



City College of San Francisco

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SAN FRANCISCO COMMUNITY COLLEGE DISTRICT CITIZENS' BOND OVERSIGHT COMMITTEE PROP A 2001 / PROP A 2005

MINUTES

WEDNESDAY, June 17, 2020

Via Zoom Video Conference

- 1. Call to Order and Roll Call:** A.J. Thomas, Chair, called to order the meeting of the Citizens' Bond Oversight Committee at 10:01 AM on June 17, 2020. In response to the COVID-19 shelter-in-place order, the meeting was held via video conference. Roll call was conducted. Members present: A.J. Thomas (Chair), Dennis Kelly (Vice-Chair), Peter Gallegos, Christine Hanson, Shanon Lampkins-Jones, Linda Fadeke Richardson, Steven Tang. Member Rafael Musni arrived at 10:20 AM.
- 2. Approval of June 17, 2020 Agenda** – Approved. Ayes: Gallegos, Kelly, Lampkins-Jones, Richardson, Tang; Abstained: Hanson. (Richardson/Tang)
- 3. Review and Acceptance of June 3, 2020 Meeting Minutes** – Approved as amended. (Hanson/Tang)
Amend Item 3a. Review and Acceptance of May 9, 2019 meeting minutes to correct Ms. Richardson's vote from Aye to Nay.
- 4. Chair's Report**
Committee Chair Thomas reported that the committee will receive two presentations today: The audit presentation for the 2018-2019 fiscal year by the auditor and a presentation on draft report language by Ms. Ann Kennedy, Bond Consultant. The goal is to reach consensus and approving a final version of the report by the next meeting on July 1 and get a report out in time before the reformation of the committee in August.

Ms. Hanson commented that the CBOC website with the public link to the meeting was down this morning so members of the public may not be able to join without the link. It was noted that staff had reached out to tech support to resolve the issue. Chair Thomas will check in with staff partway through the meeting for an update to make sure that the webpage is available to the public.

5. Audit Presentation for 2018-2019 Fiscal Year

Ms. Alicia Herrera of Eide Bailey presented the audit reports of the financial statements of the bond and the performance compliance audit for the year ended June 30, 2019. The independent auditor's opinion on the financial statements based on their audit resulted in an unmodified opinion, also known as a clean opinion, meaning that they found that the financial statements that management prepared were free of material misstatement, free of material non-compliance, and didn't have any audit adjustments for the bond fund financials.

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Additionally, they were engaged by the district to conduct extra procedures on a compliance performance audit. In reviewing the expenditures of the bond funds, they pulled a sample of about 70% non-payroll related expenses and noted no instances of non-compliance and noted that the sample tested were for projects that were in accordance with the voter approved measures. They looked at payroll that was paid with bond funds sampling about 60% of the salaries and benefits and noted that those employees whose salaries were paid were actively working in relation to the bond projects and that there was no money spent on general administration or instruction for the district. They also reviewed the procedures for bids and change orders to ensure that they were performed in accordance with the California Public Contract Code and that they were Board approved prior to signing a contract with the selected vendors and that change orders were also Board approved before they were executed. They also reviewed the approved project budgets broken down by individual projects. They gave an unmodified opinion or clean opinion noting no non-compliance and no findings on the performance audit.

Ms. Richardson posed a generic question why there may be a huge swing between the original budget and the amended budget. Ms. Herrera responded that a generic explanation is that the original project budgets are put together when the district is either in the process of doing the bond or just issued the bond based on estimated cost and possibly due to increased construction costs or changes to project prioritization you may see fluctuations in the budget.

Ms. Hanson inquired if Ms. Herrera is the person that performed this audit. Ms. Herrera responded that she did not but had performed the district's financial statement audit. She is taking over both the bond and the parcel tax audit this year. Terri Montgomery who oversaw the bond audit for 2018-19 could not make it to today's meeting due to a conflict. Ms. Herrera works closely with the team that performs this audit and with district management.

(The CBOC webpage was back up at approximately 10:23 AM.)

Ms. Hanson inquired which projects were tested for compliance with the project list. Ms. Herrera responded that they start with a random sample and based on auditor's judgment will add items to their sample testing. Some of the projects that they looked at included the Performing Arts Center, the Childcare Center Renovations, the Facilities Master Plan, some legal items, bench contracts, and some architectural services. Ms. Herrera clarified that they tested whether or not those expenditures are in compliance with the regulations in Prop 39 and that they did identify and associate them with a specific project list.

Mr. Tang inquired whether the auditors have determined that the facility master plan did not fall under the category of other school operating expense and if so, how they came to that judgment. Ms. Herrera responded that the testing performed deemed it to be appropriate in terms of the audit. When it comes to making determinations for gray areas with the bonds, they typically recommend that the district consult with their bond counsel and get a legal opinion related to those expenses for compliance with Prop 39. Mr. Tang inquired if that was done regarding the Facility Master Plan for City College of San Francisco. Ms. Herrera responded that she did not know and it might be a good question for management or she can check with Terri Montgomery as well.

Ms. Hanson inquired if the facility master plan project was tested in compliance with the project list and if a specific document was generated. Ms. Herrera was not aware of the referenced document and commented that in looking at bond items there are going to be items that are not tied to a specific project, such as project management and legal services, that are indirect costs of running a bond program that can be attributed to many different projects.

