



**SAN MATEO COUNTY COMMUNITY COLLEGE DISTRICT**  
**Bond Oversight Committee**  
**December 14, 2023, Meeting Minutes**  
**College of San Mateo, Building 17, Room 146**  
**1700 W. Hillsdale Blvd., San Mateo, CA 94402**

**Members Present**

Rosanne Foust	Chair
Anne Campbell	Vice Chair
Edward Evans	Community At-large
Maxine Turner	Community At-large
Michael Duncheon	Community At-large
Bart Pantoja	Community At-large
Chris Robell	Bona-fide Taxpayers Association
John Hoffmann	Senior Citizens' Organization

**Member Vacancies**

Support Organization  
Student Representative

**District Staff Present**

Bernata Slater	Chief Financial Officer
Peter Fitzsimmons	District Budget Officer
Marie Mejia	Director of Capital Projects
Michele Rudovsky	Chief Facilities & Operations Officer
David McLain	Interim Executive Director, Community & Government Relations
Arlene Calibo	Facilities/Public Safety Business Manager

**Other Panelists Present**

Ann Kennedy	A Kennedy Group
Jeff Scogin	A Kennedy Group
Mike Chegini	A Kennedy Group
Carol Anderson	A Kennedy Group
Ben Leavitt	CWDL

**Call to Order**

Ms. Foust called the meeting to order at 2:00 PM.

A quorum was established.

*Members present: Ms. Foust, Ms. Campbell, Ms. Turner, Mr. Pantoja, Mr. Duncheon, Mr. Robell, Mr. Hoffmann, Mr. Evans*

### **Approval of Agenda**

A motion was made by Mr. Hoffmann and seconded by Ms. Terner to approve the agenda.  
*Ayes: Ms. Foust, Ms. Campbell, Ms. Terner, Mr. Pantoja, Mr. Duncheon, Mr. Robell, Mr. Hoffmann, Mr. Evans*

### **Approval of the August 3, 2023, Meeting Minutes**

A motion was made to approve the August 3, 2023, meeting minutes by Ms. Campbell and seconded by Mr. Pantoja. On page 2 of the minutes (page 4 of 80 in the meeting packet), Ms. Terner does not agree that the requested information for her ongoing question regarding repairs vs. maintenance was provided. The information provided related to small projects, not to repairs vs. maintenance. Ms. Terner's understanding is that the bond needs to be used for capital projects and not repairs and maintenance and that the minutes should state that the information was not provided. Ms. Kennedy, Mr. Scogin and Mr. Fitzsimmons were able to look at the presentations from June 9, 2022, and September 15, 2022, and the report referenced was titled *Bond Capital Repair vs. Maintenance Projects Information*. The small projects list that was provided included footnotes that described the terminology that the District uses regarding the different funding sources. Ms. Terner noted that she was trying to clarify if the projects that have "repair" in their titles, like the gym floor and the CSM pool replaster, are correctly funded with bond money. Ms. Kennedy noted that the minutes may not be in error but that Ms. Terner feels that her questions were not answered. Ms. Foust would like to approve the minutes as presented and then address Ms. Terner's questions separately. Ms. Kennedy said that we will have to review the recording. Ms. Terner is ok approving the minutes if "Capital Repair vs." is removed and it is called "Bond Program Maintenance Projects". Ms. Campbell tabled her motion until the next meeting so that the recording can be reviewed by staff.

### **Public Comment**

There were no public comments.

### **Communications Received by the Committee**

There were three communications received via the bond website since the last meeting. The communications and the responses were included in the meeting packet.

### **Measure H Financial and Performance Audits Fiscal Year 2022-2023**

Mr. Ben Leavitt from CWDL, the Districts auditors, provided a review of the Measure H financial and performance audits.

### **Measure H Financial Audit**

The District received an unmodified opinion on its Measure H Financial Audit for FY22-23 and there were no exceptions to Measure H controls. An unmodified opinion is the highest opinion an auditor can give and the CBOC and the BOT can rely on the District's financial statements. Mr. Leavitt reviewed the Statement of Revenues, Expenditures and Changes in Fund Balance on page five of the financial audit noting that the county is conservative in its investments.

