



Citizens' Bond Oversight Committee (CBOC)

Meeting Minutes

Meeting Conducted via Zoom

Friday, January 26, 2024

12:00 PM – 1:00 PM

I. OPENING ITEMS

A. Call to Order

The meeting was called to order by CBOC Chair Alan Rittenberg

B. Roll Call

CBOC Members Present:

Alan Rittenberg

Sara Heston

Bonnie Feldman

Mairin Macaluso

Non-CBOC Members Present:

Clement Chen

HCSD Staff Members Present:

Joyce Shen

Michelle Yau

Larry Raffo

Ron Russo

HCSD Board Members:

An Chen

Auditor:

Paul Pham

Van Pelt Construction Services:

Eric Van Pelt

Jennifer Gibb

Merry Te

C. Welcome and Introductions are initiated by Eric.

CBOC Members:

- Alan Rittenberg has been a Hillsborough resident for 29 years, with two older children starting in Hillsborough school, 34 YO female and 30 YO male. The 14-year-old Stepchild is currently in middle school. Retired and owns a company within the IT
- Bonnie Feldman - was co-president for North ES group last year, is currently on the HSF board, and is the current trustee representative for Crocker parent board. Crocker alums. Looking forward to beautifying the schools
- Sara Heston - Parent/Guardian, two kids at South ES, on HSF board with Bonnie, on the school site council at South ES, wants to see schools improve
- Mairin Macaluso - Parent/Guardian, three sons went to North ES and Crocker MS and are now in college or graduated. She has lived in Hillsborough for 20 years. Served on many boards, had many roles, and volunteered. She served on the HSF board as HSF President. She was a part of Crocker MS parent board and Crocker Site Council and also served on the volunteer group to help the new bond pass.

Non-CBOC Member:

- Clement Chen - Hillsborough resident since 2000, 2 children - 28-year-old son, 22-year-old daughter that went to South ES, West ES, and Crocker MS. Long time resident, has project experience. Works in the hotel industry, renovating hotels. He looks forward to contributing to the team if the board approves his application in February. He has worked previously on massive projects and has received high praise from her for tracking expenses in construction.

HCSD Staff Members:

- Joyce Shen - Chief Business Official
- Michelle Yau - Food Services and Business Specialist
- Larry Raffo - Bond Consultant
- Ron Russo - Facilities and Maintenance Manager

Board of Trustees:

- An Chen - Board of Trustees Member

Auditor:

- Paul Pham - Chavan and Associates, Auditor Firm

Van Pelt Construction Services:

- Eric Van Pelt - Vice President
- Jenn Gibb - Director of Business Development/Program Manager
- Merry Te - Project Coordinator

II. REPORTS DISCUSSION AND/OR POSSIBLE ACTION

Eric explained the purpose of CBOC meetings. The goal is to work collaboratively.

Eric explained we need a co-chair to take over when the chair is unavailable.

- Alan asked for volunteers, and Mairin nominated herself. Alan called to vote—a unanimous vote for Mairin to be co-chair.

There are currently three vacancies. The application for Clement Chen was received and will be presented at the February board meeting for approval.

A. Project Updates

1. Eric presented the HCSD Measure H Phase I Implementation Plan slide that displays the project budget, funding sources, and current projects. He explained how we prioritized the projects by collaborating with the HCSD Facilities committees, administrators, teachers, staff, Ron and Larry. Those meetings helped develop this implementation plan and budget we are working through right now. Eric discussed the need for program contingency and district management costs.
2. Bonnie asked if the air conditioning was included in the HVAC project. Eric responded yes, we are installing air conditioning throughout the classrooms. We recently had a meeting regarding this.
3. Bonnie also asked about the solar project. Does this include storing energy such as a backup generator in case of blackouts and brownouts. Per Eric, it does not include any storage. The new building code for the state of CA requires you to include solar and a battery backup system for new buildings in schools. For the solar project, it's strictly for panels for the schools to offset costs. Eric assured Bonnie that we are looking toward pricing and ongoing replacement costs. We're currently exploring and putting together cost estimates for putting up battery backup systems or a system for blackouts and brownouts. Currently, it's not funded here, but that doesn't mean it won't happen in phase I. If there's money left or savings from projects, it can potentially be reallocated at the board's direction. But we are putting together a study and cost estimates so we can take it to the board for decisions. Bonnie was concerned because she stated school was canceled last school year due to blackouts. Eric said this is a common theme that is happening in many other school districts. Districts are looking for economical and practical solutions, but we'll need to consider the economics, maintenance, and overall costs for parts. As we try to look over all those concerns, we need to look at how it would affect Ron, his team, and the district since there will be ongoing replacement costs. Batteries have a shelf life of around

ten years; we have to look at recurring costs for replacement. The worst situation is using all your capital dollars upfront and having a district that can not fund the replacement parts in ten years. This is a nuanced conversation that many other districts are having.

