

**MINUTES OF THE BOND OVERSIGHT COMMITTEE
ORGANIZATIONAL MEETING
GUSTINE UNIFIED SCHOOL DISTRICT
MONDAY, MARCH 19, 2018
MINUTES**

TIME AND PLACE

The meeting of the Gustine Unified School District Bond Oversight Committee was held on Monday, March 19, 2018. The meeting was held in the Board Room, 1500 Meredith Avenue, Gustine, California.

CALL TO ORDER

The meeting was called to order at 3:32 p.m. by Andrew Bloom.

MEMBERS PRESENT

Andrew Bloom-Chair, Jennifer Pacheco-Vice Chair, Robert Borba, Dennis Brazil, Cota Howell, Debbie Lopes and Sherri Marsigli.

Absent: Camille Alamo and John Lawrence

District Staff present: Lizett Aguilar, Sara Gomez, and Superintendent Bryan Ballenger

Others Present: Curt Pollock and Michael Ash

INFORMATION

Mr. Ballenger brought the committee up to date explaining the Measure P Bond Project Plan, which was put together as a study session with the Board of Trustees and the Bond Oversight Committee Members on January 18, 2018. The board approved the Measure P Bond Project Plan on February 14, 2018. He continued to say the State of California is behind in paying out. Mr. Brazil asked about the language on Phase II item 5, if the portables were going to be demolished. Mr. Ballenger clarified that the portables were not going to be demolished, but relocated and reused. The Board also approved a project manager, Derivi Castellanos Architects with Juan Barroso being the main contact.

PUBLIC COMMENT

None

APPROVAL OF MINUTES

Mr. Brazil made a motion to approve the minutes of the last meeting held on November 15, 2017, seconded by Mrs. Marsigli. Motion carried, 7-0-2absent.

APPROVAL OF AUDIT REPORT (DRAFT)

Before beginning to explain the 2017 Measure P Audit Report, Michael Ash stated that he knows that there have been concerns with Measure P since the beginning. He actually looked into some of it but that doesn't meet the scope of this audit. He reminded everyone that this is only the draft copy and will be finalized once management and Lizett have gone through it. Every year there is a financial and a performance audit of the funds that were spent. The financial audit focuses on the year-end balances and the activity of the year whereas the performance audit focuses more on the expenditures that were spent out of the bond and making sure those are allowable under the ballot language. On page three under the opinion paragraph, is the

unmodified opinion, which is the best type of audit opinion to have. He continued to explain the report page by page. As of June 30, 2017, the overall cash balance is \$5,541,678. Mr. Brazil questioned the audit report stating that he doesn't agree with the findings because it would be saying that nothing is wrong. He continued saying that California state law has been violated and this is the second time an audit report goes out to the public saying everything is good but it isn't. He continues saying that they as a committee agreed that Mrs. Lopes would read the report aloud to the public but she chose not to. Not only is he questioning the contracts but also the Lease Lease Back procedures. Lizett did say that a contract was signed but would need to look at the dates. Mrs. Pacheco isn't willing to rehash the verbiage of the Bond again. They have spent too many hours on this topic. They may not like the way the Bond was written but it has been written that way. She just wants to make sure that Lizett produces any documents they have requested. Mr. Bloom mentioned that he feels more comfortable now that the district has hired a project manager, Juan Barroso. Mrs. Lopes, for the record, commented that one of their major roles is to present to the board any findings. Last year when they did that, they had a comment in their annual report that it didn't include what was audited this time. How do they move forward with this audit? Mr. Bloom stated that there are two separate issues. After much discussion, the consensus of the committee is that the scope of the audit does reflect the same balances as the expenditure report.

Dennis Brazil made a motion to approve the audit report (draft) as presented per fiscal year ending 2017, seconded by Jennifer Pacheco. Motion carried, 7-0-2absent.

FINANCIAL REPORT

Lizett explained the Measure P Bond Fund Activity spreadsheet. There hasn't been a lot of activity. Only four new entries after Dec. 6, 2017 and an open purchase order section that will be subject to change. On the bottom, the project totals are now labeled by each project. Mrs. Marsigli asked why there were a lot of California Design West cancellations. Lizett replied saying those were entry errors. On 11/1/2017, the district issued a correcting check and you can see the cancellation on 11/3/2017. Curt and Lizett came up with an additional report to summarize the totals by project. Because the activity spreadsheet is getting to long, she will have one spreadsheet for each school with its own activities. The available remaining balance is \$4,692,510.23. Mr. Bloom asked about some credits, attorney fees that were miscategorized that aren't on the spreadsheet. Lizett will check on those. Mrs. Marsigli asked that even though it is down the road, why does it already show the district spending \$96,000 on the GHS Cafeteria. Mr. Ballenger replied because the plans have to be submitted and be DSA approved in order to receive funds. Mr. Bloom clarified that nothing has gone to DSA for the cafeteria. Only the science aspect of that project has gone to DSA. It's a lot of money just to get something approved. Mr. Ballenger replied saying it's because they are paid up front. The system set up by the state is get the plans, submit them, and get them approved. Mrs. Lopes asked what the level of hardship was. Mr. Ballenger and Lizett commented that after 75% is encumbered that the debt level needs to be at 60%. Mr. Bloom said that Mr. Juan Barroso mentioned to him that 75% needs to be issued not encumbered. Mr. Ballenger will look into this because he has always been told otherwise.

ADJOURNMENT

The meeting was adjourned at 4:35 p.m.