



Citizens Bond Oversight Committee

For Solano Community College District
Measures G and Q Bonds

UNADOPTED MINUTES

Tuesday, June 16, 2015

1. CALL TO ORDER

A Special Meeting of the Solano Community College District Citizens' Bond Oversight Committee was called to order at 5:30 p.m., on Tuesday, June 16, 2015, in the Denis Honeychurch Board Room, Room 626, 4000 Suisun Valley Road, Fairfield, California 94534, by Chairman Dennis.

2. PLEDGE OF ALLEGIANCE TO THE FLAG OF THE UNITED STATES OF AMERICA

Committee Member Charboneau asked that the pledge of allegiance to the flag of the United States of America be removed from the agenda going forward.

3. ROLL CALL

Members Present

Lyman Dennis, Chair
Hermie Sunga, Vice Chair
Robert Charboneau
David Fleming

Members Absent

Angelo Cellini – Excused
Neil Ferguson – Unexcused
Melvin Jordan – Excused*

~~*Mr. Charboneau requested that Mel Jordan be removed from the roll call and any further correspondence.~~

Vacant – Student Association
Vacant – Business Organization

Members of the Public

Janet Roberts

Other Present:

David Kim, Kitchell CEM

Mark Kelley, Legal Counsel, DWK

Renee Pegues, Business Operations Coordinator, SCCD

This meeting did not meet the Board Approved Quorum. However, the members stated it met their requirements for a quorum.

4. APPROVAL OF THE AGENDA

Moved by Mr. Fleming and seconded by Mr. Sunga to approve the agenda as presented. The motion carried unanimously.

5. COMMENTS FROM THE PUBLIC

There were no comments from members of the public.

6. REPORTS (NO ACTION REQUIRED)

a. CalBOC Conference Follow up

Mr. Dennis shared his observations from the CalBOC Conference held in Sacramento, California on May 19, 2015. While it was very informative, the conference was primarily geared for K-12 school districts that do not hire specific staff to oversee and coordinate their bonds. Most colleges have individuals to manage their bond program.

Mr. Charboneau stated that he felt a lot of CBOCs get considerable pushback from the schools administration. And then you have others that totally cooperate.

Mr. Dennis reported he had meetings with both Leigh Sata, Executive Bond Manager and Yulian Ligioso, Vice President of Finance and Administration to discuss the how the CBOC could work with the District and not be disruptive to the process for developing projects already in place. Both Mr. Sata and Mr. Ligioso were very open to The CBOC would like to contribute effectively to the process, and they often feel that they are receiving documents for things that have taken place in the past. Both Mr. Sata and Mr. Ligioso were very open to suggestions. Mr. Ligioso reviewed the criteria for the performance audit with Mr. Dennis and would be happy to review what we get back from the accountant with the committee as a whole.

Question – “Will this be on the agenda next time? The reason I ask that is we are drifting away from the agenda.”

Comment by Mr. Charboneau: “I think that something like that should be on the agenda. Since we are going to meet more frequently, instead of having twelve things on the agenda, and spending five or ten minutes on each one, if we are going to meet with the auditors, then let’s meet with the auditors and that will be the agenda for the meeting.”

Mr. Dennis concurred and introduced Mr. Kelley.

b. Role and Responsibilities of the CBOC Members

Mr. Mark W. Kelley, District Construction Legal Counsel distributed “The Role of the Citizens’ Oversight Committee” (*Attachment 1*) to the members present. Mr. Kelly introduced himself, stating that his client is the Board of Trustees and not the CBOC. Mr. Kelly stated “I was asked to come in and go over some of the basics of what the law says about oversight committees. Again, I am not legal counsel for committee but to a significant extent to the District Board that provides oversight to your oversight of the bond program.”

Mr. Kelley reviewed key points in the handout:

Background: CBOCs were a result of Proposition 39, which reduced the threshold to approve bonds from two-thirds to fifty-five percent. While it was easier to pass bonds the state wanted to ensure the money was spent appropriately.

Top of Page 2: *Purposes of the CBOC*. The CBOC’s main role is to be the public’s eyes and ears on the program. Review and report on expenditure of taxpayers’ money for school, or this case college construction. Mr. Kelley stated “It is important and fundamental for the committee to understand is that role is akin to an audit role. Where some districts get into trouble and some committees get off the rail a bit by trying to be involved in an advisory capacity and approval capacity. Fundamentally if you think of your role as an audit role, to say what has happened and has it been appropriate use of public money under the terms of the bond language. While I understand the desire to be more hands on and more involved, that is not this committee’s role. On the other hand, this committee’s role is very important and the more informed you are in the construction and expenditures of monies, the better off you will be and by extension the public will be with your eyes on the program.”

