

Citizens' Bond Oversight Committee
of the Lakeside Union School District
MEETING MINUTES for Wednesday, March 31, 2021
(held via Zoom teleconference)

- 1. Welcome and Call to Order** – Kathy Kassel called the meeting to order at 4:32 p.m.
CBOC members present: David Suter, Frank Hilliker, John Heredia, Kathy Kassel, Liz Higgins, Britni Cobb and Jennifer Lee Clancy.
Staff members present: Erin Garcia, Todd Owens, Aimee McReynolds, and Shannon Johnston.
- 2. Public Comment** – There were no public comments
- 3. Review and approve meeting Minutes from Wednesday, January 27, 2021** – Frank Hilliker motioned to approve the January 27, 2021, meeting minutes and John Heredia Seconded the motion. Motion carried 7-0.
- 4. Discussion of Term Limits & Expirations for CBOC Members** – Erin Garcia thanked the following committee members for agreeing continue on the CBOC: Frank Hilliker, John Heredia, Kathy Kassel, and Liz Higgins. They were all reappointed for a second term on Thursday, March 11, 2021, by the Lakeside Union School District Board of Trustees. Per the CBOC bylaws, each member is appointed to serve a two-year term, and members can serve for up to three terms (for a total of six years).
- 5. Review of the 19/20 Annual Bond Audit Report** – Erin Garcia reviewed the key points of the annual audit report, performed by Wilkinson Hadley King., & Co., LLP, she pointed out the following:
 - All of the CBOC members' names appear on page 1 and we had a full committee with no vacancies
 - The district received an unmodified, clean audit opinion (on page 3). That is as good as it gets in the audit world.
 - Statement of Revenues & Expenditures - on page 14, the total interest earned on bond funds was \$268,740, total expenditures were \$2,968,061, leaving a fund balance of \$11,987,415 at the County Treasurers as of 6/30/2020. Additionally, page 55 reflects the breakdown of \$2.9 million in expenditures by project and by school site, which is the same list we will include in the CBOC Annual Report.
 - As required for a Prop 39 general obligation bond, a Performance Audit was also performed – Wilkinson Hadley King., & Co., tested expenditures and found them to be in compliance with the language in the ballot measure. They also tested bid procedures and found that contracts were properly approved by the District's Governing Board and in compliance with Public Contract Code. They reviewed the District's facilities based on review of minutes and agendas of the Citizens' Bond Oversight Committee, expenditure documentation, review of project photographs, and concluded that the construction work performed was consistent with the bond project list as well as the allowable projects as identified in the ballot measure. They also check to ensure that the Citizen's Bond Oversight Committee has fulfilled its responsibilities, required by Education Code Section 15282 and 15278. They determined that the CBOC was in full compliance with these requirements.
 - There were no findings or recommendations made by the auditor for fiscal year ending June 30, 2020.
- 6. Review of Draft Annual Report** - Erin Garcia reviewed the draft report and requested that Committee members provide any comments before next meeting. John Heredia inquired about the credit from the Monitor Replacement and Apple TV Installation Districtwide project. She explained that this project was completed by the San Diego County Office of Education in the prior fiscal year and that this was monies owed to the District as savings on the project. She highlighted that The District was able to shift this savings back into other projects.

Kathy Kassel asked if she would be presenting the Citizens' Bond Oversight Annual Report to the Lakeside Union School District Board of Trustees meeting and asked for the date of the board meeting. Erin Garcia confirmed the school board meeting will take place on June 24, 2021, and requested that the Committee Members let her know before May 26, 2021 if they would like to have anything added or changed in the report. The final Annual Report will be placed on the Committee's May 26, 2021 meeting for approval.

7. The Project Update was presented by Todd Owens:

- **Lakeside Farms parking lot** upgrade – Todd explained that we are in the punch list phase of the Lakeside Farms parking lot. He shared a drone photo of the new parking lot. He informed the committee that the new parking will be officially open on Monday, April 5, 2021 when students return from Spring Break and staff will be there to assist parents/employees with directions on traffic flow. There should be plenty of parking in the new lot and cars should not be backing up on Lakeside Avenue. They will not bunch up in front of the Willowbrook Estates (east-west) either because people will need to go to the light to enter into the Lakeside Farms parking lot.

A new bus lane will also be ready for use soon, that runs across the West side of the school. This will free the busses up from the traffic on Lakeside Avenue.

David Suter commented that he was surprised that the County did not require any bio basins. He noticed that when it rains real hard the parking lot flooded. Todd Owens explained that they had the lines jetted out and unfortunately it was not able to reach the center of site. He informed the committee that they are working to fix the drainage issue and believes that it will all be resolved soon.

Frank Hilliker asked why the County did not require any sort of left hand turn lane, or no left turn signage, where potentially busses will be turning in left across Riverside Dr. Todd Owens explained that there is a center lane inside there already, so that was deemed to be sufficient. He also informed that Committee that the district moved the fence in 60 feet to accommodate buses coming in from off the street.

Liz Higgins inquired about the "No Parking" at night. Todd Owens explained that the District is concerned that parents might be parking in front of the Willowbrook Estates East West and having children run across multiple lanes of traffic without a parking prohibition. Todd Owens suggested that maybe Liz Higgins and her planning group would be interested in approaching the traffic enforcement with him.

