

**MEASURE C BOND OVERSIGHT COMMITTEE MEETING
APPROVED MINUTES
JUNE 8, 2009**

1. **ROLL CALL:**

Members Present: Lee Fernandez, John Hall, Peter Hughes, Lawrence Pon, Carole Wong, Andrew Young
Members Absent: Dave Parrent
District Staff: Nellie Hungerford
Location: Sandpiper Elementary School Library, 801 Redwood Shores Parkway, Redwood City CA 94065

Meeting called to order at 6:31 PM by Andrew Young, Committee Chair.

APPROVAL OF MINUTES: NA

MEMBER REPORTS/COMMENTS: None.

PUBLIC COMMENTS/QUESTIONS: NA

2. **FINALIZE ANNUAL REPORT TO BOARD OF TRUSTEES:**

- Andrew Young distributed BOC Annual Report prepared by John Hall and Andrew Young.
- Discussion of wording and format of Bond C Oversight Committee Annual Report to be presented by Chairman Andrew Young at next Board of Trustees, June 18, 2009.
- Correction of committee membership information.
- John Hall moved to include "Meeting Highlights" of meetings without approved minutes as Exhibit A, Pete Hughes seconded; passed unanimously.
- Discussion of addition of Revised Building Fund 21, New Shores, As of March 31, 2009 statement provided by District Office as Exhibit B. This report is the latest available. Carole Wong moved to include, Pete Hughes seconded, passed by a vote of 5 yes, 1 abstention.
- Change of Statement of Compliance, paragraph 4 (replace 3 years with 1 year—*fiscal year 07-08*) and paragraph 5 (replace *financial reports and audits* with *summary of bond expenditure reports* and add *action pending by the district*). Motion to change, seconded, passes, 5 yes, 1 abstention.
- Long discussion on scope and objectives of annual report and statement of compliance.
- Change of Statement of Compliance, paragraph 9 (remove *take action to and promptly*), paragraph 10 (remove *resolve to*), paragraph 12 (remove *and incorporating*).
- Carole Wong moved and Peter Hughes seconded to accept entire Statement of Compliance as revised. Motion passed unanimously.
- Final section of Summary of BOC Proceedings and Activities titled "*June 3, 2009 Special Meeting*" was discussed at length. It was suggested that it be renamed "Summary Findings and Actions" or "*Observations*". Findings 3, 4, 5, 6, 7, and 8 were stricken as redundant. Findings 1 and 2 will be rephrased as *Observations*. Carol Wong moved to accept the suggestions, Pete Hughes seconded, motion pass unanimously.
- Follow-up: Carole Wong volunteered to revise draft to reflect approved version from this meeting, append Exhibits A and B, and forward to Nellie Hungerford by Tuesday, June 9, who will distribute to the committee by Wednesday, June 10th via email.

3. **FUTURE AGENDA ITEMS AND MEETING DATE(S):**

- Carole Wong distributed a draft Agenda for the July 14, 2009 BOC meeting.
- Discussion and reorganization of the draft. BOC and Brown Act training by San Mateo Legal Counsel put first so trainer can leave as soon as possible.
- Revised agenda to be sent to BOC members by district staff.
- Member requested BOC meeting location be returned to the San Mateo County Office of Education, when possible.

4. **ADJOURNMENT:** Meeting Adjourned at 9:30 PM.

Measure "C" Citizens' Bond Oversight Committee

ANNUAL REPORT

For the Period from January 1, 2008 to June 3, 2009

Submitted to the Belmont-Redwood Shores School District Board of Trustees

June 18, 2009

Andrew Young (Chair)

Lemoine Fernandez

John Hall

Pete Hughes

Dave Parrent

Lawrence Pon

Carole Wong

STATEMENT OF COMPLIANCE

This Annual Report is submitted to the Board of Trustees by the Measure "C" Citizens' Bond Oversight Committee.

The Committee advises that, to the best of its knowledge based on available information provided by the district, the Belmont-Redwood Shores School District is in partial compliance with the requirements of Article XIII A, Section 1 (b) (3) of the California Constitution. In particular, bond revenue has been expended only for the purposes so described in Measure "C."

