Luis Freese/Melissa Payne)

Mr. Freese presented the project reports. Items of note:

Michelle Obama School remains on track for (potential) occupancy by October 1, and full completion by the end of October. A grand opening event is tentatively scheduled for October 29.

Ellen Mejia-Hooper introduced herself as the new Director of Planning and Construction. She provided an update on the status and schedule of the Lake Elementary rebuild project, and reviewed the bridging design (presentation included in the agenda packet).

In response to questions from Mr. Moore, Mr. Freese provided an update on the status of change order negotiations with the Obama School contractor related to soils conditions and Covid impacts, and a summary of the recent \$600k budget increase funded from non-bond funds for the Richmond HS project.

Ms. Payne highlighted several items from the financial reports: (1) that they reflect the Board approval of budgets for the final 6 projects in the FMP implementation plan, (2) the Hercules HS

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and MS budgets have been combined since the project is the construction of a new science building that will be shared by the two schools, and (3) the \$23.4 million state grant for PVHS has been received and is reflected in the reports.

Mr. Moore noted how the financial projections have improved over the past four years. When the 21 project FMP implementation plan was approved on June 15, 2016 it was acknowledged that there was a \$17 million deficit between projected available funds and projected costs through June 2023, which would need to be closed. At present, Report 13 indicates a projection of a \$20 million surplus through June 2023.

Ms. DeWitt asked questions about how Report 13 reflects project budget increases that are funded from sources outside the bond fund. She requested that Report 13 reflect the total project budgets and all funding sources rather than just indicating this information in a footnote. Ms. Payne responded with the District's philosophy of the reporting of bond and non-bond funding. It was agreed they would discuss potential changes to Report 13 off-line.

Ms. Mejia-Hooper provided a review of the process to update the Facilities Master Plan and the re-establishing the Prioritization Committee. In response to questions from Mr. Moore she indicated that the PTA would be able to nominate a member to the committee, and that Mandarin School parents/students could participate within the Kennedy High School feeder group. In response to a question from Ms. Humes, Mr. Freese and Ms. Mejia-Hooper indicated that representatives could come from any District school, not just the schools on the FMP list.

G) BOARD OF EDUCATION LIAISON REPORT (Consuelo Lara)

No report.

C B O C R E P O R T S

CONSENT ITEMS

The consent items were approved with no objections.

H) ADOPTION OF MINUTES (Cameron Moore)

08.10.20 CBOC Draft Minutes

I) CBOC MEMBER INFORMATION REQUEST LOG (Don Gosney)

09.14.20 CBOC Member Information Requests Status Log

J) APPROVED RECOMMENDATIONS BY THE CBOC (Don Gosney)

09.14.20 CBOC Approved Recommendations

C O M M I T T E E R E P O R T S

K) MEMBERSHIP (Cameron Moore)

Mr. Gosney noted that Mr. Burns had missed his first three meeting and he would follow up with him and the Building Trades Council.

L) MEMBERSHIP ROSTER (Don Gosney)

Mr. Gosney noted the current roster.

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M) CHAIRPERSON REPORTS (Don Gosney)

Mr. Gosney summarized his reports to the Board, which were included in the agenda packet.

N) FORENSIC ACCOUNTING INVESTIGATION TASK FORCE UPDATE (Cameron Moore)

Mr. Moore noted that the task force met in September and planned to meet in October prior to the presentation of the PMP to the Board for approval.

O) ANNUAL REPORT UPDATE (Sallie DeWitt and Lorraine Humes)

The goal is to present the annual report draft for discussion at the October 2020 CBOC meeting.

P) AUDIT SCHEDULES (Anton Jungherr)

Mr. Jungherr referred to the schedule in the agenda packet.

Q) BOND WAIVER LIMIT (Don Gosney)

Dr. Wold presented information related to the public hearing on the proposed debt limit waiver application for Measure R bonds that will occur at the September 9, 2020 Board meeting in conjunction with the proposed Board resolution to seek the waiver to raised the debt limit from 2.5% to 4.1% of assessed value. A memo providing details, the public hearing notice, and the proposed resolution are included in the agenda packet.

