

CITIZEN'S BOND OVERSIGHT COMMITTEE
"Meeting Minutes of November 10, 2004"

- Call to order by: Dennis Umphress (CBOC Chairman)
- Time called to order 6:35 PM
- Self introductions were held
- The following were in attendance:

10 VISITORS

Ricardo Reyes (SGI)
Charles Allen (SGI)
Allen Wulczynski (OGHS parent)
Susan Cassen (IHS parent)
Hector Guerra (PHHS Parent)
Reuben Dominguez
Sam Jain (SGI)
Julie Zhao (SGI)
Debby Nohelty (SGI)
Leonard Danna (VTD)

8 CBOC Members

Dennis Umphress
John Moore
Bud LoMonaco
John Sellarole
Will Johnson
Sara Przemielewski
Margaret Guerra
Susie Rivera

2 District Members

Alan Garofalo
Bill Jakel

It was noted that there were seven (7) committee members present at 6:35 PM and that it would be enough for a quorum.

- Meeting adjourned by: Dennis Umphress (CBOC Chairman)
- Time of adjournment: 7:59 PM
- Next CBOC meeting date was scheduled for Monday February 7, 2005 at 6:30 PM

Public Comments

- Susan Cassens asked a question about software that was purchased by the District. Alan Garofalo responded explaining that the \$6,400 software purchase is for maximizing the total boundaries throughout the district in filling schools with proper number of students, some facilities are under utilized. The software will assist the District in maximizing the use of facilities and it can help to determine whether or not additional buildings are needed. It was also noted by Alan that he feels that additional buildings will not be needed and that will save the Bond program a considerable amount of money,
- Allen Wulczynski asked about the Measure G program and how the design of buildings and sports facilities was decided upon. Alan Garofalo answered, explaining that there is a master plan and an architectural plan for the district. Starting with the school, budget and input from the site (staff, students, etc.). It is fit the best possible way with the operating amount of money and is also standardized as much as possible. Allen then asked if the community or surrounding business's have any input and Alan Garofalo said that there was flexibility. Allen asked who makes the final decision on these issues, Alan told him that he would make a recommendation and the Board makes the final decision.

Review and Approve Meeting Minutes of August 25, 2004

- No proposed changes were made for the 8/25/04 meeting minutes. John Moore moved to approve the motion and John Sellarole seconds the motion. A vote was called for and the motion passed.

Independent Performance and Financial Audits

Leonard Danna, an auditor for the Prop 39 Measure G Bond was introduced and asked to give a status report on the audit process for the Measure G Bond.

Leonard started off explaining that there are two (2) distinct audits required on an annual basis once monies have been drawn down. The first is a financial audit; this is an audit of funds, how much is in, how much was spent and how much is leftover. The second is a Performance audit; this determines if the money spent was spent in accordance with election documents as the bond issue went out to the public.

The District had a list of proposed expenditures by site. That was used as a guide to make sure that the expenditures were proper. Leonard went on to explain that 80% of expenditures needed to be tested and of that 80% about 72-73% have been looked at. Of those looked at 2 expenditure items were questioned, which were adjusted out by the District before the auditors came in. One item involved a couple of school buses that were purchased and the other was facility rent that was paid to the National Hispanic University. 178 items have been tested so far covering approximately \$20 million of expenditures and no other items have been out of order.

Leonard went on to explain that when the Measure G bonds were sold, there was an original issue premium, so more than the \$60 million was funded. However, any costs that incurred such as underwriting fees, etc. have to go against the first original premium and whatever is left over is not spent on construction it will go to a debt service fund and is eventually used to pay off the bonds.

It is better to have Measure G Prop 39 money set up as its own separate fund. That way it is not "co-mingled" with any other bond money. Initially it got put into the building fund and there is other bond money in there. Fortunately, they have been able to track those expenditures and revenues. Leonard explained that the money is deposited at the county treasurer's office, they invest it, it earns interest, and interest gets credited to the account. The interest gets credited to the building fund. A good portion of that should go to the Measure G project. The auditors worked with the District to determine how much of the total interest that has been recorded really should go to Measure G. As of June 30, 2004 there is about \$1.6 million that should go back into that fund. It is interest that has been received by the school district and is on deposit, it just hasn't been carved out as being part of Measure G. The auditors have also asked for a separate fund so that in the future the

interest will be directly allocated into the Measure G account and there will be no question as to the amount of interest recorded. When the final audit report comes out the interest report will be in there.

The auditors will be coming back towards the end of the month to finish up the regular District audit and at that point and time more expenditures will be pulled. He finished by saying that after auditing 70% of expenditures and not finding any further issues generally nothing is found elsewhere. A report will be issued upon completion.

John Moore asked Leonard if the accounts have been segregated, Bill Jakel answered that the books are separate and nothing has been segregated as of yet. John then asked if the report would be given to the Oversight committee or the Board. Leonard said that typically it is given to the Oversight committee and then the Bond audit will be mentioned at the Board district meeting as well. John Moore requested a separate meeting to go over the audit report and Dennis Umphress suggested that everything has gone pretty smoothly up to now and that unless something unusual comes up it can be an agenda item for the February CBOC meeting. Bud LoMonaco suggested that he and John Moore could sit down with Alan Garofalo after the report is received and go over it before the next meeting. That was agreed upon.

