



Meeting Minutes

Measure B Citizens' Oversight Committee

8:30 a.m., February 7, 2019, District Education Center

The following minutes are the unofficial proceedings and have been approved for public viewing but have not been officially accepted by the Citizens' Oversight Committee (COC) until the next Committee Meeting.

1. Call to Order

The Regular Meeting of the Citizens' Oversight Committee was called to order by Vice Chair Ernestine Jones at 8:56 a.m. in the District Education Center of Saddleback Valley Unified School District, 25631 Peter A. Hartman Way, Mission Viejo, California. The COC Members introduced themselves, as did the SVUSD Business Services staff members who joined the meeting.

Roll Call of Members

Members Present

Walter Fawcett
Ernestine Jones
Matthew Kasa
Stuart Luce

Members Absent

Donald Froelich
Mark Tettermer
Laura Mahfood

SVUSD Staff Members

Connie Cavanaugh
Katie Clark
Jennifer Denmark
Stella Escario-Doiron
Keri Follmer
Tiffani Volpe

2. Approval of October 11, 2018 Meeting Minutes

Committee Members submitted five changes to the draft of the October 11, 2018 meeting minutes, which included: Stuart Luce was in attendance but arrived late (page 1), the year be changed from "October 2019" to "October 2018" (page 2), add the word "at" under Item No. 5 (page 3), add the word "why" to Item No. 12, paragraph 3 (page 6), change the financial figure from "\$500 million" to "\$500 thousand" on Item No. 12, paragraph 3 (page 6). Keri Follmer confirmed that this number should have read as "\$400 thousand", per the Measure B - Consolidated Expenditure Report document.

Member Walter Fawcett asked if the question and discussion from the previous meeting, regarding whether Measure B monies were allowed to be transferred from one project to another, was included in the Minutes. The question referred to the moving of monies from Lake Forest Modernization to the Portola Hills Modernization project. Keri Follmer confirmed that the question and discussion was noted on page 5 of the Minutes. Connie Cavanaugh confirmed that this practice was allowed and that it was adjusted in the Audit paperwork which would be discussed on the Agenda shortly. Vice Chair Ernestine Jones wanted to be ensured that the Committee and the District could make the reasoning for the movement of such monies very transparent to the public, if asked in the future. Connie Cavanaugh reminded the Committee that prior project work had already been completed at Lake Forest Elementary per the Measure B Plan and that the Modernization project was not able to be finished with the remaining Measure B funds because it had been delayed. The District chose to move the funds from the Lake Forest Modernization to the Portola Hills Modernization project, in order to finish the final stages of Portola Hills with the remaining Measure B funds all in fiscal year 2018-19. Stella Escario-Doiron reminded the Committee that Lake Forest Elementary School was not eligible for state

modernization money until 2017, so the Modernization project was not part of the original scope of Measure B funded projects. Vice Chair Ernestine Jones said that she felt the COC Committee had asked if the monies could be moved and did not think that they would be moved. Connie Cavanaugh said that it was discussed and agreed upon at the last meeting that the Committee wanted to finish out the Measure B funds in fiscal year 2018-19, on the Portola Hills Modernization project. This would allow the District to celebrate the end of Measure B spending with the completion of the Portola Hills Modernization this summer. The celebration could occur at the start of school in fall 2019. Stella Escario-Doiron reminded the Committee that the Lake Forest Modernization project was delayed and would not begin until this summer, so it would not be completed before start of the 2019-20 school year with expenditure in fiscal year 2019-20. Connie Cavanaugh said the District also considered the additional expense of having to pay for another annual audit on the Measure B funds, where there is only a small amount left. Ms. Cavanaugh stated that the Measure B funds were spent at every school site in the District. Vice Chair Ernestine Jones confirmed that it was a requirement of the Measure B bond's language, that monies would be spent on every school site in the District and that this had occurred.