As of June 3, 2009, the Committee reports that the following issues may not comply with applicable California laws:

- No annual performance audit has been conducted for one year (Fiscal Year 2007-2008) contrary to California Constitution Article XIII A, Section 1 (b) (3) (C) and California Education Code Section 15278. Decision is pending by Board of Trustees at its meeting on June 4, 2009 for selection of performance auditor and determination of level of inquiry.
- Summary of bond expenditure reports have not been promptly posted on the district's website (contrary to California Education Code Section 15280). Action is pending by the District.
- The Committee seat reserved for an active member of a bona fide taxpayers' association remains vacant (contrary to California Education Code Section 15282). The District has posted vacancies more than once. Resolution is pending submission of any application by June 5, 2009 deadline and Board action at its June 18, 2009 meeting.

With regard to transparency and independent oversight, the Committee advises the public at large that the Board of Trustees:

- Immediately take action to ensure that Committee membership complies with the applicable California laws.
- Ensure that full transparency of Measure "C" bond fund activity be posted on the district's website, and, when necessary, provide transaction detail related to the transfer of money to and from and within Building Fund 21 and Site 800 (new Shores school).
- Make every effort to provide the Shores taxpayers with independent oversight, including:
 - Ensuring that the Committee has control over its own procedures (including but not limited to setting the agenda in collaboration with the district and establishing internal procedures).
 - Soliciting the Committee's input in establishing the scope and objectives of the annual performance audit.

Respectfully submitted:

Andrew Young (Chair)
Measure "C" Citizens' Bond Oversight Committee
Date: _____

**Summary of the Bond Oversight Committee's Proceeding and Activities
January 1, 2008 through June 3, 2009**

Committee membership:

Vacancy due to absence: By January, 2008, there were three vacancies – one for bona fide taxpayers' association representative and two for the community at large (A. Hunt, P. Facciano).

New members: Three at-large members were appointed (John Hall, Carole Wong, and Lemoine Fernandez).

Vacancy due to lack of qualified applicant: The seat for an active representative of a bona fide taxpayers' association remains vacant.

Current Committee membership (as of June 3, 2009):

Parent – Andrew Young, Committee Chair
Business representative – Lawrence Pon
Senior citizen – Pete Hughes
Parent on Parent/Teacher Organization – Dave Parrent
Community at large – John Hall
Community at large – Carole Wong
Community at large (extra) – Lemoine Fernandez
Bona fide taxpayers' association representative – vacant

Meetings of the Measure "C" Citizens' Bond Oversight Committee

The Committee met on the following dates (for approved minutes, see link to District website <http://brssd.org/oversightcommittees.html>):

- March 4, 2008
- June 3, 2008
- September 9, 2008
- December 2, 2008
- January 29, 2009
- April 21, 2009 (No approved minutes; see Exhibit A for meeting highlights)
- June 3, 2009 (No approved minutes; see Exhibit A for meeting highlights)

Note: Exhibit B contains "Building Fund 21 New Shores School – Summary of Expenditures" as of March 31, 2009, revised. This report is the latest date available.

Other Activities:

May 14, 2009 Training Session (not a regular or special meeting, attendance was voluntary):

Topic A: Bond Oversight Committee Operation Standards

- The presenter was Anton Jungherr, Executive Director of the California League of Bond Oversight Committees, an all-volunteer, non-partisan association of BOC members, current and past, who are interested in helping other BOC members perform the civic duties they have taken on in the best manner possible.

- The presentation shed light on several areas for additional focus by the Committee, particularly complying with Proposition 39, as well as statutory and constitutional requirements for BOCs.

Topic B: Overview of Lehman Brothers loss in San Mateo County investment funds

- Presented by Larry Pon, this presentation summarized the factors leading to the collapse of Lehman Brothers and its direct impact on the investment of the bond proceeds as conducted by San Mateo County Treasurer.

Topic C: Overview of Financial Audit Reports

- Presented by Larry Pon, this segment showed us how to interpret the footnotes and key findings of a financial audit, including the income statement, balance sheet, and changes in financial position.

Observations

During the year, the District incurred expenditures on some other projects which were paid through the bond funds. As of June 30, 2008, the balance of due from other funds was \$77,133. The District will transfer the amount to the bond funds in the year 2008-09. Funds were replaced on January 15, 2009, and reported to the Committee on January 27, 2009. The District compiled financial reports and invoices for public review at the District office.

