



## Measure X Citizens' Bond Oversight Committee

Meeting Minutes

February 17, 2022 – 6:00 P.M.

Zoom Conference Call

<b>Present:</b>	John Gould Gordon Machado Jim Rogers John Flaherty Elvira Robinson	Community At-Large Business Community Senior Citizens' Organization Community At-Large Support Organization
<b>Staff:</b>	Dr. Kathleen Rose Graciano Mendoza Renee Craig-Marius  Ann Kennedy Matt Kennedy Mike Chegini Carol Anderson Damon Felice  Ryan Milligan David Casnocha	Superintendent/President Vice President of Administrative Services Executive Vice President of Educational Programs Financial Manager, AKG Program Manager, AKG Communications Manager, AKG Program Support, AKG SBCC Project Manager, Felice Consulting Services Senior Manager and CPA, Eide Bally Bond Counsel

### A. CALL TO ORDER

The meeting was called to order at 6:00 P.M. with a quorum by Ms. Robinson.

### B. ROLL CALL

Roll call attendance was taken.

### C. APPROVAL OF AGENDA

Mr. Flaherty made a motion to amend the agenda to move information/discussion item 4D-Grand Jury Report, to become action item 5A, moving the subsequent items in section 5 down. Mr. Gould seconded the motion. Mr. Flaherty intends to offer a resolution that the Committee meet in late March or Early April to discuss the Grand Jury report and the District's responses. Mr. Flaherty doesn't feel there is enough time and enough detail regarding the District's response to the Grand Jury report for the Committee to take any action on the report. He would like to understand how the Grand Jury report occurred and to have the opportunity to obtain best practices.

Dr. Rose asked Mr. Casnocha, District Bond Council, to speak to the appropriateness of the CBOC making the Grand Jury report an action item and whether or not it is within the committee's purview to take that action and what the committee's role is regarding the Grand Jury report. Mr. Casnocha explained that the Grand Jury report has been completed and submitted to the District, the recipient of the report, and that, in accordance with the requirements of the law, the District responded to the report and submitted their responses to a judge in Santa Clara County. The Grand Jury review and responses are now complete and there is no further action to be taken. It is fine if the committee wants to discuss the District's responses, but there is no action to be taken by the CBOC and there are no next steps for the CBOC. The CBOC's job is to review expenditures of bond proceeds.

Mr. Flaherty feels that it is important that the committee takes an action and resolves to discuss the report and talk about best practices. He would like someone outside of the District to meet with the committee to discuss what their capabilities are within the bylaws and within their jurisdiction and feels that this is an important action to take. Mr. Casnocha feels that it is appropriate for a discussion to be had on the Grand Jury report but reminds that there are no best practices in the context of an oversight committee because bond oversight committees are statutorily created by the State legislature and the statutory responsibilities are set forth in the education code and are summarized in the bylaws. The committee can meet at a future meeting to discuss the report and can make suggestions to the District with respect to training or other requests for support, but there is no legal pathway asserting that any one oversight committee needs to review its bylaws and reorder them in accordance with some concept of best practices, you are either complying with the statute or you are not.

Mr. Casnocha suggested making a motion to call for a special meeting of the CBOC for the purpose of discussing the Grand Jury report. Mr. Flaherty thinks its important that the public knows that the CBOC is making a resolution in regard to the special meeting and will operate within its jurisdiction. Mr. Casnocha does not feel that the Brown Act requirements will be met if the committee entertains a resolution that is not on the agenda. It would be legally safer to make a motion to move the Grand Jury report to a special meeting. Ms. Robinson asked Mr. Casnocha to help with the proper language so that a new motion and second can be made. Mr. Casnocha said that under the terms of the bylaws, the CBOC can ask for a special meeting and set the agenda for that meeting as a review and discussion of the Grand Jury report, moving item 4D off of tonight's agenda.

Mr. Flaherty withdrew his motion to move information/discussion item 4D to action item 5A. Mr. Flaherty then made a motion to remove item 4D from tonight's agenda and request that the District assist the CBOC in setting up a special meeting for discussion of item 4D. Mr. Gould seconded the motion. The motion was approved by a roll call vote.

Mr. Gould made a motion to approve the agenda as amended, seconded by Mr. Rogers. The amended agenda was approved as presented by a roll call vote.