Mr. Robell questioned the loss on cash in the county, wondering why the District lost money if the county is conservative in its investments? Ms. Slater stated that as required by GASB, each year the District is required to reflect its investment at the county treasury at its core value, and includes adjustments to realized and unrealized gains and losses. This adjustment can give the appearance of a loss in the current year when a prior year adjustment was booked as a negative. The District is required by law to invest with the County and on average our County investments are slightly over

one percent. Mr. Robell confirmed with Ms. Slater that the return on cash was 1% for the year ending June 30, 2023.

Mr. Robell asked why the District floated such a large tranch for Series B of over \$200M over five years ago, when the funds weren't needed, noting that taxpayers are paying at a rate higher than the interest earned of 1% and that there is still \$45M remaining from that tranch. Usually tranches are sold over time to minimize the taxpayers' expense. Ms. Slater noted that the District had a plan to use those funds but there were many factors that impacted how fast construction was moving including the pandemic, delays and changes to plans. Ms. Kennedy advised the committee that at the February 8, 2023, a presentation was given by past committee member Waissar on the unrealized loss on cash, agenda item #8. This information can be found on the Measure H Citizens' Bond Oversight Committee website.

Mr. Hoffmann noted that the current secured rate is more than 5% and the District is getting an average of 1%. Mr. Hoffmann asked why we are unable to do better than having the county simply return 1% when we can get 4 or 5 times more income and pull the money out at any point and the money is fully insured by FDIC? Ms. Slater reminded that we are required to keep our money with the county and the county is very conservative to ensure assets do not lose their value. The average last year, per Ms. Slater, was 2.2%. Mr. Hoffmann feels that the county should do a better job in terms of their investment strategy. Mr. Robell and Mr. Hoffmann would like the county investment information included on the annual report.

Page 23 of 80 of the meeting packet shows the amount due to/from the District on June 30, 2023 was \$0 and the balance due from the District on June 30, 2022, was \$19,794. Ms. Campbell asked what kinds of things are going back and forth? Mr. Leavitt stated that this information usually relates to minor borrowing and reimbursement to and from the District and the program. Ms. Slater will follow up with staff regarding the details of the June 30, 2022, balance of \$19,794 and will let Mr. Leavitt know if she has any questions. The information will be provided to Ms. Foust for inclusion on the next meeting agenda.

Mr. Robell asked if the audit procedures would uncover any issues of misuse of bond funds like have happened in the past? Ms. Foust interjected that this question should go to the Board of Trustees and it's inappropriate to discuss here as there are pending lawsuits. Ms. Foust noted that the Board of Trustees approves all contracts and the CBOC's job is to ensure that all bond funds are being expended appropriately. Mr. Robell rephrased his question asking if funds were being spent unwisely (i.e. overpayments, bids not bid out by multiple bidders, change orders, etc.) would the audit controls uncover this? Mr. Leavitt stated that the auditors are looking at fiscal controls and safeguards for the financial audit and at compliance and alignment with the ballot language for the performance audit. The audit includes looking at:

- Controls over bid procedures - looking to see that bids are in accordance with public contract code
- Change orders - looking at pay applications against contracts to ensure change orders are in alignment with applicable laws and standards. The auditors look at change orders to ensure that if a change order exceeds the threshold, the Board of Trustees are provided the information so they may decide to stay with the contractor or choose to rebid the project for the remaining work, as required by law.
- Warrants - commercial and payroll warrants are looked at for a variety of different things on a very broad sample basis. On the commercial side the auditors are looking to see that District

controls are in place to ensure there has been proper preapproval and encumbrance of funds obligated through a contract and that all warrants paid against a contract are being applied to the correct PO's established when entering into a contract. The auditors are also looking to see that the details on the warrant register align with the AP packet obtained as support (check copies, invoice copy, underlying backup substantiating the work that has taken place relative to the invoice).

- On the performance side of the audit, evaluating if the work falls within or outside of the provisions of the ballot language. If a finding falls outside the provisions of the ballot language, and the auditors determine that it is not within the scope of the ballot language, that would be a performance audit finding and a recommendation would be made for the District to reimburse the bond program with District funds.

### **Measure H Performance Audit**

The performance audit answers the question: Were any funds spent during the current year, per the results of their testing, determined to be outside of the provisions of Measure H? The performance audit is a very sensitive test. The auditors sampled 41.9% of total FY22-23 expenditures and there were no performance audit findings or questioned costs identified. Any finding, no matter the dollar value, would have been noted in detail in the performance audit. There were also no performance audit findings or questionable costs identified during FY21-22.