\$209,168 was transferred out of bond funds to repay the District for expenditures related to Measure "C" prior to receipt of bond proceeds. Invoices and accounting reports were inspected by the committee and the transfer amount was confirmed and found to be accurate.

Exhibit A
Meeting Highlights for April 21 and June 3, 2009

April 21, 2009 Meeting Highlights

- In addition to members of the community and district staff, one Trustee (Jeni Benelli) attended the committee meeting.
- Committee members who personally inspected accounting system reports and invoices reported on their findings regarding the level of transparency now available, situations in which detail transaction reports may be required, and confirmation that funds were appropriately transferred to repay the district for expenditures made prior to receipt of bond proceeds.
- There was concurrence that at least two members of the Committee should inspect accounting reports and source data prior to each quarterly meeting. Questions should be forwarded to Committee Chair by the Wednesday prior to the regular meeting so that the district may have sufficient time to respond.
- Nellie gave a construction project update while Emerita reported on transition issues.
- Committee discussion focused on:
 - o Preparation of the annual report
 - o Scheduling bond oversight training session that would be open to the public, committee members, and the district
 - o Committee membership – incumbents' interest in appointment to second terms and matters related to eligibility to serve on the committee

June 3, 2009 Meeting Highlights

- In addition to members of the community and district staff, Trustee Benelli attended with Trustee Stulbarg who actively participated in committee discussion.
- Discussion focused on:
 - o An overview of citizens' bond oversight roles and responsibilities (presented by Deputy County Counsel, Claire Cunningham)
 - o Internal procedures of the committee (e.g., authority to set the agenda)
 - o Issues where bond oversight may not be in compliance with CA laws
 - o Discussion about the scope (content) of performance audits, standards of performance, and the qualifications to conduct a performance audit
 - o Preparation of the annual report.
- Since the annual report for 2008 was delayed, the committee voted to: (a) extend the time period covered by the report to be from January 1, 2008 through June 3, 2009; and, (b) include in the annual report bond issue areas where bond oversight in the district may not be compliant with CA laws. Chair Young and John Hall were assigned the task of preparing a draft annual report for committee review at its next meeting on June 8, 2009.
- Deputy Counsel Claire Cunningham promised to follow up with an overview of the scope and standards for performance audits and required qualifications of performance auditors.

REVISED

Exhibit B
Building Fund 21 New Shores
Summary of Expenditures
As of March 31, 2009
(Latest Date Available)

Building Fund					
Fund 21					
New Shores					
As of March 31, 2009					
REVENUE					
Proceeds from Sale of Bonds	\$				25,024,810.00
Interest as of June 30, 2008	\$				835,985.17
Gains/Loss on Investments	\$				(1,179,710.18)
Estimated Interest Fiscal Year 2008-09	\$				350,000.00
TOTAL REVENUE	\$				25,031,084.99
EXPENDITURES					
Expenditures as of June 30, 2008:					
Expenditures, FY 2008-09 as of January 21, 2009 5PM					
Expenditures, FY 2008-09 (July 27, 2009 5:01 PM) → Mar 31, 2009 5PM					
Diane Masetti	\$	1,238.33			
The Bank of New York	\$				
School Facility Consultants	\$		400.00		
School Site Solution	\$		2,000.00		
Blach Construction	\$		1,042.23		
Joseph Di Geronimo	\$	18,729.82			
Postal Delivery Charges	\$	575.00			
Keech Property	\$	33.92			
Haley Appraisal	\$				
Stafford King Wiese	\$				
Treadwell & Rollo Inc	\$				
Division of the State Architect	\$		123.76		
Meehleis Modular	\$				
Cupertino Electric Inc	\$	37,500.00			
California Department of Ed	\$	6,000.00			
Department of Toxic	\$				
Substances Control	\$				
City of Redwood City	\$				
Redwood Shores Owner's	\$				
Association	\$				
Interfund Transfer Out	\$	24,809.20			
TOTAL EXPENDITURES	\$	271,840.21			
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES BEFORE OTHER FINANCING USES	\$				
	\$		(673,162.94)		
	\$				10,043,193.38
	\$				14,987,891.61