Member Walter Fawcett made a motion to approve the Meeting Minutes of October 11, 2018 with the modifications discussed. The motion was unanimously approved. Stella Escario-Doiron noted that the minutes would be revised, sent to the Committee and also posted online.

3. Public Comment on Agenda Items

None

OLD BUSINESS

4. Facility Master Plan Update

Stella Escario-Doiron answered the question asked by Chair Donald Froelich at the previous COC meeting, regarding what the job market demand will be in the future for students with STEAM-related job skills. She reiterated that STEAM stood for Science, Technology, Engineering, Art and Mathematics. It is anticipated that the demand for these types of industry-specific jobs will increase by 17 percent between the years 2014 and 2024 and that two-thirds of new hires will need STEAM-related skills.

Stella Escario-Doiron showed the Committee the Guiding Principles of the Facilities Master Plan (FMP) and a calendar of where the District is in process. The priorities are being re-addressed and the cost estimates are being reviewed per site. Meetings are being held at school sites to share the list of identified improvements and costs. The next phase will include a draft of the FMP that will be circulated online for comments and it will then be finalized and presented to the Board of Education in June 2019. In the fall, presentations within the community will occur so that the public is aware of the District's needs. Stella Escario-Doiron will be working to ensure the focus remains on providing students with engaging, innovative learning environments, which greatly relies on improved facilities. The same principles have been shared with the Committee previously and continue to play a central role in the development of the FMP.

Stella Escario-Doiron updated the Committee regarding the "SV Innovates" program's new classrooms, which is a kick-off to the FMP proposed projects. This involves providing new audio-visual (AV) equipment, technology and furniture that the District has committed to fund using

one-time monies. This year, 102 classrooms were updated throughout the District, including 2 classrooms per elementary school, 5 per intermediate school and 10 per high school. Jennifer Denmark has been working on the project, managing teachers' choices and overseeing the installations at school sites. The new, innovative classrooms have a 75-inch monitor with a computer, a voice amplification system for the teacher that allows them to present to the class from anywhere in the room, plus a special microphone system for students who want to talk to the class, along with engaging furniture that allows students to work in collaborative groups and project settings. iPads are used as their document camera and teleconferencing. The flexible and innovative furniture is available at different heights and the desks have whiteboard tops, allowing students to draw and write notes during lessons. Stella Escario-Doiron encouraged the Committee to visit one of the classrooms to see the upgrades.

The FMP website is nearly all updated with lists of projects, pictures and cost estimates per site and should be completed by this fall. At the homepage, there is a comments form for the public to provide feedback.

Stella Escario-Doiron said that based on the recent costs of the Portola Hills Modernization, the District is estimating the FMP modernization costs at \$105 per square foot which is an excellent price compared to the \$300 per square foot that it is costing some districts in Long Beach and Los Angeles to improve their facilities.

Member Walter Fawcett asked if charter schools that use the District facilities pay rent that comes back to the District. Stella Escario-Doiron confirmed that the District has to provide facilities for the students within its boundary and cannot charge the charter school for them. However, the charter school can be charged for students who do not live within the District. The FMP includes our current school sites and does not list the properties currently occupied by charter schools or leased out. Facilities that generate fees for the District, such as The Learning Center (TLC) sites, have also been removed from the District's FMP list.

Stella Escario-Doiron said there was a request for the Measure B website to include projects that were not completed, which is being developed. She shared with the Committee part of a presentation that she did for the Rancho Santa Margarita (RSM) community, presented at RSM Intermediate School in December 2017. At the time, there was a concern in the community about a possible bond in the future and what the community had received from the Measure B funds. The information included the Measure B tax rates, which are \$23.65 per \$100,000 assessed value. It could have gone up \$35 but it did not. The District's financial representative was very complimentary on how the District had managed the bond, spread out the issuance and re-financed, both of which helped keep the tax rate low for the communities. In comparison to the rest of the County, SVUSD's taxes to its communities on Measure B is very low. Garden Grove Unified is at \$74.54 and Tustin Unified is at \$68.73. The last District refinancing resulted in a savings of \$7.9 million between 2017 and 2030. The interest rate adjusted from 4.75% to 1.71%. The Community was also concerned regarding the status of Mello Roos taxes in certain areas. Stella Escario-Doiron showed the chart displaying the areas where the Mello Roos has fallen off and all communities within the District should be paid by 2020. She walked through the list of schools that service the RSM area, their site budgets, the list of improvements per site and a list of projects not completed. Vice Chair Ernestine Jones said that she would have liked to have attended the meeting. Stella Escario-Doiron said that the COC Members were invited to attend the FMP Community Meetings to be held in each region of the District at the high schools, which

