



## Citizens' Bond Oversight Committee

### MEETING NOTES

Tuesday, January 17, 2017, 5:30PM

San Jose – Evergreen Community College Extension, Milpitas

#### Present:

Daniel Kojiro	Community At-Large
Johnny Lee	Community At-Large

#### Absent:

President Byron Breland	Administrative Services, SJCC
Cory Demar	Student – Evergreen Valley College
Bethel Kim	Student – Evergreen Valley College
Carol Lizak	Community At-Large
Leo Cortez	Community At-Large
Vice President Jorge Escobar	Administrative Services, SJCC
Ann Kennedy	Gilbane
Casey Michaelis	Gilbane
Matthew Mahood	Business Community
Elias Portales	Community At-Large
Rose Regalado	Senior Citizen's Organization
President Henry Yong	Administrative Services, EVC

#### Staff:

Chancellor Deborah Budd	SJECCD
Peter Fitzsimmons	Director of Fiscal Services, SJECCD
Owen Letcher	Director of Facilities and Bond Programs, SJECCD
Vice Chancellor Douglas Smith	Administrative Services, SJECCD
Linda Wilczewski	Controller, SJECCD
Saloshni Chand	Accounting, SJECCD
Vice President Andrea Alexander	Administrative Services, EVC
Tim McBrian	Gilbane
Andrew Spiller	Gilbane
Mike Chegini	Gilbane
Jeff Scogin	Gilbane
Jessica Fassler	Gilbane

#### Guest:

John Dominguez	Cossolias Wilson Dominguez Leavitt, CPAs
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#### Notes

1. Call to Order  
The meeting was called to order at 5:42 PM. No quorum was present.
2. Approval of Agenda  
January 17, 2017 Agenda Approval – No action was taken

3. Approval of Minutes

September 20, 2016 Meeting Minutes Approval – No action was taken

4. Public Comment – 3 Minutes per speaker with advance sign in

There were no public comments made.

5. Communications Received by Citizens' Bond Oversight Committee Members

Johnny Lee asked the Committee what MS3 is, and if there had been any issues regarding that project. He then clarified that a member of the public had told him of some problems with sound transfer.

Tim McBrian responded to his first question saying that there had been a leak during the storm which surfaced after occupancy of the building. In regards to the sound transfer, there have been some issues in the office areas, most likely due to transfer ducts. The problem is being studied.

Vice Chancellor Smith encouraged Mr. Lee to tell the complainant to reach out to Vice President of EVC, Andrea Alexander, whose role it is to address these problems.

6. Staff Reports

Vice Chancellor Smith gave a brief overview of the Staff Report:

- Discussed the success of Measure X, which passed on the November 2016 ballot at 65%, and mentioned to thus far SJECCD has passed a bond every 6 years (1998, 2004, 2010, 2016). The \$768M will be spent based on a foundation of the Educational and Facilities Master Plans. The District intends to move quickly to sell the bonds and is hoping to have cash in hand by the end of April. The District also intends to have services in place early as many bonds were passed in the recent election and demand will be high.
- Addressed enrollment, which is flat at about 6,000 students per campus, and mentioned that SJECCD is a basic aid district.
- Chancellor Budd is beginning the second year of her tenure.

Chancellor Budd arrived late to the meeting and the Committee circled back to Staff Reports for her updates:

- Measure X bond includes \$80M to be spent on technology to ensure SJECCD is doing all it can to ensure students are learning efficiently.
- Recognized the difficulty of getting a quorum but expressed disappointment that one could not be obtained for this meeting

Mr. Lee responded saying that he will speak with the Tax Payer's Association which he is a member of to recruit for new members, and suggested that the advertisement in the Mercury News to be updated as the previous advertisement garnered no applicants.

Daniel Kojiro asked if Committee members must be residents of the city or employment in the city will suffice.

Vice Chancellor Smith confirmed that yes, Committee members must be residents.

7. Recognition of Service

This agenda item was skipped accidentally and was not addressed until after Agenda Item 8.

Vice Chancellor Smith presented Daniel Kojiro with a Certificate of Recognition of Service for his 6 years as a member of the CBOC.

8. Measure X

a. Election Results

Jeff Scogin briefly went over the results and referred the Committee to the Board Agenda Item regarding the acceptance of the election results.

Vice Chancellor Smith referred the Committee to page 11 of the backup which shows the certification of the results.

Johnny Lee asked how much will be charged per taxpayer per \$100,000.

Vice Chancellor Smith answered that it will be about \$19 per \$100,000 based on assessed valuation. Mr. Lee asked if there is a place on the CBOC website where CBOC members can make a comment.

Mike Chegini responded that yes that is the case, and all members need to do is pass on their comments to him and he will make sure they are posted.

b. Resolution Expanding the CBOC's Role

Vice Chancellor Smith informed the Committee that a new committee will need to be formed. The current Committee only has oversight over Measures G-2004 and G-2010. The intention is to form a new committee which will have oversight over G-04, G-10, and Measure X. With the new committee, the bylaws will be updated and all tenures will be refreshed.

Mr. Scogin mentioned that the Board will be making appointments and asked Mr. Lee if he would be interested in serving on the new committee.

Mr. Lee answered that he would be.

Vice Chancellor Smith will draft an email describing the role to potential members for Mr. Lee to cosign.

Mr. Scogin mentioned that the roles will be advertised and that a new Chair and Vice Chair will need to be elected.

Mr. Kojiro asked if current committee members need to reapply for the new committee and expressed concern about overlap for the next meeting.

Mr. Scogin responded that committee members do need to reapply but there should not be any overlap.

Vice Chancellor Smith confirmed there should not be any new members at the next meeting and acknowledged that Mr. Kojiro and Carol Lizak will term out in February.

