

**Measure Q Citizens' Bond Oversight Committee**

Wednesday, February 28, 2018 – 6:30 P.M.

City Council Chambers

600 East A St., Dixon, CA 95620

**Un-Adopted Minutes**

**NOTICE TO PUBLIC**

Persons wishing to speak to agenda items may present their written request at this time. While the written request is optional, those making a written request will be recognized first. Persons wishing to introduce a subject not on the agenda may also present their request at this time. The Chair will recognize you for the discussion at the appropriate time.

Non-scheduled agenda items will be introduced under the Public Comment agenda item. Speakers will be allowed five minutes per topic.

**I. Call to Order-**

**A. Roll Call:**

1. Robert Strong, Chair – P
2. Tad Smith, Co-Chair – P
3. Jack Caldwell, Member – P
4. Jorjet Potier, Member – A
5. Andrea Kett, Member – P
6. Gary Riddle, Member – P
7. Julie Mustard, Member – P

**B. Adoption of the Agenda**

A move was made to adopt the agenda from Member Riddle and second by Member Caldwell

The motion was carried by the following vote:

AYES: Strong, Smith, Caldwell, Kett, Riddle, Mustard

NOES:

**C. Reading and Approval of Minutes**

The process of how the un-adopted minutes are distributed to the COC was discussed. The District recognizes that the un-adopted minutes were not uploaded to the website and has committed to working to ensure that there are no delays moving forward.

**D. Consent Calendar – None**

**II. Agenda**

**A. Complete Audit Report- James Marta & Co**

Jesse Deohl from James Marta & Co went over the financial statements for the Bond Measure Q bond audit and performance audit as of June 30, 2017. He mentioned that most school improvement projects use numerous funding sources and the District must have a system in place to systematically allocate, track and expend these sources. They also attest to the fairness of the financial statements by reviewing of controls, testing of

transactions and compare expenditures to the contracts and that the bidding process adhered to the District's policies. He continued by saying that they were able to get all documentation from the District and conclude that the District did spend bond proceeds appropriately and also communicated to Citizens' Oversight Committee if there were issues with audit and there was nothing to report. Along with the audit report, there are 3 corresponding communications per measure. They are report on internal control over financial reporting and on compliance in accordance with government accounting standards, report on bond performance, and communication to those charged with governance. No matters were reported.

Member Riddle commented that the COC did not receive a copy of the report until the agendas went out and asked if next time the auditors make sure they get a copy. He also stated the CA Constitution and Ed Code 15286 states that these audits shall be conducted in accordance with the government auditing standards for financial performance audits. The standards are GAGAS, Generally Accepted Government Auditing Standards. He noticed that it was not stated anywhere on the reports. He feels that it is important that it's included in both. Mr. Deohl said it was on the Independent Auditor's Report letter so they have the required language. Member Riddle said he thinks it's important that the auditors state what the GAGAS document is. Another thing member Riddle wanted to clarify was that the audit did not include an opinion on internal controls. They did not offer an opinion. Mr. Deohl said that the standards stated that they were not going to issue an opinion on internal controls, they can only state that there were no significant deficiencies so there is never an opinion on internal controls.

Member Riddle also mentioned that on the Balance Sheet there is a line that says "Due from other funds" for the amount of \$14,344. He said there was not a note anywhere showing what those other funds were. Mr. Deohl said he will make a separate footnote to explain in the future. He says that he knows that it's listed in the District Audit Report. Member Riddle also mentioned that on the Revenues it has "Other Local Revenues" and there is no note explaining there either. Mr. Deohl responded that typically they don't have note for that but its interest income earned.

Member Riddle did not see a scope of audit for the financial and he feels it should have been included to have a clear picture of what the auditor did. Mr. Deohl said they issue an Audit Planning Memo which is issued between March and May and always send out ahead of time. The last one was sent to Adrian Vargas, previous CBO but in future they will send it directly to a COC member along with sending it to District management. They are getting ready to send out this fiscal year's.

Member Riddle recommends to committee that they not accept this report at this time and have it corrected. Mr. Deohl said that the language is following standards. They will add footnote as they talked about earlier but no added language. He said they are following professional standards.

