



MEASURE K SCHOOL BONDS
Building for 21st Century Learning

Citizens' Bond Oversight Committee Meeting Minutes
Thursday, December 16, 2010
5:00 – 7:00 PM

LBUSD District Office - Community Room
1515 Hughes Way
Long Beach, California 90810

Attendees:

COC Members:	Karen Hilburn (Chair) Victor McCarty	Julie Jackson Michael Noll	Kristine Hammond
Absent:	Byron Bolton	Anna Ulaszewski	
LBUSD Staff:	Carri Matsumoto	Leticia Rodriguez	
LBUSD Consultants:	Tim Doane Vivian Hao	Priscilla Meckley-Archuleta Christy White	Steven McGuckin James Hawley

1. Call to Order

The meeting was called to order by Chairperson Hilburn at 5:00 p.m.

2. Establishment of Quorum

Roll call was taken and a quorum was established.

3. Approval of Minutes

The minutes from the September 23, 2010 meeting were provided to all COC members in their meeting packet.

Member Noll moved to accept the minutes as written.

Member McCarty pointed out the Mr. Hawley's name has been misspelled. Mr. McCarty would like for page two, with relation to the Brown Act, be edited so that the paragraph ends with it stating that "two members can meet". The committee reached consensus to make this change.

The motion was seconded by Member Jackson and the motion passed.

4. Communications

Chairperson Hilburn shared concerns brought to her attention by senior citizens, which she forwarded to Ms. Matsumoto. Members agreed to have any future question submitted in written format.

Ms. Matsumoto introduced Vivian Hao, who has been hired as the Measure K Communications Coordinator. Ms. Hao has published and distributed the first edition of a newsletter, which will be distributed at public libraries, district offices and schools, and will also be available on the web page. She is working on a fact sheet for each project as well as working on revising the website, to make it more user-friendly.

Member Jackson inquired about a press release. Ms. Matsumoto will work with Ms. Hao on the timing of the release.

Member Hammond stated that she would love to see Ms. Hao reach out to the schools, possibly through the PTAs. Ms. Hao said that the newsletter had been included in the school bulletin and that it is available in PDF format.

5. Public Comment

None.

6. Old Business

Ms. Matsumoto stated that the agenda order would be changed slightly so that the audit report could be presented earlier.

▪ 2009-2010 Measure K Performance Audit Draft Report

Before Christy White presented the Performance Audit Report, these questions came up:

Member Noll agrees with the report to keep the monies separate. He questioned the transfers from Proposition K to Proposition A in 2009. It's rather confusing.

Mr. Doane explained that you need to look at the project budget in its entirety, as there are different funding sources. He noted that there were some contracts entered into prior to Measure K being passed, under Measure A, and some of those contracts are associated with these projects that fall under Measure K.

Mr. Doane also clarified that they are not transferring physical money between Measures, as they need to keep the funding sources true, for accounting purposes. What the report shows are the contracts entered into under Measure A and when the expenditures are incurred. It's actually a reallocation of funds, not transfers.

Ms. Matsumoto stated that with some contracts, it's alright to either use Prop. A or Prop. K, as they are trying to close out Proposition A. Certain criteria needs to be met, however:

- ✓ this is determined collectively as a team
- ✓ the amount left to cover is under \$20 million
- ✓ this is seen with several bond programs, especially at the tail end

Chairperson Hilburn thanked Mr. Noll for this great question.

Christy White and James Hawley, with Christy White Accountancy, presented the Financial Audit and the Performance Audit for Measure K.

Ms. White shared that for the Financial Audit, they reviewed the expenses charged to Measure K only, through June 30, 2010. It was found that all the expenditures were allowable and were fairly presented. The review of the financial statements showed that most of the money was spent in planning. They did heavy testing on actual expenditures and found that no salaries or indirect costs had been charged.

Member McCarty asked how it would be handled if the interest rates go up.

Mr. Hawley replied that although this is certainly a possibility, it really isn't a concern, as most state counties in the state of California are short on maturities.