R) BOND PROGRAM PERFORMANCE AUDIT (Don Gosney)

Mr. Gosney provided background information on this item covering the performance audit RFP scope. The discussion centered on three issues: (1) whether an “effectiveness and results” audit could be charged to the bond fund or would need to be charged to the general fund, (2) whether the audit firm that was tasked with the state mandated performance audit should also conduct the “effectiveness and results” audit (for the past several years, Moss Adams has conducted both audits), and (3) whether the District should engage an “effectiveness and results” in FY2020. The CBOC had proposed that (1) the District should continue to engage a single auditor to conduct both the performance audit and the “effectiveness and results” every year and (2) the full cost of the “effectiveness and results” audit should be charged to the bond fund, citing its own analysis, an attorney general ruling, and the analysis of its independent counsel Adam Ferber. Dr. Wold’s perspective was (1) the allocation of cost between the bond and general fund depended on the scope of the tasks in the “effectiveness and results” audit, citing a letter from the District’s bond counsel Nixon Peabody related to the allocation of costs for the forensic accounting investigation (FAI), (2) he perceived a potential conflict of interest if the same auditor conducted performance and “effectiveness and results” audits, and (3) the District should focus on closing out and obtaining 3rd party verification (the Moss Adams FAI phase 2 review) of the remaining open FAI recommendations in FY2020. Dr. Wold recommended that the District resume “effectiveness and results” audits in FY2021 with a third auditor that isn’t

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engaged on either the bond fund financial or performance audits. Mr. Jungherr requested the task order list the District provided to Nixon Peabody on which the firm based their analysis. Ms. Payne noted that many of the open FY2017-2019 “effectiveness and results” audit recommendations (approximately 24 of 26) would be addressed by the completion and approval of the Program Management Plan.

S) REVISITING RESOLUTION 20-2 (Don Gosney)

Mr Gosney noted that at the August 2020 meeting one of the Resolution 20-2 motions did not have a second and therefore required a revote.

Resolved: that in the CBOC’s opinion:

The current Board Policy BP 7100 Facilities Planning, Facilities Master Plan should be amended by adding the following Section:

A Five-Year Capital Improvement Budget shall be prepared by the Superintendent or designee and presented to the Board of Education in July of each year for action. Said budget will reference the Facilities Master Plan. The Capital Improvement Budget shall include by fiscal year for each of the next five fiscal years all capital improvement projects funded by:

- *Fund 21 Building Fund.*
- *Fund 25 Capital Facilities Fund.*
- *Fund 35 County School Facilities Fund.*
- *Fund 40 Special Reserve Fund for Capital Outlay Projects.*

Ms. DeWitt motioned to approve the resolution, seconded by Mr. Jungherr, and Ms. DeWitt motioned to amend the resolution by adding “the Five-Year Capital Improvement Budget shall be included as a part of each annual Facilities Master Plan update.” at the end of the third sentence; also seconded by Mr. Jungherr. Roll call vote on amendment: Yes (7), No (0), Abstain (0), Absent (2, Burns, Enllana). The amendment passed. Roll call vote on amended motion: Yes (6), No (1, Moore), Abstain (0), Absent (2, Burns, Enllana). The amended motion passed.

T) CALENDAR (Don Gosney)

Mr. Gosney noted the calendar in the agenda packet.

U) JOINT MEETING AGENDA ITEMS (Don Gosney)

The following suggestions were made: performance audit scope, Board Policy 7214.2, the CBOC website, and the Program Management Plan.

V) FUTURE AGENDA TOPICS (Don Gosney)

No new topics.

W) ADJOURNMENT

The meeting was adjourned at 5:04 pm.

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Submitted by: Cameron M. Moore, Secretary

October 14, 2020