

Irvine Unified School District
MEASURE E CITIZENS OVERSIGHT COMMITTEE (COC)
MEETING MINUTES
October 8, 2018

Meeting Location: Meadow Park Elementary School
Call to Order: The meeting of the Measure E Citizens Oversight Committee (Committee) was called to order.
Roll Call: Roll Call was conducted via sign-in sheet
Members Present: Todd Cope, Terri Elia, Adele Heuer, Roza Mansouri, Patti Ragland, Kristi Smemoe, Kenric Stone, and Betty Jo Woollett
Members Absent: Connie Stone, Jeffrey Schmehr, and Ryan Larson
IUSD Staff: John Fogarty (Assistant Superintendent, Business Services), Kelvin Okino (Executive Director, Facilities & Construction), and Cathie Rain (Administrative Assistant, Facilities & Construction)
Guests: Bradley Neal, Stradling and Adam Bauer, Fieldman, Rolapp & Assoc.
Next Meeting Date: Monday, January 28, 2019 at 6:30 p.m. location to be determined

Measure E Citizens Oversight Committee Business

1. Call to Order; Roll Call

A. Chair Kenric Stone called the meeting to order at 6:30 p.m. Roll call conducted via sign-in sheet.

2. Approval of July 23, 2018 Meeting Minutes

A. Chair Kenric Stone opened the minutes for discussion. There were no items for discussion; Chair Kenric Stone moved to approve the July 23, 2018 meeting minutes, seconded by Member Adele Heuer. The July 23, 2018 minutes were adopted.

3. Special Presentations

A. Bradley Neal, attorney with Stradling and bond counsel for Measure E, spoke with the Committee regarding their role as a member.

i. He reminded the Committee of the following:

- The Committee is charged with reviewing bond expenditures and confirming that the District spends bond funds on projects approved by the voters.
- The Committee is entitled to resources from the District to carry out duties to ensure that bond expenditures are authorized.
- Unauthorized expenses include teacher salaries or general overhead expenses from the District. The annual Performance and Financial Audits will be available to the Committee. The Committee is entitled to inspect and ask for additional material when appropriate.

- The decision of which projects will be funded by the bond, which consultants are hired, when funds will be expended, and similar matters, is the responsibility of the Board of Education and not the Committee.
 - Committee members serving two (2) years can serve up to three (3) consecutive terms. Employees or vendors (financially benefiting from the District) are not allowed to sit on Committee.
- ii. Member Betty Jo Woollett mentioned that her role on the Committee is a representative of a senior citizen organization. Her current involvement with a senior citizen organization expires December 2018 and she inquired if she can serve another term. Bradley Neal will review and follow-up with John Fogarty.
- iii. Member Kristie Smemoe inquired if it is the Committee's role to make sure the District completes the projects that were approved by the voters. Bradley Neal explained that the Board of Education decides which projects are funded and when they will be completed. It is not the Committee's role to have input or make these decisions.
- B. Adam Bauer, president of Fieldman, Rolapp & Assoc. and bond financial consultant, presented the second bond series under Measure E and distributed a copy of the presentation.
- i. He highlighted the following and addressed questions:
- Measure E - Series 2018B is the second bond sale of Measure E and is a subset of the School Facilities Improvement District (SFID) General Obligation Bond. Series 2018B provides \$41.0 million for Measure E projects.
 - Based on the Assessed Valuation (AV) of homes within the SFID and current market conditions, the District was able to sell a second bond sooner than anticipated.
 - Projected tax rate limit remains at \$29 per \$100,000 of AV throughout the life of all Measure E bonds.
 - Based on a 3.50% annual growth in AV, the overall bond amount was increased to \$272.3 million. Member Patty Ragland asked if the conservative projection is 3% and high is 4%. Adam Bauer explained that the District did not have past history when the SFID bond was passed, 3.0% annual growth was used. However, as the AV continues to grow the annual growth in AV can increase accordingly. John Fogarty added that because the District was able to increase the AV from 3% to 3.5% and bring funds forward, there is a cost savings with constructing projects sooner than later.
 - The AA1 rating of the Series 2018B bond is the highest bond rating for a District without a high revenue stream.
 - The District now anticipates five (5) bond sales: 2016 - \$95.0 million, 2018 - \$41.0 million, 2021 - \$30.8 million, 2024 - \$39.8 million, and 2028 - \$65.7 million. The total bond increased from \$250.0 million to \$272.3 million, which is within the \$319.0 million authorized by the voters.
 - Series 2018B funds were available on September 13, 2018.
- ii. Member Kristie Smemoe inquired if the companies that sell the Measure E bond funds benefit financially. Adam Bauer explained if the company is based in California, they would be exempt from federal and state tax.