Discussion was held regarding utilizing/showing a certain percentage of Measure K funds towards Facilities' staff who work with the projects.

Ms. White finalized by stating that they followed governmental audit standards for internal controls and reporting. Overall, no instances of non-compliances were found. They did have some internal control recommendations, which are insignificant.

Mr. Hawley reviewed the Measure K Performance Audit, which was given an unqualified opinion on compliance. They noted some good practices, which are described in the report. Although there are opportunities for improvement, in general, they have sound internal controls. A site walk was conducted on the new Middle School #1 project and all expenditures were found to be permissible.

Mr. Hawley went over the Findings, which include separating Measure K and Measure A expenditures on the reports that are presented to the Oversight Committee. Another finding was that payroll charges are permissible, as per the Bond language, for management to oversee the Bond program. Discussion was held regarding charging personnel charges against Measure K. An additional finding was that the District's internal audit structure could be more involved. Finally, the report encourages staff and contractors to make the best use of the Fraud Hotline.

Chairperson Hilburn thanked Ms. White and Mr. Hawley for their time and patience in explaining the reports.

7. Staff Reports

▪ Measure K Bond Program Update

GTE SITE

Ms. Matsumoto highlighted the progress of the project. The anticipated opening of the school is now September 2012 due to construction delays, redesign issues, weather and soil remediation efforts. They are at approximately 45-50% of the construction progress.

Ms. Matsumoto is excited to report that this will be a test pilot of a paperless initiative. A committee has been established to make this a reality at the school.

Member Noll inquired about the overage on the consultant charges. Mr. Doane responded that the consultant and legal fees had not been previously budgeted. Ms. Matsumoto added that there have also been some unforeseen issues relative to the design and soil remediation.

ECATS

Ms. Matsumoto stated that they are still waiting on grant funding for two of the three applications, as there are currently no state funds available. Demolition and abatement work was started in November. She stressed that for public safety reasons, there is no use of the site any longer.

Chairperson Hilburn shared that she had been asked if there had been any problems or issues with the unions. Ms. Matsumoto replied that not so far.

The actual start of the construction is slated for May 2011. The targeted school opening date is September 2013.

OTHER

Member Jackson inquired about the Cabrillo pool. Will it be regular or Olympic size? Ms. Matsumoto replied that they are still assessing the project. They need to keep the equity issue in mind, as well as the increased anticipated costs. She understands the push in the City as an "Aquatic Town".

Ms. Matsumoto also shared that they have completed the technology updates, using E-Rate funds. They continue to be very busy with various projects throughout the District.

▪ **Quarterly Financial Update**

Mr. Doane reviewed the Executive Summary, which shows \$1.5 million in interest earnings in addition to \$413,000 in E-Rate funding. He noted increases to the GTE contract, which is funded by the loss revenue account, and the program expenses, which had been underestimated, for the program consultants.

Mr. Doane also reviewed the unallocated project costs. He explained that this is a holding place for "project specific costs" for projects being developed and no budgets have been set up. These will eventually be transferred to the actual project budget.

Member McCarty requested that the \$51 million be identified as "pre-existing debt".

8. New Business

▪ **Draft COC Annual Report**

The period covered is January to December 2010. A draft should be available for the Committee to review at the meeting in March. Ms. Matsumoto inquired if the same format should be used.

After a discussion, the consensus was for Ms. Matsumoto to write a skeletal framework and then the Committee will adjust and edit as they see fit. Chairperson Hilburn and Member Jackson will meet with Ms. Matsumoto after the new year.

9. Announcements

None.

Adjournment

Chairperson Hilburn thanked the Committee members in reviewing all the information, and to the Staff for providing it in a timely manner. She wished everyone Happy Holidays and to be safe.

Member Noll motioned for adjournment at 6:55 p.m.

Next Meeting

The next regular business meeting will be held on Thursday, March 24, 2011 at 5:00 p.m.