

OHLONE COMMUNITY COLLEGE DISTRICT  
Citizens' Bond Oversight Committee Meeting  
Fremont Campus, Room 7101  
43600 Mission Boulevard, Fremont, CA 94539

Minutes of Citizens' Bond Oversight Committee  
December 12, 2011

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**MEMBERS PRESENT:** Bob Douglass, Kevin Feliciano, Brad Hatton, Hector Rastrullo, Rakesh Sharma, William Wahl

**MEMBERS ABSENT:** Andrea Francis, Frank Pirrone, Dennis Wolfe

**OCCD STAFF PRESENT:** Dr. Gari Browning, President/Superintendent  
Scott Thomason, Interim CBO, Administrative Services  
Joanne Schultz, Dean, Business Services  
Don Eichelberger, Interim Executive Director, Facilities  
Patrice Birkedahl, PIO and Director, College Advancement  
Arti Damani, Bond Accountant  
Kelly Abad, Assistant to the V.P., Administrative Services

**GUESTS:** Don Eichelberger, Stegeman & Kastner, Measure A Bond Manager  
Casey Michaelis, Gilbane/EIS, Measure G Bond Manager  
Ann Kennedy, Gilbane/EIS, Measure G Bond Manager  
Chris Wilson, Gilbane/EIS, Measure G Bond Manager  
David Casnocha, District Bond Counsel, Stradling, Yocca, Carlson & Rauth

**OPEN MEETING:** The meeting was called to order by Rakesh Sharma at 6:06 p.m.

**COMMUNICATIONS FROM THE AUDIENCE:** None

**COMMUNICATIONS FROM THE COMMITTEE:** There was discussion of adding a miscellaneous items topic for all agendas. The District's bond attorney informed the committee that the group has to abide by Brown Act rules and having a miscellaneous topic would not give a great deal of information to the public of what that item would be. It would be appropriate to have announcements from committee members. Mr. Wahl mentioned that the Newark Unified School District also has a Measure G.

**SCHEDULED ITEM**

**1. Approval of the Agenda**

The agenda was approved as presented.

**Moved** / Feliciano / **Seconded** / Hatton / **All in favor**

**2. Approval of the 10/3/11 minutes**

The minutes were approved as presented.

**Moved** / Wahl / **Seconded** / Feliciano / **All in favor**

### **3. Committee Members' Attendance Report**

David Casnocha, District's Bond Counsel, discussed attendance with the committee. Members are authorized to participate by phone, but it requires advanced coordination with staff. The location also needs to be posted on the agenda. Public noticed needs to be posted at the door of the room. If committee fails to obtain a quorum, no actions can be taken. Missing several meetings without a legitimate excuse can be grounds for dismissal by the Board of Trustees.

There was a suggestion to do a roll call at the beginning of the meeting. It seems appropriate at the first meeting of the committee members. It is nice to see the meeting records of dates and attendance.

### **4. CBOC Roles and Responsibilities**

David Casnocha, the District's municipal bond attorney, went over the roles and responsibilities of a citizens' bond oversight committee. David is the author of both Measure A and Measure G bond language, as well as the restated by-laws that have been provided to the committee. A bond oversight committee is required by law by Prop 39. Education code also sets statutory roles for the CBOC to follow. Each committee member is independent of the Board of Trustees, which means free of conflict of interest. No board of trustee members, vendors or staff can serve on the committee.

CBOC Comment: Committee can act independently of the Board of Trustees.

Casnocha: This is not true. This committee is not an independent decision making board or group that has say beyond their roles and responsibilities. That is a state legislation decision, not a board of trustees' decision.

Q: The committee is independent citizens' oversight. That implies being independent on carrying out the duties. Where does it say that the Board of Trustees can dictate by-laws?

A: If the committee decides that there is something that has to go forward to the board, it has to be a consensus and then it gets brought to the board. It is worth remembering that it is not an ex-officio governing board. The Board of Trustees are elected officials. They determine how the bond funds are going to be spent.

The by-laws have been amended and restated because after Measure G was passed, the previous by-laws have been modified to include both Measure A and G, after Measure G was approved by the voters.

The principal responsibilities of the committee include reviewing expenditures to ensure bond proceeds are expended only as stated in the bond measure and not used for inappropriate salaries.

What is Measure G? A copy of the bond resolution has been given out. There are different versions of Measure G bond language. First version is the 75 word statement that was voted yes or no on. Exhibit B is the full text bond proposition that was printed in the voter pamphlet.