#### Public Comment-

A question was asked to Mr. Deohl if he thought it was important for the official name of the bond on the auditor report. Mr. Deohl responded by saying that they used the series that was issued and that's how they titled the auditor report.

Another public comment was stated that the COC wasn't established on time and that it should go on the report. He feels that it's not just a financial audit.

Member Riddle asked Mr. Deohl if he thinks it's important for the subcommittee to be there when they go speak to the Business Service people about the parameters of the audit. Mr. Deohl said it is. He also said that in the interim, he can send the standards that they use to issue the letter.

Member Kett asked Mr. Deohl if in the performance part of the audit it addressed things such as setting up the committee. Mr. Deohl said it does ask if there was a committee set up. He did not see a timing piece as a requirement; they just asked if there was a committee formed.

Ms. Mercado, District CBO mentioned that the report cannot be modified since it was already approved by the Board. So it cannot be altered. She will look into the legality of issuing a separate report to COC that was not approved by the school board previously.

Public Comment-

She asked if it was supposed to be presented at the same time to the Board and COC. Member Riddle responded to her by saying he thinks that's correct.

Public Comment-

A comment was made that he disagreed with the District's legal counsel that once it's been approved nothing can be done by COC. He recommends that they contact counsel and ask. He also added that the district was expending funds before COC was established to see if they were being spent appropriately.

In regards to the expenditure of funds, Mr. Calise said he wanted to remind the COC that what they were an oversight committee which ensures that funds are being spent appropriately. He went on to say that it's not an approving authority or it is not an authority to look and decide how the money is going to be spent, that is actually the school board who makes those decisions he said.

Mr. Calise read from the minutes of an August school Board meeting at which the Governing Board spoke about the responsibilities of the COC. Those responsibilities are to receive and review copies of annual financial report. Receive and review copies of annual independent audits, receive and review any deferred maintenance programs, review efforts by the District to maximize Measure Q Bond Revenues, and the committee shall issue a report of its activities at least once a year.

## **B. Updated Bond Expenditure Reports**

Ms. Mercado asked if anyone had questions of bond expenditures year to date. Member Riddle had a question about Prop 39 (clean air energy). Mr. Calise mentioned that they are using part of that money to help defer some of costs of the General Obligation Bond.

Member Riddle asked if Ms. Mercado was familiar about the consultants Cooperative Strategies and their services related to Measure Q. Ms. Mercado says she provides a monthly disclosure statement where she's required to disclose audit or interim reporting and she uploads those and disclose with making payment or been delinquent. They notify her also of when COP payments are due or GO bonds are due. He also asked if there was a separate budget for Measure Q and she said fund 21 is its own set of books. She said she can provide a simplified budget to the committee.

**C. Encumbrance Document-Supporting Documentation for Clerical Secretary**

Ms. Mercado provided a snap shot of the allocation that is going to fund 21 for the secretary to the Director of Capital Projects. Member Riddle asked to describe the type of work that is being done by the secretary for the bond. Mr. Calise answered member Riddle since this position is in his office. The secretary to the Director is responsible for the clerical support of everything that is bond related. She coordinates the Director's schedule and calendar, processes data and performs data entry, processes requisitions, is responsible for record management within the facilities office and works with business services on record management as well; she maintains vendor information, controls the flow of everything that is coming into the facilities office regarding bond projects and also process administrative details.

Public Comment-

A question was asked about how the secretary is providing administrative oversight for construction. Mr. Calise answered by saying that she is able to assist him is managing the projects more effectively. He also said he doesn't think her time will be increased.

**D. Mission Statement Prepared by Members Kett and Riddle**

Member Riddle read the revised mission statement:

*Independently review the planning, execution and expenditure of the Measure Q Bond proceeds to ensure payments are made only for the modernization and upgrade of DUSD schools; and report conclusions to the public as intended by the bond measure an provisions of the Ed code.*

A motion was made by Member Kett and second by Co-Chair Smith to adopt the revised mission statement. All were in favor.

**E. Bylaws with September 13, 2017 Approved Changes**

Member Riddle mentioned that they can change the bylaws at any time. There was a motion to accept the bylaws as amended by Member Caldwell and second by Co-Chair Smith. All were in favor.