- iii. Kelvin Okino mentioned the District needs to ensure the series bond funds are spent within three (3) years of issuance. Bradley Neal added that the government does not want bonds to be issued far in advance of projects and there needs to be a reasonable expectation that 90% of bond funds will be spent within three (3) years.

4. Measure E – Series 2018B (Series 2) Projects

- A. Kelvin Okino distributed four (4) pages, pages 11 through 14, from the August 26, 2016 Measure E Presentation to the Board of Education. The pages represent the Series 1 and 2 projects from the initial Implementation Plan. He added that the projects listed under Series 1 either have been met or will be met within a two (2) to three (3) year timeline. Series 2 projects will either be partially or fully funded under Series 2018B. These projects include seven (7) school sites and he will discuss the projects during the Measure E Project Update presentation later in the agenda.

5. Approval of Appointment of COC Members

- A. John Fogarty thanked Terri Elia, Adele Heuer, Ryan Larson, Patti Ragland, Jeffrey Schmehr, and Connie Stone for volunteering to serve another two (2) years as Committee members. The Board of Education approved the candidates at the September 11, 2018 Board of Education meeting. Again, the Board of Education thanked the Committee for their continued participation.
- B. Kelvin Okino added an updated roster, dated September 12, 2018, is included within the packet. He asked that the members review the information and contact Cathie Rain if there are any questions or comments.

6. Establishment of 2018/19 Committee Chair and Vice Chair

- A. Chair Kenric Stone opened up the nominations for Committee Chair and Vice Chair.
- B. Chair Kenric Stone noted that the foundation of the Committee is good and the District keeps open and transparent communication which makes the process easy for the Committee.
- C. Chair Kenric Stone will present the Annual Report to the Board of Education in February 2019. The Performance and Financial Audit Report will be brought to the Board of Education in January 2019 and then officially presented to the Committee once approved.
- D. Member Adele Heuer offered to be considered for Committee Chair. Member Betty Jo Woollett seconded the nomination. There were no objections or opposition.
- E. Member Kristie Smemoe offered to be considered for Committee Chair. Member Patty Ragland seconded the nomination. There were no objections or opposition.
- F. Chair Kenric Stone confirmed the appointment of Adele Heuer as Committee Chair and Kristie Smemoe as Vice Chair for the 2018/19 year.

7. Approval of 2019 Meeting Calendar

- A. Chair Kenric Stone noted the Meeting Schedule and Timeline for Calendar Years 2018-2020 was included within their packet.
- B. The 2018-2020 calendar was approved by Member Kristie Smemoe, seconded by Terri Elia.

8. Measure E Series 2016A Financial Reports

- A. John Fogarty presented the financial reports and a copy was distributed.
- i. John Fogarty and Kelvin Okino reviewed, discussed, and addressed questions regarding the report titled “Consolidated Budget Status by Fund”:
 - The report is similar to reports distributed at previous meetings.
 - The report provides a summary of the Budget and Expenditures for the Measure E projects. Measure E funds are under the fund 21 – Building Fund section and include the initial \$95.0 million funds plus the \$13.1 million funds moved forward from Series 2.
 - Three (3) additional District fund sources are included on the report. While the Committee is not required to review these funds sources or expenditures, John Fogarty explained that it is important to provide the Committee with overview of all funds committed to the bond projects.
 - Member Patti Ragland asked if Springbrook ES was on the report. John Fogarty noted that since Springbrook ES is also eligible for Community Facilities District funds, costs are currently being paid under fund 01.
 - The bus transportation costs for transporting students from Meadow Park ES and Springbrook ES to the interim campus (El Camino School) are identified and paid through fund 40.
 - Woodbridge HS (highlighted in yellow) is the only project that does not have a Post-Bid Budget. Bids are due in November 2018 and a Post-Bid Budget will be created after bids are received. All other projects have a Post-Bid Budget.
 - The report now includes a Post-Bid Budget for the Music Classroom Building project. John Fogarty noted that the District did well by deferring the project by six (6) months and saw a savings of \$1.0 million.
 - ii. John Fogarty and Kelvin Okino reviewed, discussed, and addressed questions regarding the report titled “COC Fund 21 Financial Report”:
 - John Fogarty noted at the last meeting, questions came up about how the Committee understands how the funds are being spent. As a result, the detailed financial report was generated. The Committee agreed that this type of general ledger should be provided once a year to show detail on what is being spent.
 - The report identifies all costs paid under fund 21 from the beginning of the program through September 12, 2018. The report categorizes costs by site and identifies the vendor, description, purchase order number, invoice date, fiscal year, check date and number, and transaction amount.
 - Member Terri Elia inquired about the Division of State Architect (DSA) expense. Kelvin Okino noted that DSA is the governmental agency responsible for approving the drawings, similar to a local city building department, and the District is required to pay approval fees. In addition, the drawings must be approved by Office of Public School Construction, and California Department of Education before building begins.
 - Kelvin Okino added that he reviews and signs every invoice for Measure E so he is very familiar with the consultants, vendors, and expenses listed within the report.

