



**CITIZENS' BOND OVERSIGHT
COMMITTEE**

MEETING MINUTES
February 7, 2023: 6:00 – 7:30 PM

<u>Present:</u>	Cory DeMar Leo Cortez Liza Navarro Joseph Herrity (via Zoom)	Community At-Large Support Organization Business Community Community At-Large
<u>Absent:</u>	Carlos Corona	Student Representative, SJCC
<u>Staff:</u>	Jorge Escobar Terrance DeGray Joseph Chesmore Hong Yang Ann Kennedy Mike Chegini Stevie Le John Dominguez (via Zoom)	Vice Chancellor, SJECCD Associate Vice Chancellor, Physical Plant Development and Operations, SJECCD Executive Director, Fiscal Services, SJECCD Accounting, SJECCD Financial Manager, AKG Communications Manager, AKG Project Accountant, AKG Auditor, CDWL

AGENDA:

1. Call to Order
The meeting was called to order at 6:21 PM with a quorum by Mr. Cortez. Mr. Chesmore left the meeting at 6:35 PM.
2. Approval of Agenda
Ms. Navarro motioned to approve the agenda; Mr. DeMar seconded. The Committee unanimously approved the agenda as presented.
3. Approval of Meeting Minutes from September 20, 2022
Mr. DeMar motioned to approve the minutes; Ms. Navarro seconded. The Committee unanimously approved the September 20, 2022 minutes as presented.
4. Public Comment
There were no public comments.
5. Communications Received via the Website
There were no communications received via the website.
6. Staff Updates
Mr. DeGray mentioned that there were a few significant items since the last meeting. In December 2022, the District submitted a \$125 million housing grant to the State Chancellor's office with a

component of \$15 million as part of the resolution. The Board was looking to authorize use of Measure X funds to help with the contribution to make the application more attractive to the reviewers. The full presentation will be on the December 20, 2022, Board meeting. On November 14, 2022, SJECCD was honored by the State Board of Governors as a Sustainability Champion. A warehouse alternative energy project was approved in January for Evergreen Valley College.

In January, Omar Torres, one of the members of the Board of Trustee withdrew his seat because he was elected to the City Council. The Board decided to wait until the November election to fill the vacancy. The new seat will swear in in December.

The Board approved a resolution to move forward with authorization of issuance of the final series of Measure X which is Series C.

Mr. Cortez asked if the matching funding for the potential student housing project is matching the bond money or a subsidized amount. Mr. DeGray responded that the overall grant is \$125 million and local contribution of \$15 million helped the district's scoring criteria of costs per bed. Mr. Cortez asked if this will be just for student housing and Ms. Navarro asked how many. Mr. DeGray responded this will be for students only and 350 beds. Mr. DeMar asked if the housing project is for EVC and SJCC students. Mr. DeGray responded either can apply. There is a list of criteria to prioritize students by need.

7. Recognition of Service

Mr. DeGray thanked Mr. Cortez for his service on the committee for all these years. Mr. DeGray stated that Mr. Cortez's time and commitment means a lot to the district and the community at large.

Mr. DeGray stated Mr. DeMar has been a student member since 2016, served as Chair and Vice Chair. Mr. DeGray appreciates Mr. DeMar and his service.

Mr. DeGray presented certificates of appreciation to both Mr. Cortez and Mr. DeMar.

Mr. Escobar thanked Mr. Cortez and Mr. DeMar for their time and accountability to the District.

8. Financial and Performance Audit Reports

John Dominguez of CWDL presented the results of the June 30, 2022, audits for Measure G-2010 and Measure X. The Measure X financial data was accurate, complete, and properly segregated between Measure G-2010 and Measure X. The Statement of Revenue's expenditures and changes in fund balance is the capital outlay, looking to see all of those funds selected for testing went through procurement process and all requirements of Prop 39 bonds, adhered to ballot language which is a significant component of analysis of expenditures and verified interest income is properly segregated between Measure X and Measure G-2010. All information was very accurate, very complete, continuing a long-standing tradition the district and bond program has of excellent financial reporting. No audit findings.

The opinion rendered that results of tests indicated that the district's Measure X bond funds for the year were spent only for specific projects developed by the Board of Trustees, approved by the voters and in accordance with Prop 39.

For Measure X, CWDL tested over \$32.5 million in activity, which represented over 35% of total expenditures in the financial report.