Ms. Turner asked Mr. Levitt how the auditors look at and define projects that are capital projects vs. repair projects within the bond language, where most of the language is clearly for capital improvements. Mr. Leavitt acknowledged that it's not a simple answer. There is a difference between an operating repair and major repair or replacement that would span multiple years (i.e. a system replacement that will be in place for some time). The auditors look for delineation to establish that the nature of any repairs that are charged to the bond program are in the major category and are either related to placing something in service or related to a necessary repair that will be a benefit for multiple years down the road. Mr. Leavitt acknowledged that the line between a capital project vs. a repair project can be a grey area and the auditors look closely at these and may even ask the District to reach out to legal counsel to provide additional perspective because there could be differences in interpretation on what constitutes a major repair vs. a repair that is more operational in nature. Auditors are looking to see if bond disbursements relate to facilities type projects that were put in front of the voters rather than for items that are outside of the bond (i.e. salaries, academic pursuits outside of the bond, etc.). The distinction between operating expenses and capital expenses within facilities can be a fine line. The auditors take a high level look at more significant disbursements as correlating more to capital projects. Often times it is appropriate for a lot of little expenses to be batch capitalized as they can add up to a significant repair scope. It's important that the District has a plan to maintain facilities recently placed into service but that plan is outside the scope of a performance audit. Taxpayers are funding these new projects and it's important that adequate funding has been established to ensure these projects benefit the students for many years in the future.

Ms. Turner asked if the performance audit questioned or evaluated any projects that were in the grey area. Mr. Leavitt answered that based on their testing, the auditors came to the conclusion that everything that was looked at was determined to fall under the District controls, which are in place to ensure that bond funds are being properly expended and properly safeguarded. Items that were looked at also met all performance criteria, falling under the auditors understanding of what the ballot language requires.

Mr. Hoffmann asked if there is a line between operating and capital expenses or is it a case-by-case basis. Mr. Leavitt answered that there is a hard line in terms of a capitalization threshold. A District's fixed asset threshold and capitalization threshold is typically \$500 and \$5,000 respectively as to when something is being brought on as a capital asset vs. expense for the current period. There can be cases where individual items are below the threshold but are part of a larger project, with a larger scope of work. In most cases, auditors expect to see, as part of a bond program, disbursements that are well in excess of the threshold due to the large projects that are typical of a bond program. If there is a disbursement that is below the \$5,000 capital threshold it should relate to something that exceeds the threshold, either a project that is being placed into service or a major repair that is being put into place. The other aspect that is looked at is the timeframe. If an expense benefits the current period, no more than one year, it is operational in nature. If an expense benefits multiple years it is more capital in nature. Ms. Slater added that when you see the word "repair" on the project list it could be semantics. For example, a roof repair could actually be a roof replacement. If one or two tiles are being replaced, that work would be funded with a funding source other than the bond. If the entire roof is replaced it would be a capital expenditure that is consistent with the bond language.

Mr. Robell asked if bond funds are used for deferred maintenance and Ms. Slater answered that bond funds are not used for deferred (scheduled) maintenance. The facilities team has a plan on what type of work needs to be performed on a regular basis and what projects will be put into place, depending on the funding source. The state allocates funds on various levels and the District works with state funds as well as general fund monies to maintain the facilities that were built with taxpayer money.

Mr. Hoffmann said that his understanding is that if it is not obvious if something is a capital expenditure then it's open for interpretation. Ms. Slater answered that it could just be the name and that if it's on our bond list it is a new project or capital outlay project that is within the bond ballot language. If something is being fixed it is a smaller repair.

Ms. Foust reiterated and confirmed with Mr. Leavitt that the performance audit ties directly back to the ballot language. Mr. Leavitt confirmed. Ms. Turner requested a list of the sampled items. Mr. Leavitt will provide a list to Ms. Slater.

*(Ms. Rudovsky left the meeting at 2:55 pm)*

### **Staff Reports**

Mr. McLain, Interim Executive Director of Community and Government Relations, gave an enrollment update. Fall 2023 saw a 16% enrollment increase from Fall 2022, which equates to about 2,200 students. Spring enrollment is currently at 25% growth District wide which will fluctuate.

