

CITIZENS' BOND OVERSIGHT COMMITTEE MEETING

El Rancho Unified School District

Meeting of the Measure "EE" Citizens' Bond Oversight Committee

6:00 p.m.

District Technology Room
9333 Loch Lomond Drive
Pico Rivera, CA 90660

April 1, 2015

MINUTES

1. **CALL TO ORDER**

The meeting was called to order by Esther Mejia at 6:04 p.m.

ROLL CALL – Members of the Citizens' Bond Oversight Committee

Esther Mejia, Chairperson
Dr. Teresa Merino, Vice Chairperson
John Chavez, Member
Vincent Chavez, Member
Javier Pacheco, Member
Suzanne Rodarte, Member

DISTRICT ADMINISTRATION

Martin Galindo, Superintendent
Ruben P. Frutos, Assistant Superintendent Business Services
Carlos Jimenez, Director of Maintenance and Operations

2. **PLEDGE OF ALLEGIANCE**

The pledge of allegiance was led by Vincent Chavez.

Visitors – Register No. 10-2014/2015

3. **ADOPTION OF AGENDA**

Recommendation is made that the agenda be adopted as submitted.

Motion: T. Merino Second: J. Pacheco Vote: 6-0 PASSED

Vote: J. Chavez: Yes
 V. Chavez: Yes

T. Merino: Yes
 J. Pacheco: Yes
 S. Rodarte: Yes
 E. Mejia: Yes

4. **PUBLIC COMMENTS**

Members of the public have an opportunity to address the committee.

None.

5. **ADOPTION OF MINUTES**

Recommendation is made that the minutes of March 4, 2015 be adopted as submitted.

Motion: V. Chavez Second: T. Merino Vote: 5-0 PASSED

Vote: J. Chavez: Abstain
 V. Chavez: Yes
 T. Merino: Yes
 J. Pacheco: Yes
 S. Rodarte: Yes
 E. Mejia: Yes

6. **INFORMATION ITEM**

Conference with Legal Counsel – CBOC Roles and Responsibilities, plus questions and answers.

A conference call was placed to Graham Beck (Bond Counsel), Nixon-Peabody, LLC. who gave a brief overview of the purposes and the responsibilities of the Citizens' Bond Oversight Committee to help clarify questions/items in 7.3, 7.4 and 7.5 of the CBOC agenda.

Mr. Beck began by sharing the following: "The purpose of the CBOC is to inform the public concerning the expenditure of bond revenues. CBOC is a reporting committee which reviews what the district has done by making its report to the public; CBOC is a separate role from the role of the Board of Education which is a decision making entity."

CBOC Item: 7.3 - Mandatory Financial Orientation and Training on Public Accounting Audit for all new CBOC Members and recurring annual training for all members by the Auditing Agency.

Response: Education Code and Prop 39 specifies that a district must provide certain items for their oversight committee such as performance and financial audits to assist with developing the annual report, access to reports and facilities to see how the proceeds are being used, access to staff, to provide administrative support, etc. To provide additional training above what the law requires or how frequently they would provide training would be a decision of the Board of Education.

A question from Ms. Mejia, CBOC Chairperson: Does CBOC have access to the exit review/conference with the auditing firm when it is completed (specifically audit findings)?

Response: There is no direct access to the auditor; the committee has access to district staff; if the committee has a question for the auditor (or any district consultant) the committee should be able to direct the question to district staff, staff can determine if they can answer the question themselves or pass it on to the auditor for the committee. If it's a situation where the auditor is presenting to the board in public, as members of the public questions can be asked during public comments.

CBOC Item: 7.4: Obtaining a legal opinion from the District's legal team citing case law on the role and duties of CBOC members and defining the "language" on proper usage of the District's "bond" funds.

Response: When the committee puts together the annual report part of what goes into the report is a review of what the district has been spending the bond money on and whether or not it matches up with the project list. In reference to case law there is not much case law on oversight committees.

A question from Mr. Pacheco: Is there a way that the board can grant additional duties and responsibilities to a CBOC committee?

Response: In its discretion the Board can assign additional duties to the CBOC. The practice varies very widely among districts, most district oversight committees are set up like El Rancho USD, basically as an advisory committee; the board can grant it certain additional powers if it chooses (with some boundaries) but CBOC is still an unelected body.

CBOC Item: 7.5: If the CBOC committee should disagree with the District's use of "bond" expenditures, what legal course of action does the CBOC have available to them?

Response: If the committee doesn't agree with an expenditure, the committee has the option to discuss the issue with district staff, make recommendations and staff will discuss the issue with the board. If the issue cannot be resolved this would be something the committee would look at to put into the annual report.

Dr. Merino clarified with Mr. Beck, the only options the oversight committee has is to put their concerns in the annual report at the end of the year or voice an opinion as a member of the public at a public meeting. Dr. Merino referenced money spent on a master plan that went by the wayside and not having the ability to prevent such expenditures. Is there anything that can be done for the committee to have a stronger voice?