Allegations against a community college relative to their proposed bond was discussed. This particular district's bond language was so broad that it was denied as a proposition. Voters have to approve the types of projects described. No money should be spent on administrator salaries. The attorney general's opinion is that no administrative salaries are able to be paid from bond funds so that curriculum people that had nothing to do with construction would not get paid for by the bond. There is a "but for" test that can be asked to figure out if a staff member's time could appropriately be paid for with bond funds. But for Measure G, this employee's time and effort would not be used in this capacity. When community colleges look at whether they could save money by having a staff member do the job or contract it out, most times it makes sense to pay the staff's salary. Questions to ask are: Is it reasonable to think that the staff member could be paid for by the bond? What are the accounting practices that have been put into place that can reasonably track time spent on bond activities? What type of savings does the college realize by paying the district employee instead of contracting out?

Law does not give the committee a budget to fulfill its duties. The chair of the committee will only release information that is a consensus. The committee's voice is one voice. With regards to communicating to the public, the committee can establish a website. Typically, the website will have much of the information that is located in your binders. The committee may appear at the board of trustees meetings.

One of the committee's major responsibilities is to inform the public. The Board is the voice of Measure G. Reports for the committee will be approved by the Board of Trustees. The report can be distributed out. You may change the style, focus, etc. of past annual reports. Look for free forums. Free columns. Maybe the President's column, if there is one.

The committee may review and receive copies of the independent audit reports. The District is obligated to deliver the audit to the committee by March 31st of each year. Only the District has the say on whom they select to do the audits.

Committee shall review expenditure reports and inspect facilities. Committee can review copies of deferred maintenance (those buildings that will be cared for and maintained). There are no decisions to be made by the committee, but the law is encouraging you to have conversations about deferred maintenance.

The committee can review efforts of the District to ensure that the District is using cost saving measures. Ask questions like: Was this contract competitively bid? To what extent did you apply for state matching funds? What has your change order history been? What steps are being taken to get change order numbers down? Is there any waste of bond proceeds? Show responsibility of spending public funds? If you feel that the District is not doing what they should, by safeguarding monies, ask staff to provide additional information.

The District wants you to inform the public about good news. If the reality is that there is a misuse of public funds, you have a duty to inform. You would ask Dr. Browning about the misuse before going to the Board of Trustees. Then it would be appropriate to inform the public.

Do not be afraid to ask questions or get clarification. If you are asking about a project that isn't getting done, you should call the District and ask the question.

**5. Measure A Financial Update**

Joanne Schultz, Dean of Business Services, shared the Measure A Bond financial report with the committee. This is the report that the last bond oversight committee suggested to put in place. \$110 million was approved by the voters. The grand total of the cost to date of the whole Measure A Bond is \$163 million, which includes grant funds and interest. There is roughly a \$200,000 total fund balance as of now. The available amount is a "not expended" amount, but it may be committed within the budget. Every penny is accounted for in these financial reports.

The report also states that there are several closed projects. A closed project means that the project is done, where the final reconciliation and purchasing reports all equal the same number. The remaining budget is transferred back up to unallocated contingency to be reallocated by the Board of Trustees. Measure A Bond is near completion. Have to do a financial close out and legal activities are ongoing as of right now. DSA needs to certify projects to completely close out. DSA will provide a certification letter that states that the building was built in accordance with building code, etc.

**6. Measure A Bond Projects Update**

Don Eichelberger, Stegeman & Kaster and Interim Executive Facilities Director, updated the committee with the Measure A bond projects. The hope is to finalize Measure A within the next six months. The District's Board of Trustees remains potentially liable if the project has not been closed out. Don went through pictures of projects over the life of Measure A. He mentioned that the committee members should try and take a tour of the Newark Center, if they have not done so already.

**7. Measure G Financial Update**

The CBOC will always have a financial update item on the agenda. Ann Kennedy gave an update of the Measure G Bond, as well as an overview of the bond sale, 1st quarter information and report development.

Quarter 1 has no financial activity on it so there is nothing to report. The reimbursement of bond funds will show in the Quarter 2 report, which will include the solar projects and the reimbursement resolution. Gilbane/EISPro will develop a body of reports and go through them with the committee. They will be adjusted based on what the committee would like to see and then become standardized.