Ms. Richardson commented that the facility master plan document is central to the performance of the bond measure as a framework. She noted that it was extensively discussed at a previous meeting with bond counsel and bond counsel had stated that he was not the counsel during the period, however, if the trustees asked for his legal opinion he will be able to rule on that.

Chair Thomas noted that if there are follow up questions from the committee it will be submitted in writing to the auditor team.

6. Presentation of Draft Language by Bond Consultant

Ms. Ann Kennedy, Bond Consultant, presented the draft report for 2016-2017, 2017-2018, 2018-2019. She acknowledged the tremendous effort of those that contributed to the draft report covering three fiscal years, especially Ben Lee, of Abdul Nasser's office, providing extra work on top of regular workloads. She described the approach to the document format and noted that there was no change to subcommittee draft language. The front and back of the document pertains to all three years with the middle sections being specific to each annual year and the compliance items. The financials were reconciled with banner and the audit statements for accuracy. They formatted the document to comply with Section 508 which is the accessibility requirement so that accessibility readers could read the data. She provided an overview of the updates to the draft document.

7. Discussion, Amendments, and Possible Adoption of 2016-2017, 2017-2018, 2018-2019 Reports

Ms. Richardson provided comments and suggested amendments to the draft including adding a table of contents, adding a summary of current committee members and their activities, updating the challenge of changes with current information, and adding additional resources to the appendix such as the education master plan, the facility master plan, 2001 and 2005 bond proposition language, the independent auditor's report, and the general obligation bond series schedules. Ms. Kennedy recommended adding pointers to additional program documents such as the educational master plan and the facilities master plan to where those documents are housed on the website.

Ms. Hanson commented adding a link to the 2004 facility master plan as well because a lot of the projects tie to the previous plan. She suggested that the chair write an introductory summary to give an overview of what is being presented and that perhaps Mr. Musni could write a paragraph as well. She agreed with Ms. Richardson that the present committee needs to have a presence named. For the table of contents, she suggested color coding it similar to the header and footer color schemes. She commented that a listing of committee members should indicate the members who actually worked on the report to avoid confusion. Ms. Kennedy said that typically in an annual report, the committee members are listed who were active during the year and the annual report subcommittee or the working group are not broken out unless the chair wants to thank them in the chair's letter. Ms. Kennedy noted that active members are listed during the time period of the course of the report even if they were only active for a portion of the time period.

Ms. Hanson noted that the May 12, 2017 meeting should be corrected as the Q&A with Anton Jungherr did not occur.

Ms. Hanson suggested keeping the audit reconciliation table on one page. Ms. Kennedy said that they can adjust the formatting accordingly so the table is not split by adding images to fill the empty space if so desired by the committee.

Ms. Hanson commented that the police and deans is listed as a project but should be listed under ADA renovation.

Ms. Hanson requested a breakdown of the bench contracts for fiscal years 17-18 and 18-19 for the committee to view. Ms. Kennedy said that the definition, the concept of bench contract, is language unique to CCSF. Her recollection is that it had to do with the way the contracts were procured. Chair Thomas asked Mr. Casnocha how they would incorporate that information into the report. Mr. Casnocha responded that the oversight committee doesn't have responsibility for reviewing contracts and so summaries of contracts would not be relevant to an annual report of a bond oversight committee. Chair Thomas asked Mr. Casnocha of a circumstance where in addressing it or having some evaluation or reference to it in the report would be relevant. Mr. Casnocha responded no. Mr. Musni commented that the tables would make it easy for the average reader to be able to understand how the money was spent.

Ms. Richardson cautioned that these reports in question are years overdue, to be mindful of the time constraint for completing the report, fold the pertinent information into this report of the work that was done from the previous committee, and not spend more time looking at what is not going to be essential for this report.

Ms. Hanson stated that the spending on the bench contracts exceeded \$2 million dollars and is something we should look at.

Chair Thomas will get submitted comments distributed to the full committee and work over the next couple of weeks with Ms. Kennedy's team to incorporate everybody's thoughts and opinions into the draft for review on July 1.

Mr. Kelly commented identifying the 8% and 92% label of the pie charts in the report.

Ms. Kennedy noted her team updated the report with what was in public record, financial data, and what was already in the previous subcommittee's working draft of the report. They did not take any license with refreshing or amending language in the report.

Member Kelly moved that the committee authorize Ms. Kennedy to amend language to clarify and beautify the report. Seconded by Member Richardson. Motion approved unanimously.

8. Next Steps Tasking - July 1st Meeting

Committee to submit any additional suggestions and comments to the Chair and Vice-Chair by end of Sunday, June 21, 2020. Comments will be forwarded to Ms. Kennedy to incorporate into a draft to be ready no later than 72 hours prior to the meeting scheduled for July 1, 2020 at 10:00 AM.

9. Public Comment

Wynd Kaufmyn, CCSF Engineering Faculty/Academic Senate Representative on PGC Facilities Committee, submitted a written comment that was read aloud to the Committee:

“Your audit report for 2018/19 shows \$2,160,996 spent on the Gough St. relocation. Was Gough Street on the project list? And how do moving expenses jive with what bond money is supposed to be used for? Leasing Gough street to a private developer was not done in any carefully considered way that maximized the advantage or revenue for the college. A more transparent and vetted process might have given the college a better return. Please do not approve bond reports in haste. There is no reason that after years of delay, you need to pass 3 years of reports in a month.”

There were no hands raised and no comments in the chat for further public comment.

10. Adjournment – Meeting adjourned at 11:28 AM.