

Measure “O” Bond Oversight Committee Meeting
March 19, 2018 - Minutes

Call to Order	The meeting was called to order at 4:30 p.m. at La Habra City School District, 500 North Walnut Street, La Habra
Board Members	<p>Bond Committee Members Present: Peter Cruz, Taxpayer’s Association Linda Gonzales, Parent Anita Lomeli, Parent Jay Seidel, PTA/Parent</p> <p>Bond Committee Members Absent: Vincent Sinohui, Business Organization</p>
Administrators	<p>Administrators Present: Dr. Joanne Culverhouse, Superintendent Christeen Betz, Chief Business Official</p>
Others	<p>Others Present: John Greenlee, Caldwell Flores Winters, Inc. Patricia Raphael Garcia, Caldwell Flores Winters, Inc.</p>
Elect New Committee Chair and Vice Chair	The group participated in brief introductions and were provided with an overview of the roles and responsibilities of the Committee and the role of the Committee Chair and Vice Chair. A motion was made by Anita Lomeli to nominate Jay Seidel as the Committee Chair and seconded by Linda Gonzales. The motion was unanimously approved 4 – 0. A motion was made by Jay Seidel to nominate Anita Lomeli as the Committee Vice Chair and seconded by Linda Gonzales. The motion was unanimously approved 4 – 0.
Approval of October 20, 2016 Meeting Minutes	A motion was made by Anita Lomeli to approve the October 20, 2016 minutes and was seconded by Linda Gonzales. The motion was unanimously approved 4 – 0.
Program Overview Presentation	<p>Patricia Raphael Garcia and John Greenlee of Caldwell Flores Winters, Inc., provided the Oversight Committee with a Program Overview update.</p> <p>Ms. Raphael Garcia provided an overview of completed program activities including the completion of Phase I that focused on academy level needs at the middle schools. She reported that Phase II efforts are underway which starts with Walnut Elementary and focuses on a combination of interior classroom and support facilities upgrades and exterior site improvements. It was also reported that the District has issued approximately \$13.9 million in Measure “O” bonds leaving approximately \$17 million in remaining authorization.</p> <p>Mr. Greenlee provided a review of the District’s bond authorizations. The total tax rate for</p>

all outstanding bonds estimated to voters in 2012 was \$33.00. Mr. Greenlee provided a summary of tax rates based on bonds issued and noted the District experienced a slight uptick in the tax rate because new bonds were sold. Mr. Greenlee reported that the current tax rate of \$30.58 is below what was promised to voters which indicates the District being a good steward of tax payer dollars. He reported that the District could have the ability to issue additional bonds in the next 12-18 months with some growth in assessed values expected. Mr. Greenlee explained that La Habra is generally built out and has a very stable tax base. Committee Member Anita Lomeli asked a question on the tax rate, which Mr. Greenlee clarified that is calculated per \$100,000 of assessed value. Mr. Greenlee provided a brief summary of Proposition 13 tax rules which clarified that a new home would be reassessed a new value.

Ms. Raphael Garcia provided an overview of expenditures as of June 30, 2017. She explained that the information is presented by Fiscal Year, with the District's Fiscal Year calendar commencing on July 1 and ending on June 30. As of June 30, 2017, approximately \$11.2 million has been expended for the Phase I and Phase II improvements. Of this amount, approximately \$9.6 million was expended using Measure "O" funds. Expenditures were presented in two general categories including interior facilities improvements and exterior campus improvements. It was noted that deferred maintenance and energy management improvements have been recategorized from Districtwide to Imperial and Washington for reporting purposes to reflect completed improvements during Phase I. The group reviewed summary expenditure information indicating a total of \$6.9 million in expenditures for Phase I and \$4.2 million in expenditures for Phase II as of June 30, 2017. Committee Member Jay Seidel asked a question on what other sources were included in Phase I expenditures, which Ms. Raphael Garcia clarified came from the District's prior Measure "K" bond and Special Reserve funds. Committee Member Jay Seidel also posed a question on how the District follows bid procedures. Ms. Christeen Betz provided a brief summary of the District's practices which comply with State guidelines and/or procedures.

Ms. Raphael Garcia provide a brief overview of the FY16-17 Financial and Performance audit to be discussed in further detail later in the agenda. The conclusion of the audit indicated "no findings" which is a favorable position from an audit perspective.