Series A bond sale was \$70 million. A program schedule was developed to see how much money would be needed. The cash flow projections showed that there is an approximate need of \$70 million for expenses.

Series A-1 equals \$10 million for a technology endowment which is only used for technology projects. This endowment removes the time constraints for spending bond funds. There is potential to invest in a higher interest earning investment. This endowment provides relief to the District's general fund. Technology upgrades over time are often a general fund expense. The funds from the endowment can then relieve the district by using those funds. Defined projects list, which start in 2016, can be adjusted through bond list revisions. Edits can be made to a project list if they are like kind. Name, scope and budget can be changed. Interest earned can only be spent on lawful projects. Do not want to touch the principal or interest until 2016.

Q: How quickly does the bond need to be spent?

A: 85% of the bond series needs to be spent within 3 years.

### **8. Measure G Bond Projects Update**

Ann Kennedy went through the Measure G projects with the committee. The Bond Measure website is currently being developed and its estimated completion is March 2012. The content list includes normal items that people would look for on the website, which include:

- Introduction
- President's message – thank you to the voters/taxpayers
- About measures A & G
  - Ballot language, election information, dollar amount, and tax rates.
- About the District
- Citizens' bond oversight committee
  - Committee members, by-laws, meeting dates and locations, annual reports, agendas, minutes, and annual reports.
- Program documents
  - Master plans, EIRs and any other regularly referenced material for the program. Vendors can locate this information as well.
- Project information
  - Current project list with name, budget, and scope.
  - Project photos
  - Web cam links
  - Testimonials – This is something new, but we can get testimonials and record them which would be great tracking of the overall program.
- Business opportunities
  - Link or series of links to the purchasing site of the District. Makes it easy for anyone to find out what is going on.
- Contact information
  - Who is working on the program and/or who to contact for additional information
- Measure G feedback
  - Template/email that automatically gets sent to the appropriate person; most often used by neighbors.
- Links for favorable news, etc.
- Search function within the site.

This list includes the types of things that we have found that are of most interest by the community.

Q: Will the website link to the Ohlone website?

A: The Measure G website could have a link placed on Ohlone's homepage.

Q: Will the website be translated to other languages?

A: Google translate has been used by some districts. Bond programs use a specialized language, so it does not easily translate. The annual report could be translated to another language if the District has a demographic that would have this need. Could use language instructors at the school for translators.

Q: Will the committee get to see something before we walk into the next meeting?

A: Yes, a link can be sent out to the group with the agenda with the understanding that this is a working draft.

**9. Financial & Performance Audit Update**

Joanne Schultz gave an update of where the District is with the audit. The financial audit is complete and will go to the Board Audit Committee this Wednesday. There are no findings with the bond performance audit. Tina Treis, from Crowe Horwath, LLP, will come and meet with the committee to give a presentation. As a note, some employees are charged to the bond. A board resolution gets approved and each staff member keeps a timesheet of their hours to keep track of the time spent working on bond activities.

**10. Draft of the CBOC Annual Report**

There is a typo in the dollar amount for the Measure A Bond. The report is bond activity documented as of June 30, 2011 and is only a draft. Once the bond performance audit and the financial audit are approved by the Board of Trustees, that information will be included into the report. It was suggested to have a subcommittee work with District staff to stay on track with dates to have the report published and approved by the Board of Trustees.

There was a motion to approve the report with edits, including the addition of the final audit information and any additional input from the committee to the subcommittee that will be passed on to the District. The deadline would be by the end of December and report back to the March meeting.

**Motion** / Feliciano / **Seconded** / Douglass / All in favor

Andrew MacRae, past chair of the CBOC, will be invited to attend the February board meeting. The committee will receive the board approved final report in March.

**11. Scheduling of Upcoming Meetings**

The group questioned if the committee should meet more or less. Quarterly meetings are working. A suggestion was made that the March meeting should not be the same week as Spring Break.

The meeting schedule was approved as presented.

**Moved** / Wahl / **Seconded** / Rastrullo / **All in favor**

There was a motion to amend the meeting schedule to delete March 19 and instead meet on March 26, 2012.

**Moved** / Wahl / **Seconded** / Rastrullo / **All in favor**

**12. Evaluation of the Current Meeting**

The meeting went very well.

**13. Topics for Next Meeting**

- Acceptance of Independent Auditor's Report
- Presentation from District Auditor
- Discussion of financials

Feliciano moved to adjourn the meeting at 8:14 p.m.