### **Measure H Annual Report – FY2022-2023**

Ms. Foust and Mr. Duncheon were on the annual report working group and have reviewed the report. Mr. Chegini reviewed the FY2022-2023 annual report with the committee and asked if the committee wants to include a statement on the report regarding the District's requirement that bond funds must be held with the county or if they would like a statement added to the website. The committee agreed that the statement should be included in the annual report, along with the section of code that pertains to this requirement.

Mr. Hoffmann motioned to approve the annual report with the edit to include the District's requirement to hold their bond funds with the county. Mr. Pantoja seconded the motion. The motion carried.

*Ayes: Ms. Foust, Ms. Campbell, Ms. Terner, Mr. Pantoja, Mr. Duncheon, Mr. Hoffmann, Mr. Evans  
Abstention: Mr. Robell*

The report will be presented to the Board of Trustees at their January meeting.

### **Update on Capital Improvement Program (CIP3)**

Ms. Mejia reviewed the presentation with the committee.

Mr. Robell stated that the total budget for CSM-013 and SKY-017 is approximately \$26M for a facelift that will only last ten years and then those buildings will need to be demolished. If you double that budget amount to account for soft costs and interest, you are looking at \$50M that taxpayers are paying. Is it better to rent something off campus or are there any other options that are cheaper that will achieve the same outcome? Ms. Mejia noted that the budgets presented include all soft costs, which Mr. Robell responded that they don't include interest. Ms. Mejia noted that Measure H does not allow for the leasing of buildings and the District needs to maintain their buildings and be able to upgrade technology for both the students and the faculty.

Ms. Slater added that the District is strictly guided by certain codes pertaining to student access, including taking students off campus. If the District were to take students off campus, it has to offer exactly the same services as if they were on campus, which could double costs. Mr. Hoffmann asked if the District has previously rented facilities. Ms. Slater answered that the District has a few sites that they rent for a variety of reasons.

Ms. Terner noted that she loves modernization and knows from past bond measures that modernization costs per square foot are much less than for new construction and just because it is a modernization doesn't mean the building will have to be demolished in the future.

Mr. Hoffmann asked what constitutes local funds and where do they come from? Ms. Calibo answered that anything outside of state funded monies are considered local funds and can come from grants, insurance proceeds, District funds, etc. It was also noted that local funds could be from a donation or from the Foundation. Mr. Scogin noted that the financial reports that will be presented to the committee have a list of all funding sources broken out by state and other, other being local funds.

Ms. Terner asked if the rebuild of SKY-003 is a rebuild of an original Skyline building or a building built with a former bond measure. Ms. Mejia answered that SKY-003 is an original building and is about 50 years old and is being gutted. Ms. Campbell asked if the weather protection shown on the slide was weather protection for the seismic upgrade or protection for future bad weather. Ms. Mejia answered that the weather protection was to protect the shoring from incoming rain. Mr. Hoffmann asked what a hyflex classroom is, what a Deans suite is, and how many suites there are in SKY-003. Ms. Mejia answered that a hyflex classroom is the technology that allows faculty to teach online and in person. All District classrooms will be upgraded to hyflex. There are two programs in SKY-003 and there will be a Dean's suite for each program that will be for the Dean and their assistant.

*(Ms. Rudovsky returned to the meeting at 3:25 PM)*

### **Program Financial Reports**

Mr. Scogin reviewed the FY2022-2023 Q4 and FY2023-2024 Q1 financial reports and bond list revisions.

#### FY2022-2023 Q4 Financial Report

The FY2022-2023 Q4 report was reviewed by Mr. Scogin. Ms. Campbell asked what happens to state funding when there are savings on a project, referencing Project CAN-002. Ms. Mejia stated that when a project goes out to bid and the bids come in lower than expected, the state takes back their portion of the savings before work even starts. Ms. Kennedy further explained that there are various state funding options with different rules. The example above is a state grant and savings go back to the state. Other state funding might be discretionary and placed against a certain project. If there are savings from the project, the District can apply to move the savings to a different project.

A motion was made by Ms. Turner and seconded by Ms. Campbell to accept the FY2022-2023 Q4 financial reports. The reports were unanimously approved.