Old Business

- Dennis asked if there has been any interaction with CBOC members and their adopted schools.
- John Moore met with the principal and staff at Santa Teresa High School. The field renovation is largely complete; they are within a month of having the track & field complete. There will be another phase where the stands will be installed. The next immediate concern is the security fencing and landscaping. John was a little unsure about the status of the technology - what's installed and not installed.
- John Sellarole met with the principal of Independence High School. There were no real concerns or complaints
- Suzie Rivera met with the principal at Foothill High School. There are some infrastructure improvements that should be done shortly, there is no visual construction going on. Phone lines, security and video systems have been done. Suzie asked to look at the bond language before going out to do another site visit. It was also mentioned that fencing and signage were being requested for safety reasons. Alan Garofalo explained that fencing would be installed, not to the degree of other campuses since Foothill is a much smaller campus and also that restroom facilities would also be installed.
- Will Johnson met with the Vice Principal at Mt. Pleasant High School. There were questions about when the bleacher modernizations would be finished; they are hoping to have them ready for graduation and expressed concern for the thousands of dollars that would be spent to rent a facility for graduation. Alan Garofalo explained that the bleachers would not be completed in that time frame and that the money wouldn't need to be spent to rent an events center, IHS gymnasium or any of the other school sports facilities would be available to use. Will then asked about the status of the Performing Arts Building. Alan told him that it is 50% drawings and they are going through

constructability review at this time and hopefully drawings will be complete in the spring.

- Sara Przemielewski visited Overfelt High School and says it's on track. She was a little concerned that it would be January before the plans get sent to the state. Other than that the people she has talked to about the project seemed to be happy about the results.
- Bud LoMonaco hasn't been to Piedmont or James Lick High Schools
- Dennis Umphress went to Andrew Hill to check on the progress of the track & field. Great improvements are being made there. Dennis will be in touch with Alan regarding money that has been spent, where no work has shown as being done. Alan commented that the money was spent on drawings and plans. Dennis also paid a visit to Silver Creek High School and the staff is happy with the progress. No contact has been made at Yerba Buena High School and since that is his 3rd school he asked for someone to take over the school site visits in his place.
- Reuben Dominguez was appointed as CBOC representative for Yerba Buena High School. He will visit the school and report back to the committee.
- Margaret Guerra visited Oakgrove High School. The staff seems to be happy with the projects that have been done. Track & Field construction tentatively starts March 1, 2005 and ends Sept 1, 2005. The band room is being constructed and the pool has been done. Margaret asked if the bleachers be installed on both sides of the field. Alan answered that it would be 2000 on one side and 1500 on the other he also added that the construction dates would be safer in pushing them out one month.
- Dennis Umphress brought up that both Andrew Hill and Silver Creek High Schools show expenditures for Interim Housing, and asked if there is a shift of funding from some other source to Measure G that's occurring and if it's the expenditures are district wide? No new relocatables have been brought in to the above two sites. Alan explained that the students have to have housing while the buildings are being constructed and that relocatables are brought in for their use.

Appointment/Re-Appointment CBOC Members

- At their October 7, 2004 meeting, the ESUHSD Board of Trustees re-appointed Committee members Dennis Umphress, Will Johnson and Bud Lomonaco. 2 new committee members. John Sellarole and Suzie Rivera, were appointed. 1 member, Gavin Binz, was removed from the Committee. All members' terms are set to expire on October 21, 2006. Only John Sellarole and Suzie Rivera will be eligible for re-appointment. All other current members are not eligible for re-appointment due to term limits.

Overview of Measure G Project

- Attention was brought to the handout SGI passed out at the beginning of the meeting. It had been revised since the last CBOC meeting in August. Ricardo Reyes pointed out that on the list of projects those "highlighted" in blue indicate a change, they have moved into the following phase of construction. IHS Villa B & C bids were awarded the construction is scheduled to start in January for Villa B and Villa C will start in the summer of 05. Ricardo clarified that the James Lick High all weather track and

synthetic turf project only the bleachers have gone to bid. The track is still going through design. The same is true for Oakgrove High school, Yerba Buena High school. Mt Pleasant bleacher project has gone to bid. The Yerba Buena Building 200 project is underway, and the contractor is mobilizing.

- Dennis asked if CBOC members could receive the updated SGI handout by mail a week or two prior to the next meeting.
- Dennis referred to the CBOC timeline/schedule in the SGI handout and questioned the meeting minutes going out one week later and getting posted to the ESUHSD website. He doesn't feel that it gives the committee enough time to approve the minutes. He asked who would like to keep the procedure as it's been done in the past, which is approve the meeting minutes 3 months later at the next CBOC meeting. Sara Przemielewski asked if the minutes could be posted and marked as "Draft" so that they would be available to the public in a timelier manner, and once they are approved by the CBOC members they could be marked "Final". The other members agreed to this. The timeline in the SGI handout will remain the same.

New Business

- Alan Garofalo explained \$5 million loan from Measure G fund to the ESUHSD. The Board approved the option for them to be able to use \$5 million of Measure G funds. The fund would be paid interest, the going rate and paid back within the fiscal year. This was done once before in 12/02 for \$10 million and the district never used the money. He also explained that it would not put any project in jeopardy or on hold.
- Dennis asked if there were plans of fielding the next batch of bonds. Alan answered that he asked the CFO to look into another draw and that it was the CFO's decision when that would be done.
- Susan Cassens asked how the district would pay back the money if they do end up using it. John Moore explained that the district receives money in the Nov/Dec. Apr/May time frame and the intention is that the money will be paid back in two balloon payments around that time. It was stated that the payback would be June 2006.
- Dennis asked if any CBOC members wanted to hold elections for new officers. None of the members called for elections to be held.
- The CBOC members requested to have a CBOC meeting agenda slot at next board meeting. Alan Garofalo will request a 5-minute slot for next meeting.

Additional Items

The next CBOC meeting will be scheduled for February 7th 2005 at 6:30pm.

The committee discussed setting a new day of the month as the regular meeting date. Several different days were proposed and the first Monday of the month was picked as being the default meeting day.