were set for March 18, 19, 20, 21, 2019. She would also send the presentation to the COC Committee so that they would have the information.

5. Measure B Accomplishments

Vice Chair Ernestine Jones asked if the District will be displaying a banner at the Portola Hills Modernization site to communicate that the project is Measure B-funded. Stella Escario-Doiron confirmed that a banner will be on-site at Portola Hills and that a video is also being planned. She is working with our Communications Department to prepare those materials for roll-out mid-summer in order to kick-off FMP messaging in the fall.

6. Citizen's Oversight Committee California Department of Education Waivers

Stella Escario-Doiron is getting clarification from the District's legal team regarding what waivers are needed, if any, for several of the COC Members as the COC is going to be wrapped up this fall. The waivers allow Members to continue serving on the Committee when their term is in excess of the terms in the membership bylaws. The District has been submitting the waivers when needed every two years, as continued membership by the same COC Members helps to maintain consistency and the understanding of the bond measure's history. The waivers might be needed for COC Members Walter Fawcett, Matthew Kasa and Mark Tettermer. Member Laura Mahfood would need to possibly renew her membership through the District internally and not submit a waiver to the state.

NEW BUSINESS

7. Portola Hills Elementary School Modernization and New Construction Project Ribbon Cutting

Stella Escario-Doiron shared that the project is a large modernization project because there is funding for additional work through a \$2.9 million lawsuit settlement that has to be applied back to the school site, as well as Developer Fee monies. The portables were gutted and many building materials were re-used to save monies, while creating a "new" classroom environment. The rooms were fitted with two 75" monitors, allowing students to see clearly wherever they are sitting, along with voice amplification systems, etc. The remodel has made the portables look the same as a newly constructed classroom. The ribbon-cutting ceremony will be held after the start of school and Stella Escario-Doiron will send the Committee the date for them to attend. It will also kick-off the FMP messaging for the fall.

8. Measure B Citizens' Oversight Committee Closeout

Stella Escario-Doiron is working on the closeout steps required and will be sending an update to the Committee as soon as more is confirmed with the District's legal team.

ACTION ITEMS

9. Approval of the 2019-20 Calendar

Stella Escario-Doiron is recommending a meeting on Thursday, October 24, 2019. The ribbon cutting at Portola Hills Elementary School would be held prior to the meeting and more information will be sent to the Committee in the near future.

10. Acceptance of Prop. 39 Financial and Performance Audit Report

Royce Townsend from Vavrinek, Trine, Day & Co., LLP reviewed the annual Financial Audit and Performance Audit of the Measure B funds. No material weaknesses or significant deficiencies were found that were specific to the numbers in the audit.

Vice Chair Ernestine Jones asked why on Note 8 there was a correction for an accounts payable. Mr. Townsend said that corrections are stated if anything had changed from last year. There was an expenditure that was double booked by accident, which the District identified and brought to his attention. Connie Cavanaugh stated that different staff members were involved in the preparing the report, one at the beginning and one at the end of the year. The department's internal control system should have caught the issue but it but did not. In this case, it was corrected and listed as such. She noted that the bill was not paid twice, it was a duplicate entry.