*Ayes: Ms. Foust, Ms. Campbell, Ms. Turner, Mr. Pantoja, Mr. Duncheon, Mr. Robell, Mr. Hoffmann, Mr. Evans*

#### 4<sup>th</sup> Quarter Bond List Revision (BLR #15)

A Bond List Revision (BLR) is used to document any change to the name, scope or budget of a project. Mr. Scogin reviewed BLR #15 with the committee.

Ms. Turner asked Mr. Scogin to show the new members where the funds came from. Mr. Scogin showed an example of a project with a budget change and how both sides of the transaction are shown, pointing out the last page that shows the approved budget, the proposed budget, and the proposed revision amount. Ms. Foust noted that the BLR report has had multiple iterations made to it by the committee to be more user friendly. These reports are available to the public and when someone wants to view it, they can easily see the changes.

#### FY2023-2024 Q1 Financial Report

The FY2023-2024 Q1 report was reviewed by Mr. Scogin.

Mr. Robell noted that the financial reports are great reports and asked if there is a way to get a detailed table that shows the vendor, amount paid, date and a description of the expenses. Ms. Kennedy noted that this can be provided but that the request needs to come from the committee as a whole. Ms. Foust explained that when there is a request like this, the committee is polled to see if it is something all members want to see. All members agreed they would like to see this information in this manner and Ms. Foust asked the team to bring some examples to the next meeting. Mr. Robell would like to see data for the quarter being reviewed that includes date, expense, vendor, amount and description. Mr. Hoffmann asked if providing this information is easily doable and Ms. Kennedy noted that as long as we are providing the information moving forward it should be easily doable. Mr. Duncheon asked if this request will be a burden for staff. Ms. Kennedy stated that as long as we are moving forward it won't. Mr. Scogin noted that the data is received from the District's ERP system and some descriptions may have to be expanded upon.

A motion was made by Mr. Hoffmann and seconded by Ms. Campbell to accept the FY2023-2024 Q1 financial reports. The reports were unanimously approved.

*Ayes: Ms. Foust, Ms. Campbell, Ms. Turner, Mr. Pantoja, Mr. Duncheon, Mr. Robell, Mr. Hoffmann, Mr. Evans*

#### 1<sup>st</sup> Quarter Bond List Revision (BLR #16)

Mr. Scogin reviewed BLR #16 with the committee.

### **Proposed Next Meeting Date**

The future meeting schedule was reviewed and at this time there were no problems with the proposed dates. The next meeting will be held at Skyline College and include a tour.

### **Committee Membership Review**

#### **Response to Membership Eligibility Question**

At the last meeting a question was asked if Second Harvest Food Bank qualifies as a support organization to the District. Second Harvest Food Bank distributes food once a week at all campuses to the community at large as well as students of the District. Katie Dobson of Jones Hall, District bond counsel, agreed that the Second Harvest Food Bank does qualify as a support organization to the District. As of today, no application has been received from a Second Harvest volunteer. Mr. Duncheon asked if Second Harvest has insurance for when they are distributing on campus and Ms. Slater noted that they drop the food off and the District distributes it.

Ms. Turner asked at a previous meeting if community at-large members of the committee must be residents of San Mateo County to which the answer is yes, they must be county residents. Ms. Turner would like to know if all the community at-large members are county residents. Mr. Pantoja will be moving to the Business Chair representation when Ms. Foust's term ends. Ms. Turner would like to see the members' information and feels it would be helpful for people to see that the committee is diverse (i.e where a community at-large member lives, what business a business community member represents). Ms. Turner would also like to know if there can be more than one business representative. Ms. Kennedy responded that yes, there could be more than one business representative. Ms. Kennedy also noted that at some districts, committee members agree to have a short bio on the CBOC website which is an option moving forward. The committee will need to discuss and agree to having bios on the website as well as agree on what information will be included in the bios. Alternatively, when a new member joins the committee, their bio can be brought to the committee.

### **Future Agenda Items**

At the next meeting, the committee will elect a new Chair and Vice Chair.

Ms. Foust thanked Ms. Slater for all she has done for this committee and the District as a whole. Ms. Slater thanked the committee for the important work that they do for the District and the students, ensuring that bond funds are being spent appropriately.

### **Adjournment**

Meeting adjourned at 4:22 PM.