Mr. Kojiro mentioned that he has already committed to other activities and will not be able to participate in the new committee until the next term in two years.

c. Amended and Restated Bylaws

Vice Chancellor Smith referred the Committee to look in the backup of the meeting agenda for the updated bylaws, which state the responsibilities and deliverables of the Committee.

Mr. Kojiro stated his appreciation for the reiteration of the Committee's responsibility and scope and mentioned that in the past there had been some confusion on the part of the public regarding the scope, and suggested that perhaps in the future additional clarification might be required.

9. Review of Committee Membership

a. Acknowledgement of Member Appointments

Mr. Scogin stated that Matthew Mahood and Elias Portales were appointed to their second term on the CBOC at the December 13<sup>th</sup> 2016 Board of Trustees meeting.

b. Current/Upcoming Vacancies

Mr. Scogin noted that technically all roles are available as a new committee needs to be chosen due to the passing of Measure X.

Vice Chancellor Smith asked the Committee for suggestions as to how better to communicate with Committee members to ensure attendance.

Mr. Lee responded that in another organization he is a member of, RSVP for meetings is required by a certain date; if not enough people RSVP yes, the meeting is automatically cancelled. He also suggested an adjustment in advertising.

i. Community-At-Large

No comments were made to this specific item.

ii. Bona-Fide Tax Payer's Association

No comments were made to this specific item.

10. Financial and Performance Audits

John Dominguez of CWLD presented the audit findings:

- Financial Audit:

- A brief overview was given of the auditing team’s responsibility and how the audit is performed
- There were no findings, but two opinions were given:
  - Information given by the District to the auditors was accurate and complete, and there was no overlap.
  - There were no findings in regards to internal controls—the controls are good, though the audit team will continue to test them.
- Performance Audit:
  - A brief overview was given of the auditing team’s responsibility and how the audit is performed
  - G-10: Tested approximately \$37M of expenses, all were in full compliance.
  - G-04: Tested approximately \$8.2M of expenses (Bond is winding down and there are fewer expenses to test), all were in full compliance

Mr. Lee asked Mr. Dominguez if all expenses are tested and if not, how the expenses tested are chosen. Mr. Dominguez responded that no, approximately 65% of expenses in G-10 are tested and 62% in G-04. Expenses are chosen using various sampling techniques and software as required by professional accounting standards.

Mr. Lee asked for confirmation that there were no findings at ll.

Mr. Dominguez confirmed that that was the case, and attributed this to the strong internal controls in place. He stated that the audit team will continue to test the data from different angles to ensure that is the case. Peter Fitzsimmons stated that the District’s policy of keeping two separate sets of books—one by the District and one by Gilbane accountants—that are reconciled quarterly contributes in large part to the success of the audit.

#### 11. Review of Draft Annual Report

Mr. Chegini presented a brief review of the annual report on the CBOC website.

Mr. Lee asked what the Board expects of the presentation of the annual report—length, content, etc.

Mr. Chegini responded that it is up to the Chair’s discretion; all that is required is that the annual report is presented.

Review of Draft Annual Report – No action was taken.

#### 12. Project Updates

##### a. Measure G-2010:

Andrew Spiller and Mr. McBrian gave a brief overview of the Bond program project highlights regarding current status of the projects for the District Office, Evergreen Valley College, and San Jose City College.

##### b. Measure G-2004:

Mr. Spiller gave a brief overview of the Bond program project highlights regarding current status of the projects for the District Office and San Jose City College. There was no update for Evergreen Valley College all G-04 EVC projects are complete.

#### 13. Program Financial Reports

All financial reports were presented by Mr. Scogin.

##### a. Financial Reports

##### i. Measure G-2010

The changes to the 2015-2016 Fourth Quarter (6/30/16) reports were reviewed. . These reports were previously marked “Reconciled pending final financial close of FY 2015/2016”. The reports were updated with interest, and a corrective journal entry was made. Mr. Scogin also reviewed the 2016-2017 First Quarter (9/30/16) reports and all projects with over \$100k in expenses in Q1.

ii. Measure G-2004

There were no changes to the 2015-2016 Fourth Quarter (6/30/16) reports from the previous meeting. Mr. Scogin reviewed the 2016-2017 First Quarter (9/30/16) reports and noted Q1 added interest, and a total of approximately \$3M was spent.

Mr. Lee inquired as to when G-04 would be completely closed.

Vice Chancellor Smith responded that G-04 would only be closed when the last dollar was spent, and estimated the closure date to be approximately 18 months away. Mr. Scogin also reminded the Committee that any interest and contingency also need to be addressed.

Measure G-2010 and Measure G-2004 Financial Reports – No action was taken.

b. Bond List Revisions

i. Measure G-2010

There were three bond list revisions in the reporting period July 1 through September 30, 2016, which were reported on in the last meeting. Two additional bond list revisions have been approved since then:

1. November 8, 2016: Transfer from SJCC campus contingency to SJCC project 31107, Career Technical Education; transfer project savings from EVC projects 32111, Auto Tech, and 32107, South Campus Development, to 32110, Demolition-Roble.
2. December 13, 2016: Spread overhead expenses to projects.

ii. Measure G-2004

There was one bond list revision in the reporting period July 1 through September 30, which was reported on in the last meeting. No additional bond list revisions have been approved since then.

14. Future Agenda Items

Mr. Lee will reach out to potential new committee members.

15. Adjournment

The meeting ended at 7:02PM.

The next scheduled meeting is Tuesday, March 7, 2017 at 5:30 to 7:00PM. This meeting will be held at San Jose City College, Technology Building, Room T-112.