



Minutes - Amended
April 9, 2008 February 24, 2009
SMMUSD

Prop 39 Bond Oversight Committee
SMMUSD Computer Lab
1651 16th St./Santa Monica, CA

Location:

Attendance: Committee Members: Jeffrey Jarow (*Chair*), Neil Carrey, Laurie Charchut, Ralph Erickson, Jerry Nickelsburg, Robert Tompkins; (*Board Liaisons*) Ralph Mechur, Barry Snell; (*Staff*) Jan Maez, Dawn Smithfield, James Hawley, Auditor-NNW, Tom Tomeoni, Project Manager, Parsons. (*Public*) Colleen Baum, Steven Rodman.

- I. Call to Order: Mr. Jarow called the meeting to order at 4:04 p.m. Since this was only the second meeting, Mr. Jarow requested that members reintroduce themselves and give their backgrounds.
- II. Approval of Minutes – April 4 9, 2008
A motion was made by Mr. Carrey and seconded by Mr. Nickelsburg to approve the Minutes, as amended, from the 4/4 9/08 meeting. Motion passed unanimously.
- III. Program Overview/Expenditures Report: (*Tom Tomeoni, Program Manager-Parsons*): Ms. Maez introduced Mr. Tom Tomeoni, Parsons Program Manager, who is providing program management services for the BB program. In a powerpoint presentation (a copy of which was provided to members), he reviewed what has occurred with the program and where we are now. This includes actions taken by the Board, projects at each site and the budget process, scope and policy. He also included spreadsheets by construction project, costs, funding sources, cash flow, project status and the big picture, along with detailed line item costs. Ms. Maez noted that the District management costs on page 16 include a to-be-hired Director of Facility Improvement Projects, clerical staff and other direct costs, but no indirect costs. The District's long-term goal is to add in-house personnel to coordinate between the projects and maintenance staff. In response to a question, she said that Parsons does not pass on their rental costs. She also explained about the California Environmental Quality Act (*CEQA*) requirements from the California Coastal Commission. Ms. Maez explained how developer fees, which are charged for commercial and residential development to mitigate the impact of development upon the District, are to be used for capital projects. The City of Santa Monica redevelopment agency is another revenue stream that is expected to provide cash flow over time.

Ms. Maez explained that the Board of Education, District staff, the Measure BB Committee and Parsons staff are all involved with the monitoring of expenditures and making sure they comply with the language of the BB Bond. She further clarified that the Prop 39 Bond Oversight Committee reviews expenditures that have been made to ensure they have been spent in alignment with the requirements of Measure BB. Mr. Tomeoni clarified Parsons' intent to share in detail the commitments and expenditures and how they relate to program.

Ms. Maez stated that if the Prop 39 Committee finds something that is totally out of scope or an expenditure that is not in line with the intent of the BB Bond, they would notify the Board of Education, who would decide if that expenditure should be shifted to the General Fund.

IV. Measure BB 2007-08 Audit Report (James Hawley, Manager-Nigro, Nigro & White): Ms. Maez introduced James Hawley, CPA and Manager from the District's auditing firm Nigro Nigro & White (NNW). He reviewed the audit report, a copy of which was given to members, and noted that the Measure BB budget is in Fund 21, the District's Building Fund. Mr. Hawley noted the "unqualified" audit opinion, which means that the expenditures are in accordance with the intent of Measure BB and in conformity with generally accepted accounting principles. He explained that on 11/7/06, voters approved Measure BB, authorizing the issuance and sale of \$268 million of general obligation bonds and that on 10/2/07, the District issued Series A for \$60 million; there are debt service issuance costs of \$20,671. Mr. Hawley further stated that the report on internal controls showed no significant deficits or non-compliance. He described the audit procedures, noting that the deposit of bond proceeds, contract review, payments on construction projects and 40 separate payments were valid, allowable and accurate, with no findings or recommendations. He stated that there is a premium which covers the costs of issuance. Members asked about the \$1 million in annual maintenance costs; Ms. Maez will research and report back. It was suggested that bond proceeds be kept in separate fund from the redevelopment monies, school facility fees and Certificates of Participation (COPs) and that the audit report should only reflect Bond activities. A *Financial Reporting Subcommittee*, comprised of Mr. Tompkins and Ms. Charchut, was established to further review this suggestion.

V. New Business

A. Resignations from Suzanne Trimbath and Arlene Hopkins: Mr. Jarow said he received resignations from Ms. Trimbath and Ms. Hopkins, who had moved out of the area and were unable to serve on the Committee.

B. 2/19/09 Board Item: Open Application Process for One Vacancy: A copy of Item A.25, approved at the 2/19/09 Board Meeting, was distributed to members. Ms. Maez explained that the bylaws provided for a maximum of seven members, however, eight were initially appointed. This means there is one vacancy on the Committee. She further explained that the initial membership matrix included one from a "bona-fide taxpayers association", but an error in the matrix showed a member fulfilling that requirement. Mr. Carrey requested and received a copy of the bylaws during the meeting. Since that requirement has not been met, recruitment has begun for a "citizen active in a bona-fide taxpayers association", by means of a press release and application, put on the District's website and forwarded to the media, Santa Monica and Malibu City Halls and Libraries. A copy of the matrix, press release and application were given to members. Members were asked to encourage others to apply who fit that qualification; Ms. Maez said Board Member Ben Allen will forward information about taxpayer organizations to include in the recruitment process.

- C. Election of Vice Chair: A motion was made by Mr. Jarow and seconded by Mr. Erickson to elect Mr. Carrey as the Vice Chair. Motion passed.

Since the Prop 39 Bond Oversight Committee meets between once and four times per year according to the bylaws, members decided to meet as subcommittees to allow them to meet more frequently. In addition to the *Financial Reporting Subcommittee*, a *Procedural Subcommittee* was established, comprised of Mr. Carrey and Mr. Erickson. Mr. Jarow will email Mr. Nickelsburg (who had left the meeting early) to see if he would like to be included on the *Financial Reporting Subcommittee*. It was requested to send Ed Code Sections 15278 through 15282 to members.

VI. Receive and File: A copy of the updated roster/contact information was given to members.

VII. Public Comments: Colleen Baum

VIII. Next meeting: April 1, 2009 in the Board Room from 4:00 p.m. to 6:00 p.m.

Meeting adjourned at 6:22 p.m.