- Kelvin Okino noted that under the Public Contract Code, contractors are allowed to place their retention monies into an escrow account. As a result, several financial institutions are found within the report.
- B. Member Kenric Stone noted that these reports are very helpful in providing transparency.
- C. Member Kristie Smemoe asked if the reports could be provided electronically instead of being printed. John Fogarty responded that an electronic copy of the reports could be available to the Committee.
- D. Member Rosa Mansouri asked if it was possible to view a list of the vendors being used. She received inquiries regarding the District's use of local vendors and contractors. John Fogarty responded that for contractor's bids, the District is required to contract with the lowest responsive bidder so there is no guarantee that the bidder is local. Kelvin Okino added that during the consultant Request for Qualifications process, staff reached out to local companies.
- E. John Fogarty shared that the District has learned that messaging to the community can be improved concerning the progress and timing of projects.

9. Measure E Project Updates

- A. Kelvin Okino presented an update of the Measure E projects and distributed a copy of the presentation. He discussed the following information.
- B. Financials
- i. At the August 21, 2018 Board of Education meeting, the Board of Education approved Series 2018B for \$41.0 million. The bond issuances were restructured from four (4) series to five (5) series, funds increased from \$250.8 million to \$272.3 million, and duration shorten one (1) year from 2029 to 2028.
 - ii. State funding for Series 1 was initially estimated between \$20.0 million to \$22.0 million, however, the District has submitted Series 1 applications for \$36.7 million. Member Kristie Smemoe asked if there is a surplus from the state funds, would the District look at projects that were omitted from the initial project list. And if so, would the current projects identified be sacrificed for future projects? John Fogarty responded that the additional projects would depend on where we are in the bond process. Once funds are secured, we can then look at the timing of the projects and present to the Board of Education.
- C. Project Updates
- i. The Series 2 projects were initially planned for 2021 but have been accelerated to start in 2018.
 - The seven (7) schools under Series 2 include: Bonita Canyon ES, Northwood ES, Turtle Rock ES, University Park ES, South Lake MS, Irvine HS, and Woodbridge HS.
 - Four (4) Implementation Scenarios (A through D) were presented to School Facilities Improvement Measure (SFIM) Committee and the Board of Education. The SFIM Committee approved proceeding with Scenario A which includes planning and construction of a new Multipurpose Building at Bonita Canyon ES, new Music/Food Service Building at Northwood ES, new Music Classroom Building at Turtle Rock ES, and new Classroom Building at University Park ES.
 - In addition, the planning of a modernization of two (2) buildings at Woodbridge HS and the modernization of South Lake MS are included within Series 2.

- The actual modernization of Woodbridge HS and South Lake MS and planning and construction of a new Theater at Irvine HS would be funded under Series 3 anticipated in 2021.
- ii. The Series 1 projects were reviewed.
- Ten (10) of the twenty-one (21) school sites are complete.
 - The two (2) interim campuses are complete.
 - Ten (10) school sites are under construction: Brywood ES, Eastshore ES, Meadow Park ES, Westpark ES, Rancho San Joaquin MS, Sierra Vista MS, South Lake MS, Venado MS, Creekside HS, and Irvine HS.
 - Upcoming projects include modernization at Springbrook ES and Music Classroom Buildings (Brywood ES, Meadow Park ES, and Springbrook ES), and Theater Renovation (Woodbridge HS)
- D. Tour of Meadow Park Elementary School.
- i. Kelvin Okino explained that the decision to modernize a school versus tearing it down and rebuilding it depends on the condition of the school and costs. He added that the modernization cost of Meadow Park ES is approximately \$12.0 million. While construction cost of a new school, Loma Ridge ES for example, is approximately \$29.0 million. Chair Kenric Stone noted that investing \$12.0 million under Measure E will help sustain these schools for another 20 years.
- ii. Kelvin Okino pointed out the construction upgrades above the ceiling that people don't often see. He highlighted the following work above the ceilings:
- new electrical conduit for lights, power, fire alarms systems, and data systems
 - new plumbing lines,
 - new ductwork for the new heating and air conditioning system
 - new metal studs for the walls and he pointed the with the current seismic building codes.
- iii. Kelvin Okino walked through the reconfiguration of the administration office area, enclosing of the classrooms, and new innovation lab.
- E. Questions
- i. There were no further questions or comments.

10. Adjournment

- A. Chair Kenric Stone motioned to adjourn the meeting at 8:26 p.m., seconded by Member Betty Jo Woollett.