4. Bonnie mentioned in terms of classroom technology, she is concerned about safety. There were a couple of lockdown scares where there were difficulties getting notifications out because Hillsborough does not have the best reception. There are communication challenges. Has there been any conversations regarding this? Will there be cat-5 or cat-6 cables installed? Per Eric, we have yet to have that specific discussion, but we know you have a clock system that gets out emergency notifications. Eric asked if Joyce had heard anything because our facilities committee meeting did not discuss it. Joyce responded that we needed to discuss it with Tracy. Per Eric, we'll discuss this with the facilities committee meeting and report back.
5. Sara asked about the timeline and when the next phase will start - how long do we expect this to take?
 - Eric - as of now, there are some nuances discussed regarding the phasing. From a construction perspective, we are looking to wrap up phase 1 of Measure H within the next 3 years. The timing of future phases of the bond is contingent on a few different things. Property values of Hillsborough drive the district's ability to sell bonds.
 - Per Jen - voters authorized \$140 million. We did the first issuance. The Auditor will review our funds in the next part of the agenda. The remaining money is based on the assessed property value. Not the current market value but the tax values. We look at current assessed value rates. We look at current assessed evaluation rates and the timing that we need for our cash flow with our financial advisors. So, the implementation plan that Eric provided takes that into account for phasing out the bond. It depends on when we can go out and do the next tranche of bond selling. If we have an opportunity to sell bonds sooner, we will take it. In the November 2024 election, it has yet to be put on the ballot, but two measures are moving forward into legislation, SB28 and AB247, that potentially put about \$14 billion into K-12 construction funds. We're working on leveraging current funding with state funding. There are many different ways we work on the cash flow, but it does have to do with the timing and the value of the elementary school district.

- Eric stated we have yet to set an exact day when we can sell the bonds, but we anticipate a gap between Phase 1 and Phase 2. However, we are working closely with the financial advisors.
 - Sara asked if we can assume South and North will take about five years.
 - Eric stated that is a fair assessment
6. Accomplishments
- Implementation Plan and program budget adopted by the BOT
 - Painting completed at North and South
 - Viewboards installed district-wide with training completed
 - Solar permit for NEM 2.0 received
 - Low voltage updates completed at all sites
 - HVAC assessments have been completed, and the project is underway
 - The design for upgraded school marquee signs is underway, and the new signs have been procured
 - The design for the West waterline replacement is complete
7. MPR Updates West & Crocker
- Programming is complete at both sites
 - Site committee meetings have been held at both Crocker and West. We are in the early process for both sites, but West is slightly ahead of schedule.
 - West massing is being completed.
 - Floor Plans for Crocker are being reviewed
8. West Waste Line Replacement
- The site survey is complete, and the assessment of the underground utilities is also completed.
 - It was discovered the water lines were failing as well during the assessment.
 - The design is being closely coordinated with the new MPR
 - Replacement of the failing pumps is also included in the proposal
9. Furniture Project
- Pilot furniture purchased and accessible by teachers. We are waiting for feedback to see if
10. South A Pod Project
- Flooring is complete
 - Working on ideas to brighten up the A-Pod with possible paint or solar tubes
 - Sara asked if the portable replacement would be in phase 2. Eric confirmed this is correct.

Alan - needed clarification regarding committee and statutory requirements. What is our charge?

- Eric - your biggest charge is ensuring the bond dollars are spent on bond language. When we show you photos, we're trying to show you what the bond dollars are buying the district. There is a requirement to do a site visit; we'll do those once a year so you can physically put your eyes on it and see how it is being used. The Board of Trustees is the governing body of the school board. The bond dollars are spent at their will on things included within the bond language. As part of this committee, we want to be communicators for the bond to the community.
- Jen - the board has appointed you to have an oversight. The statutory requirement is to produce an annual report, which would be presented from over the last year, an audit being one of the components of the report. It'll include a financial report, independent audit report, and performance report. Also, there will be an oversight of what has happened on the financial side. You're not picking any projects; that's at the board's discretion.

Alan - Is there a required cadence of meetings?