Ms. Raphael Garcia provided a brief overview of the Annual Report to the Community to be discussed in further detail later in the agenda. A draft report has been prepared for the Committee's review and approval to include a summary of the Measure "O" bond and its issuance status, reference to the Committee's website, program status, summary of the Fiscal Year 16-17 audits, and a summary of expenditures through Fiscal Year 2016-17. She noted that upon the Committee's approval, it is recommended that the Committee or designated Committee member present the report to the District's Board as an informational item. Dr. Joanne Culverhouse noted that the May 10, 2018 Board meeting would be the best date suited for this presentation. Committee members agreed to attend the May 10 Board meeting to present the report. Mr. Greenlee offered the attendance of either himself or Ms. Raphael Garcia at the May 10 Board meeting if needed for questions.

Ms. Raphael Garcia concluded the presentation with a brief look ahead of next steps. Dr. Culverhouse provided an overview of District priorities as security improvements at school sites, such as security cameras, fencing, and latch lock installations. Dr. Culverhouse reported that the District is working with the police department and a risk management firm

	<p>to assess security improvement needs. Dr. Culverhouse reported that the District is evaluating the availability of existing funds to support these improvements outside of Measure “O” funds, however indicated the desire to confirm whether bond funds would also be acceptable. Mr. Greenlee note that the District would need to confer with bond counsel to confirm whether these types of improvements would be acceptable given the approved bond language. Mr. Greenlee further noted that during the District’s 2017 bond sale, the District was given a Double-A category rating indicating a District that is conservatively managed and financially sound.</p>
<p>Review Fiscal Year 2016-17 Financial and Performance Audits</p>	<p>Ms. Christeen Betz provided an overview of the Fiscal Year 2016-17 Financial and Performance Audit reports. The audit was completed by an independent audit firm, Vavrinek, Trine, Day & Co., LLP. Ms. Betz explained that the auditor reviews a sample of the District’s expenditures to make sure that expenses are in line with the bond language. She provided a review of the key findings of the audits and answered clarifying questions from the Committee. The Committee was satisfied with the report and answers to questions provided. Key highlighted areas included page 5 income statement of revenues and expenditures noting a remaining fund balance of approximately \$3.395 million as of June 30, 2017. Other areas of highlight include page 15 indicating no findings reported for the financial statements and on page 16 indicating no prior year findings which means no corrective actions were required.</p>
<p>Review Phase I and Phase II Expenditure Reports</p>	<p>Ms. Raphael Garcia provided a review of the detailed expenditures reports for Phase I and Phase II. She explained that the report provided further detail to support the summary tables provided in the earlier presentation and explained the District’s accounting code system which provides category of expenditures. Committee Member Jay Seidel raised a question on whether the District considers contingencies when budgeting for expenditures, which was clarified by Ms. Betz that the District does consider contingencies and usually includes approximately 10% for contingencies.</p>
<p>Review and Approve Annual Report to the Community</p>	<p>Ms. Raphael Garcia provided an overview of the draft Annual Report to the Community. Committee members reviewed the report and requested that a change be made to the cover letter to list the names of the five school sites that received roofing repairs/replacements. The Committee also discussed methods for distributing the report to include the District’s website, available copies at the District office, and distribution to parents via student backpacks. Ms. Betz expressed the cost concerns to the mass reprinting of the color mailer for student backpacks and the need for translation. The Committee members agreed and recommended that a one-page fact sheet be prepared that could reference the full Annual Report and be distributed to parents via student back-packs, also allowing the ability for translation on the backside of the fact sheet. Mr. Greenlee and Ms. Raphael Garcia agreed to provide the District with a draft fact sheet.</p> <p>A motion was made by Anita Lomeli to approve the Annual Report to the Community with changes to the statement of the five school sites on the cover letter and with the preparation of an additional one-page fact sheet. The motion was seconded by Linda Gonzales. The motion was unanimously approved 4 – 0.</p>
<p>Adjournment</p>	<p>Meeting was adjourned at 5:52 p.m.</p>

Minutes Approved	<p>The next scheduled Committee meeting will be in October 2018.</p> <hr/> <p>Christeen Betz Chief Business Official</p>
*Roles and Responsibilities of Bond Oversight Committee Members	<p>The roles and responsibilities for the Bond Oversight Committee is to annually report to the tax payers how the proceeds of the Bond are being spent. Bond proceeds may only be spent on qualified projects and not on salaries. The Committee has no control over the bond proceeds or projects. Committee members are subject to the Brown Act and shall conduct its meetings in accordance with the provisions set. Duties of the committee are to review expenditures to ensure that bond proceeds are expended only for the purpose set forth in the ballot measure. The Committee shall also present to the Board, in public session, an annual written report which shall include a summary of the Committee’s proceedings and activities for the preceding year. The Committee shall consist of a minimum of seven members and meet the qualification standards. By accepting the appointment to the Committee, each member agrees to comply with Article 4 and 4.7 of Division 4 of Title 1 of the Government Code and the Political Reform Act. The term of each member is two years and no member shall serve more than three consecutive terms.</p>