#### D. APPROVAL OF OCTOBER 28, 2021 MINUTES

Mr. Machado made a motion to approve the minutes, seconded by Mr. Gould. The minutes were approved as presented by a roll call vote.

#### E. COMMENTS FROM THE PUBLIC

No comments were received from the public.

#### F. COMMUNICATIONS RECEIVED BY COMMITTEE MEMBERS

1. Dr. Rose and Ms. Robinson met with a reporter to review the progress of the bond measure. The article was published and included information about the District and the bond projects.
2. An inquiry was received via the website on February 10, 2022, asking for clarification on the next meeting date. The inquiry was responded to promptly.

#### G. STAFF REPORTS

Dr. Rose provided the committee with the following updates:

1. The old pedestrian bridge, built 50 years ago, has been demolished. It's exciting to see the new bridge taking shape and there is hope that it will be completed in time for the May 27<sup>th</sup> commencement.

2. The boiler project has been interesting, with ditches and huge machines around campus, and is going very well.
3. Dr. Rose is happy to report that she finally has a full cabinet team:
  - i. Graciano Mendoza is the Vice President, Administrative Services, and joined the District in September 2021.
  - ii. Renee Craig Marius is the Executive Vice President of Educational Programs and has been with the District for one month.
  - iii. Rosie Zepeda is the District's Public Information Officer and has been with the District for one week.

#### H. MEASURE X FINANCIAL AND PERFORMANCE AUDIT REPORTS, FY2020-2021

Mr. Milligan, Senior Manager and CPA, from Eide Bailly presented the Measure X Financial and Performance audits for the fiscal year ended June 30, 2021. The audit consisted of a financial statement audit and a compliance (performance) audit.

The financial statement audit performs audit procedures over the Measure X proceeds and activity of the District, giving it its own materiality and sampling. The Financial audit received the following opinion: "In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Bond Construction Fund (Measure X) of the District as of June 30, 2021", which is considered an unmodified opinion, the highest level of assurance that auditors can give. The financial statements are free of material misstatement and there were no audit adjustments identified in the report.

The objectives of the performance audit are to:

1. Determine whether expenditures charged to the Bond Construction Fund (Measure X) have been made in accordance with the Bond project list approved by the voters, through the approval of Measure X.
2. Determine whether salary transactions, if any, charged to the Bond Construction Fund (Measure X) were in support of Measure X and not for District general administration or operations.

The auditors sampled approximately \$10M of the \$12.9M (77%) expended, which is high for an audit, giving the District some good coverage and ensuring the District is spending the money where it needs to go. The performance audit conclusion is that District has properly accounted for the expenditures held in the Bond Construction Fund (Measure X) and that such expenditures were made for authorized Bond projects.

#### I. PROGRAM OVERVIEW AND PROJECT UPDATES

Mr. Kennedy gave a Measure X program overview and project update.

##### **San Benito County Campus Update**

Construction documents for the San Benito County Campus have been submitted and accepted to the Division of the State Architect. The documents are in the review period, which takes quite a while.

##### **Gilroy Campus Update**

The Fire Alarm Upgrade project, pool ADA upgrades and water infrastructure improvement projects have been completed.

The Pedestrian Bridge Replacement, Boiler Replacement and Energy Management System Upgrade projects are underway. The Library and Student Resource Center,

STEM Center, Theater Modernization, ADA Improvements, and Wayfinding projects are in design.

The conceptual design of the Library and Student Resource Center shows an arrow pointing east labeled Beacon. Mr. Gould asked Mr. Kennedy if Beacon is a street. Mr. Kennedy explained that it is not a street but represents that this building is designed as the flagship, or beacon, project for the Gilroy campus and will be the new entry gate into the campus. The beacon arrow points to the entry of the campus and the heart arrow points to the center of the campus. The Library and Student Resource Center is the new gateway building for the campus.

The ADA Improvement project is a long range project that will more than likely span the next eight years. The project will be divided into small segments to lessen the impact to the campus.

Mr. Gould asked what the total cost for the ADA improvements will cost over the span of years? Ms. Kennedy noted that the current estimate is roughly \$6.1M for the ADA Improvements project.

Mr. Kennedy noted that during the transition plan phase, all problems were identified, internal and external to buildings. The plan is to incorporate ADA improvements into projects, when possible. For example, when we modernize the theater, we will put the interior ADA improvements into that project and take them out of the overall ADA Improvement project. Likewise, once the new library is built, the old one will be demolished. We don't want to spend money making improvements to a building that will be demolished in a few years.