The financial statements for Measure G-2010 are accurate and properly segregated from not only Measure X, but from other funds of the District. Expenditure testing correlates with scope and ties in with remaining expenditures. No audit findings related to Measure G-2010.

Mr. Escobar congratulated the bond team on their hard work.

9. Review and Approval of the FY 2021/2022 Annual Report

Mr. Chegini provided an overview of the FY 2021/ 2022 Annual Report as of the period ended June 30, 2022. Mr. DeMar asked what the blue strip in the Measure X report is. Mr. Chegini responded it is Program Contingency.

Ms. Navarro moved to approve the Annual Report, Mr. DeMar seconded. The Committee unanimously approved the Measures G-2010 and X Annual Report as presented.

10. Program and Project Updates

Mr. DeGray presented program and project updates.

11. Program Financial Reports

Ms. Kennedy provided an overview of FY 2021 /2022 Updated Q4 Reports. She explained why the Committee was receiving a copy of Q4 reports the second time. Ms. Kennedy explained that the District's audit process was longer than normal with new audit requirements and that an additional \$884,000.00 in expenditures was booked after the last meeting that fell into Q4 ending June 30, 2022. The audit numbers tie to the Q4 reports.

Measure G-2010 Series D closed out in Q1 (ending 9/30/2022) with no expenditures. Measure G-2010 Series B (Endowment) will mature out Fall of 2024 – District will need to make a decision on these funds. Investments are gradually maturing and rolling into a cash fund. Measure G-2010 spending is on pause until then.

Mr. Herrity asked if the interest earned is bound by the same rules as the bond in terms of some of the restrictions and requirements. Ms. Kennedy responded that the interest does follow principal on all general obligation bonds regardless of what type of rule (tax code) it was sold under.

Ms. Kennedy pointed out a credit of \$579,000 for Project 32166 – Entry Road and North Parking Lot 4/5, which is an accrual amount provided by vendor that is based on a schedule of values or estimate. The vendor did not bill the full amount. It will look like a credit on the report because accounting reverses accruals as we start the new accounting cycle. Mr. DeGray added that there was an issue with the aggregate and construction management team did not want to pay the full invoice until the issue was resolved. Ms. Navarro asked if there is an anticipated date when the corrected work will be completed. Mr. DeGray responded that a consistent temperature is needed for replacing the asphalt but that it would be completed very soon. Ms. Kennedy asked Mr. DeGray for notes regarding the informal work stoppage as backup for the auditors.

Ms. Navarro asked if there are additional funds available after closeout. Ms. Kennedy responded that projects go through various stages of closeouts – things are mostly done, but retention and final payment has not been released. Overhead has not been distributed to the project.

Mr. DeMar moved to accept the Q4 reports, seconded by Ms. Navarro. The Committee unanimously agreed to accept the Q4 reports.

12. Bond List Revisions

The bond list revision which was incorporated into the report consists of two items:

- Project 39629 – District Warehouse and Operations Facility budget increased by \$1,000,000 from Project 39706 - Technology and Security.
- Interest earnings were divided between Project 39905 – Management and Related Costs and Project 39999 – Election/Legal/EIR/DO Labor and Related

13. Review of Committee Membership

Mr. Cortez stated there will be two vacancies: Senior Citizens Organization and Bonafide Taxpayer's Association. Soon there will be two more vacancies: Community At-Large and Support Organization. Mr. DeGray posted on the District's LinkedIn and social media sites to encourage applications. All of these have not yielded any applications. The District will not have a quorum after February 7, 2023 until more seats are filled. Ms. Kennedy advised that quorum is based on the required seats. The minimum number of seats for a quorum is four.

Ms. Navarro asked what constitutes being a Senior Citizen Organization member. Ms. Kennedy responded that an applicant would have to show proof of being a member of a senior citizen organization.

14. Proposed Future Meeting Dates

The meeting on March 21, 2023, will be cancelled.

Mr. Cortez asked if Carlos Corona, Student Representative, would be able to join future meetings on Tuesdays since Mr. Corona has class. Ms. Kennedy answered that a conversation will need to be had with Mr. Corona. Mr. DeGray asked Mr. Herrity if there are any days or times that work better with his schedule for future CBOC meetings. Mr. Herrity responded that this is as good a time as any.

15. Future Agenda Items

Welcome New Members, Election of Chair and Vice Chair. Ms. Kennedy stated when there are enough members, Bond Counsel Training will be added.

16. Adjournment

The meeting was adjourned at 7:34 PM by Ms. Navarro and second by Mr. DeMar.