- Eric - I was going to touch on it at the end, but we can now. We support this committee, but at minimum, we must do a site visit for one year and meetings at least once a quarter. That is my recommendation, as it is what we see most often for other districts. Regarding documents, we will get them to you three days in advance moving forward. But we could discuss how often we should meet.
- An - Larry and I worked on the last bond, and both were on the CBOC; we met quarterly, and it was fun because we would coordinate and see once the projects were finished. It was helpful to meet quarterly.
- Alan - I've been on the committee for 3-4 years, encompassing the end of the last bond. And none of this was happening, which is part of the reasoning for my question. The meetings were sporadic, and site visits weren't happening. Since we are beginning the process, we need to set these parameters moving forward. Receiving a financial report 50 minutes before this meeting is not helpful. I haven't had the chance to look at the financial reports, and I do not have the ability to make sound judgments. I think things need to change.
- Eric - Regarding documents, we will get them to you three days in advance moving forward.
- Alan - who sets these cadences? How is that decided?
- Eric - it's your committee, and if once a quarter sounds good for you, we can get it on everyone's calendar for the rest of the year. There will be times when we will need special meetings. One of them is coming up after we review the audit report today. However, after reviewing the audit, we have to prepare the final report for the district. Regarding the annual reports, we act as your scribes and the team that puts your documents together. We will give our input and show you examples of what other districts do for their reports. From there, we will discuss any edits we need to make before turning it in. There will be special meetings as required.
- Bonnie - This is my first CBOC participation. Is there any time when, all of a sudden, if we are out of our budget due to unforeseen circumstances, we will be contacted?

- Eric - the board of trustees will be the first to get notified, and we'll ask how they want to handle it. We'll ask if we need to use contingencies or cut scope. We will call a special meeting with CBOC if there is a severe issue. Eric presented the project summary report. The two columns on the right are green, which means we are on track, but if we are working and problems arise where the columns turn yellow or red, we will have a special meeting to address them.

B. Audit Review with Paul Pham

1. Paul discussed Proposition 39. As a requirement for these propositions to pass at a lower passing rate, the district must establish a Citizens oversight committee and have an annual audit by a public auditing firm, and that's where my firm comes in. We audit the district's Measure H program. Paul discusses change orders and the process to get to the annual audit report. Paul presents the Measure H Fund, Statement of Revenue, Expenditures, and Changes in Fund Balance report. Paul stated after reviewing the audit results, we had a clean audit. Our audit did not find any deficiencies in internal financial reporting controls that we considered material weaknesses. The test showed no instances of noncompliance or other matters that are required to be reported by government auditing standards. The district complied with all materials required for Prop 39 and Measure H.
2. Clement questioned, "Alan, I see a Fund Balance of \$33,603,070 vs. a Project Budget of \$71,294,333.80. How will the difference be funded?"
 - For the budget, phase 1 has two bond sales—we coordinated those two bond sales with the financial consultants. We have enough assessed values that Jennifer Gibb discussed earlier to make the bond sales. Those two bond sales plus interests will total about \$70 million. One has happened, but the second may happen in about a year and a half. There are a couple of different reasons. The government doesn't want you to sell all your bonds and earn interest. Eric and Jennifer explained arbitrage and the need to complete work quickly.

C. Financial Review of Measure H

1. Eric presents the project summary report

D. Public Address

1. None

III. STAFF REPORTS

- A. Larry addressed Alan regarding his frustrations with previous CBOC meetings. Larry mentioned he had attended all CBOC meetings since 2004. Since Alan became chair, very few things have been going on with Measure H or Measure B. It was very disconnected, and it can be frustrating. Larry hopes that, moving forward, everyone will enjoy being a part of the committee. He mentioned that

although the program manager is running the meeting, the CBOC committee should feel free to ask questions without hesitation and request budget reports if necessary. Anyone on the committee can request these reports as long as they are 72 hours before the next meeting. Per Larry, trust is the most significant thing the district has with the public. The public may listen more to CBOC members than a board member. When the committee is out in public at foundation meetings or social gatherings, we want the committee members to feel comfortable answering questions when approached by the community. We encourage members to ask questions. Larry believes quarterly meetings are appropriate.

- B. Regarding site meetings and visits, Larry mentioned we can provide hard hats and check out the sites anytime; we just need to coordinate with VPCS. In the past, he has taken board members on walks and even held site visits on Saturdays. Larry recommends that CBOC members request site visits individually or as a group. He also stated once the MPR projects or the Portable project at South are underway, committee members should see the process because it is fascinating. Larry again mentioned he understands the site committee's frustrations from past meetings, but moving forward, it should be exciting.
 - 1. Alan appreciated Larry's input and stated that this is what we needed as a committee, as he does not remember doing any previous site visits. He believes this will be a more fun process to see the sites in person.
 - 2. Eric reminded the committee that all meetings must comply with the brown act.

IV. COMMITTEE MEMBER REPORTS

- A. There were no committee member reports.

V. PUBLIC COMMENTS FROM THE COMMUNITY

- A. There were no comments from the public.

VI. CLOSING ITEMS

- A. Next meeting: To be scheduled in one month (February), a meeting poll will be sent out by Merry to finalize a date and time. Also, a second meeting poll will be sent out for the quarterly meeting.
- B. CBOC Chair Alan Rittenberg adjourned the meeting.