J. REVIEW AND APPROVAL OF THE 2020-2021 ANNUAL REPORT

Mr. Chegini walked the committee through the draft of the Citizens' Bond Oversight Committee's 2020-2021 annual report, asking the members to let him know if they have any edits.

Mr. Rogers made a motion to approve the annual report as presented, seconded by Mr. Gould. The annual report was approved by a roll call vote.

K. PROGRAM FINANCIAL UPDATES

Ms. Kennedy reviewed the Fiscal year 2021-2022, Q1 Project Summary Report and Whole Program Report with the committee. These reports are from inception of the bond program through September 30, 2021. There was \$1.2M spent in Q1 and we are on track for both cost status and schedule status.

Mr. Gould made a motion that the Fiscal year 2021-2022 Q1 Project Summary Report and Whole Program Report be received and accepted by the committee as presented. Mr. Rogers seconded the motion. The motion was approved by a roll call vote.

L. MEMBER TERM CHART

The term chart was reviewed. The student and taxpayer association positions are currently vacant. Mr. Gould asked who is working on filling these vacancies? Dr. Rose responded that a student representative was interviewed today by Dr. Rose, Trustee Diaz and Human Resources and will be brought to the Board for appointment at the March 8<sup>th</sup> Board of Trustees meeting. The student representative will join the committee at their next meeting.

The District is still continuing to look for qualified candidates for the taxpayer association vacancy. The District recently learned that anyone, either inside or outside of the District boundaries, can serve on the committee. If any of the members have any candidates, please have them contact Dr. Rose.

M. FUTURE MEETING DATES

The District will work with AKG to coordinate schedules and schedule the special meeting before the next CBOC meeting on April 19<sup>th</sup>. Since April 19<sup>th</sup> is already on calendars as the next CBOC meeting, Ms. Kennedy suggested that the special meeting be held at that time and we move the standing regular business from April 19<sup>th</sup> to a meeting in May. The District would report on both FY21-22 Q2 and Q3 at the May meeting. Mr. Flaherty agrees with this option. Dr. Rose will ensure that the committee has the Grand Jury materials prior to the special meeting for the committee to review and prepare for the discussion. Mr. Flaherty reiterated that this meeting is a special purpose meeting and what that entails has yet to be determined.

The District will create a special meeting agenda and review with the committee chair. Mr. Flaherty would like the draft agenda for the special meeting in advance so that there are no Brown Act issues as raised by bond counsel. He would like to circulate the draft agenda amongst the committee members to determine what a special purpose meeting is, what the discussions are and who will be asked to come and meet with the committee. Ms. Robinson asked that the draft agenda be created by the end of February to allow sufficient time for input from the chair and vice chair. Mr. Flaherty asked what the authority of the committee is to set the agenda within the bylaws and purview of the committee. Ms. Kennedy replied that it is the committees authority to set the agenda. The District and AKG draft an agenda that includes the standing items and the draft is sent to the committee chair who then takes the lead. Mr. Flaherty asks that any agenda suggestions are sent to the chair early enough for the chair to circulate the draft and take suggestions from the committee members regarding what they would like to see on the April 19<sup>th</sup> agenda. The District and AKG will create the draft agenda and send it to the committee chair by the end of February. This agenda will be in word form. Once approved by the chair, the agenda will become a BoardDocs agenda.

The following CBOC meeting dates were tentatively agreed upon:

- April 19, 2022, Special Meeting, Location TBD
- May, TBD
- July 19, 2022, Location TBD

These are target dates. Ms. Anderson will reach out to establish quorum and adjust meetings accordingly.

N. TOPICS FOR NEXT MEETING

In addition to the standing agenda topics, the following items will be included on the next agenda:

- FY21-22 Q2 and Q3 financial reports

Mr. Flaherty asked Dr. Rose when she anticipates that the committee can meet in person. Dr. Rose replied that the District is still operating under the emergency proclamation and all shared governance meetings are virtual. As the next meeting gets closer, Dr. Rose will work with the chair and vice chair and let the committee know the location of the next meeting.

O. ADJOURNMENT

A motion was made by Mr. Machado to adjourn the meeting. The motion was seconded by Mr. Gould. The meeting was adjourned at 7:28 P.M.