Member Stuart Luce asked if the next audit will be a final report for the last year of the Measure B monies, or a summary of the entire project. Mr. Townsend said the next audit will only be for the final year of the Measure B funds, not a recap of everything from the beginning. It will only address that specific year, so if the monies are completely spent in that fiscal year, the report will address those expenses, etc. Connie Cavanaugh also confirmed that the audit is for one year at a time, not a cumulative report.

Vice Chair Ernestine Jones moved to accept the audit for fiscal year 2017-18. Member Walter Fawcett seconded the motion and it was approved unanimously.

11. Approval of the 14th Annual Citizens' Oversight Committee Report

Stella Escario-Doiron said that the report includes the annual Financial and Audit Report that was just approved by the Committee, as well as the COC Bylaws, bios and other information. The packet is included for the Committee to review and approve. It will be presented at the March 14, 2019 Board Meeting. Stella Escario-Doiron will ask Chair Donald Froelich if he would like to present again. Vice Chair Ernestine Jones confirmed that she could also present that night. Vice Chair Ernestine Jones moved to approve the 14th Annual Report of the COC. Member Walter Fawcett seconded the motion which was approved unanimously.

12. Financial Status Report

Tiffani Volpe discussed the revised Financial Status Report, which now only lists Measure B funds that were spent at each school site, per the Committee's request. The report is a summary from 2004 to June 2017, with columns showing details from 2017-18 and 2018-19. The columns also reflect the moving of monies from Lake Forest Modernization to Portola Hills Modernization. The funds remaining in the balance column will now be spent on the Portola Hills Modernization, plus administrative costs for salaries, the auditors and contracted services.

Vice Chair Ernestine Jones asked how the District is tracking where monies were moved from one school site project to a different school site project. Tiffani Volpe said that it is noted in the background pages which is not printed on this report, but it is tracked. It is mostly interest that is being spent currently, which totals around \$12 million in interest to date, but the District is tracking it on the detail side. Vice Chair Ernestine Jones asked if the Committee can have a list of the movements of monies from one site to another over time, to which Tiffani Volpe confirmed that they can have a list. Member Walter Fawcett asked if this report shows the initial budget

and Stella Escario-Doiron confirmed that it did not. The original issuance was \$180 million, minus the administrative cost for managing the bond. The Committee discussed that it would be a very positive story to create a report that showed the original issuance amount, the administrative cost (plus any additional costs), plus other costs, the remaining balance and how it was allocated per school site, then the actuals spent on each school. Additionally, the report should have a column for “additional monies received” (such as state funds) and how those funds were allocated for additional site improvements. Stella Escario-Doiron will work with Tiffani Volpe to develop a new report that relays the different types of funding information and where the monies were spent.

Member Stuart Luce asked if the report will show the interest and where it was spent in the District, by school site. Tiffani Volpe relayed that the District is not required to track the interest in this way as it comes to the fund in general, not by school site project. Stella Escario-Doiron confirmed that as the interest was earned and received, the Committee provided guidance on where it should be spent. To date, approximately \$12.1 million in interest has been received on the Measure B funds and it will continue to be received while there are still funds in the account. Using a sample project, Member Walter Fawcett said that the report should also relay that for a \$1.89 million investment, the District was able to complete \$3.4 million in improvements to school sites and show that the money expenditures were equitable across the District. He requested that the revised report be sent to the COC Members sooner than the next meeting to be held, for review. Stella Escario-Doiron confirmed that the report would be developed and sent to the Committee as a draft for review and discussion. There will be two reports, an updated summary and the one discussed showing project totals from the beginning with various funding sources.

DISCUSSION ITEMS

13. Public Comment on Non-Agenda Items

There were no comments.

14. Future Agenda Items

There were no future agenda items brought forth for discussion.

15. Next Regular Meeting

The next regular meeting will take place on Thursday, October 24, 2019. The meeting will begin at 8:30 a.m. (Location: District Education Center Board Conference Room)

16. Adjourn

Vice Chair Ernestine Jones adjourned the meeting at 9:58 a.m.