**F. Project Updates**

Mr. Calise talked about the Dixon Middle School, formerly old Dixon High School, has several projects such as remediation work. They found lead paint on the exterior and found some asbestos in small gym; additionally, A-wing needs to be reroofed. They are hoping for construction in May. All of the portables will be demolished and removed as well. He also talked about how Gretchen Higgins is on the safety aspect of the bond. There are several challenges which hinder campus lock down. The gates will be reworked. He also talked about the Silveyville playground which was completed over winter break. It was an ADA project. It used to have the steel monkey bars and many other features which were deemed unsafe and not to be ADA complaint.

Tremont has the need to change the entry points to ensure campus security and access control.

Co-Chair asked about a tour with the Dixon Middle School. Mr. Calise said he will consider the existing hazards and have a discussion with the liability department within DUSD's insurance company. Once a decision is made Mr. Calise will communicate that to the

committee.

Member Riddle had a question regarding John Calise's duties. He said there was a resolution that was posted on measure q website on prequalification's of construction contractors. He said there was no public meeting but the board approved it which approved for Mr. Calise to be delegated to approve final list of prequalified bidders. Mr. Calise said there was a special board meeting. Member Riddle says it wasn't posted.

Mr. Calise does not know why it wasn't posted on the web properly, however he will look into it.

Public Comment-

There was a question if the monkey bars at Silveyville were removed and Mr. Calise responded by saying that they were because they were unsafe as was the other play structures that were at the campus. Additionally, the playgrounds were replaced for safety reasons as well as to become ADA compliant.

Public Comment-

The public comment was made regarding Ed Code 158216. Annual independent financial and performance audits for the preceding fiscal year shall be submitted to COC at the same time as submitted to school district. So the audit should have been submitted at the same time.

Additionally, the public speaker went on to say that she's secretary to the Solano County Taxpayer's Association and they have a new president whose name is Mike Noland. At the last meeting they decided that regardless what the COC will do and what report they will submit they will be updating the citizens of Dixon.

#### **G. CEQA Contract**

Mr. Calise wanted to point out that the contract in the packet is not an executed contract. The contract is in the process of being executed by the school District; however, it is in the packet for the committee and public to review. It was included with the original RFP. The RFP process allows us to look at best value and not just dollar amounts. Mr. Calise talked about the interview process and stated that upon completion of interviewing 4 separate firms, the panel had unanimously decided to recommend Dudek as the environmental consultant to the District. The panel consisted of 5 people, John Calise, Marc Monachello, Scott Newell of Cooperative Strategies, Bob Bugalski, Dixon High School Vice Principal, and Rick Navarro from Evergreen School District in the San Jose area. Mr. Navarro is a facilities director with experience in school construction as well as CEQA. The contract will be brought to the March 15<sup>th</sup> School Board meeting where Mr. Calise will seek approval from the Governing Board.

#### **H. Website Update**

Mr. Calise said the website has been launched. It is DixonmeasureQ.com. Documents will be uploaded in a week or week and a half. Pictures will also be downloaded. COC asked if there was a traffic counter on the website and Mr. Calise said he would look into it. Mr. Calise will meet with Members Mustard and Kett to work on the finer details of the website. COC will review and come back with suggestions.

### **III. Public Comment:**

The CA League of Bond Oversight Committees will have their annual conference on April 24<sup>th</sup>. It will be in Sacramento. Once she hears from them, she will let COC know the details

or COC can check the CalBOC website.

**IV. Unfinished Business and General Orders – None**

**V. New Business- None**

**VI Added Items-**

Mr. Riddle would like to have the contract subcommittee as a standing item. He feels the District needs to address the COC in writing regarding review of the contract selection process. Their main concern is that professional services are solicited through competitive processes.

Mr. Calise stated that he has no problem sharing documents and he will share the documents since its public record. Over the next week and half he will load documents into Measure Q website as long as there is nothing privileged.

Mr. Riddle stated that 7 days before the meeting which would be the prior Wednesday, the COC should be notified if they want to add any other items. COC agreed that the agenda will be sent to the Chair and Vice Chair for them to distribute to all of the other members.

**Next Meeting-** March 28, 2018

**VI. Announcements- None**

**VII. Adjournment – 9:54 p.m.**