- **Lakeside Farms Modernization** – Liz Higgins inquired when the construction will start on this modernization. Todd Owens explained that this is a multi-phase project. Construction will start in the Summer 2021. The project is out of DSA and will be going out to bid next month. The first phase will be restroom upgrades, and the current office will become the new site kitchen. The new bus circle allows the current bus circle to become the lunch area where students will eat.
- **Tierra del Sol Gymnasium Ground Breaking** – On March 3, 2021, despite rain, the District held the groundbreaking ceremony. Dr. Johnsen, our Superintendent, gave a great opening ceremony presentation and Erin Garcia spoke as well. Students, along with members of the Lakeside Chamber of Commerce, Studio WC (architects), facility consultants, contractors, and District staff took part in the groundbreaking with hard hats and shovels. The District along with the Chamber of Commerce provided the community with some wonderful articles and photos about the ceremony. The gymnasium construction is well underway and going well so far.
- **Tierra del Sol Multi-Purpose Room** – The bid opening for this modernization will be held tomorrow, April 1, 2021 via Zoom. We're looking forward to getting this project started as soon as school is out in June, and it is projected to be completed by October 2021.
- **Lindo Park Multi-Purpose Room** - Todd explained that this project just recently received approval from DSA and bidding will take place next month. Construction will begin in Summer 2021 and will take 8 to 9 months to complete.

Todd reminded the CBOC members that they will be invited to any groundbreaking ceremonies that are set up for the Lindo Park and Lakeside Farms projects.

8. Erin Garcia presented three financial Bond Fund Reports:

- **Revenue Transactions report** – She explained that the total amount is lower than before because we reduced the amount of projected interest earnings because interest rates have dropped recently. In total, we are working with \$33,449,625.
- **Budgets vs. Commitments and Expenditures** – Erin Garcia presented this report and pointed out that we have added a column titled, “Percent of Total Bond”, per CBOC members’ request from the last meeting. In particular, it shows that the TdS gymnasium project at 21% is the largest project. Also, there are two bond management accounts, #700 (3rd line only) & #736, which account for 3.22% of the total bond. Erin also pointed out that the TdS Gymnasium and Lakeside Farms Modernization project budgets have been increased based on receiving a higher bid (TdS), and added scope requirements for Lakeside Farms.

Liz Higgins wanted to know what line item 760 Contingency/Unallocated means. Erin Garcia explained that 760 is the remaining funds for future projects. The intent is to use some of the unallocated amount in #760 on our Energy Savings Program (#755) that is not able to be covered with funding outside of the bond. If the entire amount is not needed, the District will review its Capital Facility plan to complete other projects, such as Phase 2 of the Central Kitchen remodel. Erin explained that #755 Modernization and Energy Savings project has been added, which is the districtwide energy efficiency project we have discussed previously. The District has issued an RFP for this project, which will primarily be for replacing old HVAC units, lighting and other energy saving items. Six firms responded to the bid and the district picked three firms to interview next week, on April 6, 2021. She explained that there are several new Federal and State programs related to improving ventilation systems related to the COVID-19 pandemic, so we might be able to do the HVAC through another program that is not bond. This will allow bond funds to be made available for other projects. Kathy Kassel thinks that is great that we will potentially be able to secure other funds. Erin Garcia made note that the firm that is selected will help the District seek other means of funding.

- **Consolidated Contract Summary** – Per request from CBOC members’ at the last meeting, Erin Garcia walked the committee through this new report and explained that these were the expenses for managing the bond. The grand total is \$996,046, and that \$706,074 was the amount spent to date on managing the bond to date. The first section was for the old bond, primarily for expenses for the sale of the Series A (\$2.9M) Measure L bonds. Frank Hilliker asked for confirmation that Dale Scott was the one that brought the bonds to the district. Erin Garcia informed him that Dale Scott is the district’s financial advisor, and assists the District with selling bonds and there are fees related to these financial transactions. She said that Dale Scott was at the meeting tonight and he would be doing a presentation next. She also mentioned that managing the bond includes the cost for sale of the bond, continuing disclosure, a small portion of the bond clerk’s salary, annual audits, and software (Colbi, Quality Bidders) to help the district account for bond expenditures.

Liz Higgins asked if we went out to bid for Colbi because Grossmont Union High School District uses another company that was bid out, which cost significantly less than Colbi. Erin Garcia stated that the District has not gone to bid for this and informed the committee that the annual cost of this software is well below the amount that would require a bid. Additionally, because all of the Prop V and Measure L bond transactions have been recorded in the Colbi software since 2008, and given that all remaining bond projects are projected to be completed within the next two years, she would not recommend making a change at this time. Switching to a new software system would require significant staff training that would likely outweigh any cost savings.

9. Setting GO Bond Tax Rate: An Overview, Presentation by Dale Scott, District’s Financial Advisor

Dale Scott presented information that explains how school district bond debt service is structured so that it meets the funding needs of the District while maintaining the tax rate limit (\$30 per \$100,000 assessed valuation) approved by the voters. He reviewed historical assessed valuation growth in Lakeside, which have averaged 5.3% in the last 5 years and 4.0% in the last 10 years. He explained how important it is to be conservative with assessed valuation growth projections when structuring a bond program because tax rates could increase substantially if your growth assumptions are too high. A growth rate of 3.5% was assumed when LUSD bonds were set up. Dale Scott also reviewed the average single-family home assessed valuation of \$356,310 in Lakeside, explained the Education Code statutory debt limit on general obligation bonds, and reviewed the total property tax amounts that have been collected in Lakeside to pay off bond debt since 2016.

- 10. Adjournment** – Liz Higgins asked to discuss two items prior to adjournment: 1) She would like to see a discussion of the District's Deferred Maintenance plans and projects at future meetings. She wants the Committee to encourage the school board to fund Deferred Maintenance projects in order to minimize the need for future bonds, and to maintain the projects that are completed with bond funds; 2) Prior to adjournment, there should be an additional agenda item titled, "Other Business/Community member comments" on every CBOC meeting to allow committee members to ask questions, etc. Erin Garcia agreed to add this item to future agendas, and to add an item to the May 2021 meeting to discuss Deferred Maintenance.

The meeting adjourned at 6:13 p.m.