Bottom of Page 2: *CBOC’s Scope of Authority*. The two fold task of the committee, is to make sure by looking at the performance and other audits and other information that the bond money is being spent on items that are in the bond. And specifically make sure you are not paying for teachers or any administrator salaries.

Top of Page 3: *CBOC Activities*. Include looking at financial audits; inspecting facilities and grounds; reviewing deferred maintenance agreements, programs and plans; Is the school looking at cost saving measures? These problems are much more prevalent in K-12.

Top of Page 4: *Purposes of the CBOC*. Powers that are not granted to the committee includes how bond funds may be spent; and acting in an advisory capacity to the Board. Some school boards want political coverage and they tell staff to run it by the oversight committee and then we will vote on it. This is complete outside the CBOC’s scope. It also is trying to get political coverage for a decision that is not the CBOC’s to make. It is the Board’s responsibility as elected officials. On an individual level, to the extent you are involved in decision making or advising, how can you

be a fair auditor of a decision that you had some part in? If you have any control over contracts in even in an advisory capacity, you are subject to conflict of interest laws.

Comment by Mr. Charboneau: “It is my understanding that the CBOC Committee does not have to file a Form 700.”

Comment by Mr. Kelley: It does not as long as it is acting within the scope of an oversight as an auditor.

Request for Clarification – “You stated that we cannot determine how bond funds are spent, yet before you said before we can audit how funds are spent.” Prospectively. Example: If the Board came to you and asked, can we buy a new refrigeration system, it’s not really in the bond language, but we really need one. Your answer as a committee is “we can’t advise you.”

Comment by Mr. Charboneau – “I disagree with that completely. Because then we just are not doing anything. CBOC’s many of them meet with the Board of Trustees regularly and discuss things that they are planning on doing. This is a rehash of what our old by-laws are. I don’t see what the point of this is.”

Mr. Kelley stated that “What I am saying is what the law says. I know a lot of oversight committees that have kind of pushed the boundaries for whatever reason, and as frustrating as it is for people who know construction and how it can be done better but the point is for you as a committee to come in after the fact and say this was or wasn’t done right. That is the tough kind of line for you. But it is clearly the line.”

Page 5: *Permissible Uses of Bond Proceeds*. What bond funds can and can’t be used for. Under operating expenses, funds can be used for staff, architects and consultants as long as they are dedicated to the bond program. With a large part being outsourced to Kitchell, there is a clear line.

Request of Clarification – You said there were two issues about being involved prospectively. Please clarify. The key was the ability to audit actions where you may have some involvement and the second was the conflict of interest.

Page 6: *Legal Causes of Action*. This can be brought by anybody who is paying on the bond for failure to comply with Prop 39 limits. This is the enforcement mechanism. The committee has no enforcement rights besides making reports to the Fair Political Practices, District Attorney’s Office, Grand Jury, etc.

Page 7: *CBOC Legal Compliance*. CBOC Meetings are subject to the Brown Act and are public meetings.

Page 11: *Conflict of Interest*. Laws that control conflicts of interest.

Mr. Kelley thanked everyone for their attention.

Mr. Dennis requested that in the future, that a single email with all the attachments sent to the Chair for review prior to sending out to the Committee members.

Mr. Charboneau proposed that if it is not on the agenda, it doesn't happen.

7. ACTION ITEMS

- a. Approval of Regular Meeting Minutes of May 18, 2015

Moved by Mr. Sunga and seconded by Mr. Fleming to approve the minutes as presented. The motion carried unanimously.

- b. Consideration and Vote on Proposed New CBOC By-Laws

Moved by Mr. Sunga and seconded by Mr. Fleming to approve the Amended By-Laws with the following correction:

Page 1 – Section 1 Pursuant to Education Code Section 17278(a)...should read Section 15278(a).

The motion carried with the following roll call vote:

AYES: Mr. Dennis, Mr. Sunga, Mr. Fleming, Mr. Charboneau
NOES:
ABSENT: Mr. Cellini, Mr. Ferguson, Mr. Jordan
ABSTAIN:

8. INFORMATION ITEMS (NO ACTION REQUIRED)

9. ANNOUNCEMENTS

There were no announcements at this time.

10. ITEMS FOR THE NEXT MEETING

Presentation by Vice President Ligioso regarding Bond Funding Training for Committee Members

Next meeting, Tuesday, July 21st at 5:30pm.

Mr. Dennis requested that the meetings be recorded going forward.

11. ADJOURNMENT

Moved by Mr. Fleming and Seconded by Mr. Charboneau to adjourn the meeting
There being no further business, the meeting was adjourned at 6:49 p.m.