Response: Nothing in Ed Code or Prop 39 allows the oversight committee to interject in the process as the bond money is being spent. The only legally required options is (one) to put it in the annual report which is after the fact and (second) it might be possible but not required if the board is willing to have a meeting with the oversight committee. The committee could attempt to set up a meeting, get on the agenda where the committee can have more time and more ability to go into their concerns or to have another kind of interface between the board and the committee.

Suzanne Rodarte described a situation from a prior bond issuance (2003) where there are limited documentation of regular CBOC meetings and documentation for how bond money was spent. Ms. Rodarte also referenced a large sum of money spent on a master plan that never materialized until a new plan was developed. Ms. Rodarte asked what legal recourse is there for a citizen or CBOC members.

Response: The requirement of the citizens' oversight committee really came into play when Prop 39 was enacted in 2007. The first election was a Prop 46 election, it had to be approved by a 2/3 vote rather than a 55% vote, so that's probably why there is no record with respects to an oversight committee for that election. Unfortunately there is limited recourse because you are talking about bond money that was spent and decisions that were made 15 years ago, some of those bonds are not outstanding anymore and you're also getting into statutes of limitation.

7. **NEW BUSINESS – ACTION ITEMS**

Election of CBOC Officers (Per By-laws, Article III, Section B)

- 7.1 Nomination and election of CBOC Chairperson: Ms. Mejia was nominated and appointed the CBOC Chairperson.

Motion: J. Chavez Second: T. Merino Vote: 6-0 PASSED

Vote: J. Chavez: Yes
 V. Chavez: Yes
 T. Merino: Yes
 J. Pacheco: Yes
 S. Rodarte: Yes
 E. Mejia: Yes

- 7.2 Nomination and election of CBOC Vice Chairperson: Dr. Merino was nominated and appointed the CBOC Vice Chairperson.

Motion: J. Chavez Second: J. Pacheco Vote: 6-0 PASSED

Vote: J. Chavez: Yes
 V. Chavez: Yes
 T. Merino: Yes
 J. Pacheco: Yes
 S. Rodarte: Yes
 E. Mejia: Yes

- 7.3 Mandatory Financial Orientation and Training on Public Accounting Audit for all new CBOC Members and recurring annual training for all members by the Auditing Agency.

NO ACTION TAKEN: Item was discussed during the conference with legal counsel.

- 7.4 Obtaining a legal opinion from the District's legal team citing case law on the role and duties of CBOC members and defining the "language" on proper usage of the District's "bond" funds.

NO ACTION TAKEN: Item was discussed during the conference with legal counsel.

- 7.5 If the CBOC committee should disagree with the District's use of "bond" expenditures,

what legal course of action does the CBOC have available to them?

NO ACTION TAKEN: Item was discussed during the conference with legal counsel.

8. **DISCUSSION ITEMS**

8.1 **Report on Activities** – *E. Mejia*

There was one bond related item (Item #5.D. piggy-back proposal for HVAC) on the agenda for the Board of Education meeting on February 17, 2015. Ms. Mejia asked about the warranty of the equipment since this was an issue in the past. Mr. Jimenez shared several reasons for selecting the Seasons 4 HVAC type units and informed the committee that warranty information will be included in the project specifications which will be posted on the District website (under the purchasing department). There will be options for additional service with the distributor.

8.2 **Bond Expenditures Update** – *R. Frutos*

No trial balance or expenditure reports were provide since they will not be approved until the Board of Education meeting on April 21, 2015.

8.3 **Bond Projects Update**

El Rancho High School Locker Room/Pool “Legacy” Project – *C. Jimenez*

- The El Rancho HS pool and locker room has been terminated by DSA; the plan check fee (approximately \$34,000.00) will be refunded to the District.

El Rancho High School Culinary Arts “Legacy” Project – *C. Jimenez*

- Nothing to report.

District Technology Projects – *R. Frutos*

- The District has received a very large grant through E-Rate to replace all the Wi-Fi units in the District; although bond funds are not currently being used the E-Rate grant will complement the infrastructure that was paid for with bond funds.

Facilities Master Plan “Board Reviewed Projects” – *R. Frutos*

- The District has an architect looking at a couple and potential buildings but nothing has been finalized.
- Ms. Mejia asked for an update on the scope of work with HPLE. Mr. Frutos asked Mr. Ortiz to review the scope of work that was completed and provide additional information; a meeting will be scheduled within the next couple of weeks.

8.4 **Recruitment of CBOC Member** – *R. Frutos*

CBOC member vacancy notice will be published in the Pico Rivera Profile for the month of April.

9. **ADJOURNMENT**

The meeting was adjourned at 7:50 p.m.

Motion: J. Pacheco Second: T. Merino Vote: 6-0 PASSED

Vote: J. Chavez: Yes
 V. Chavez: Yes
 T. Merino: Yes
 J. Pacheco: Yes
 S. Rodarte: Yes
 E. Mejia: Yes