

**Approved Minutes of Citizens' Bond Oversight Committee**  
**Meeting of November 30, 2011**  
**9:00-10:00 a.m. \* Business Services Conference Room**  
**• 211 Ridgway Avenue**

In Attendance:

Oversight Committee Members: Chair Schuyler Jeffries, Jan Post, Michael Metela, Terri Forrest, Julia Alquist, and Stoney Newton; Absent Janet Rogers and Alicia Horstman;  
Staff Members: Doug Bower, Louise Bostrom, Jennie Bruneman and Kelley Cook.

The meeting was called to order at 9:00 AM by Mr. Jeffries.

**Audit Reports**

Mr. Bower brought copies of the 2009-10 independent audits that examined bond expenditures and compliance with the original ballot language. The reports contain no exceptions, meaning that all expenditures were in full compliance. Mr. Bower stated that these audit reports are consistent with the findings of all previous audits in that there never has been a single audit exception since the program began in 2002.

**Bond Refinancing**

Mr. Bower shared a letter from the District's financial advisors reporting the outcome of a successful bond refinancing last summer. The Board of Education had authorized the refinancing several months prior, but the market conditions did not become particularly favorable until last July. The refinancing will annually save High School District taxpayers \$2.1 million (\$1.6 million on a present value basis) and Elementary District taxpayers will save \$363,000 (\$278,000 on a present value basis) annually.

**Committee Business**

On the topic of the Oversight Committee's future role, Mr. Jeffries asked for a recap of current bond project activity since only about 3% of bond proceeds remain. Ms. Bruneman summarized several projects that are in the pipeline and described how it is difficult to pin down projected completion dates since many of them are awaiting either matching fund approval from the State, final construction approval from the Division of State Architect and/or final approval from the Board of Education. Mr. Bower said he had spoken with the District's financial advisor, Ms. Lori Raineri of Government Financial Strategies, on the topic since she works with dozens of school districts throughout the State and some of them have completed their Proposition 39 bond programs. She reported that the obvious way to end the program is to expend all of the money, but acknowledged that that can take time as some financial activity often occurs even after the last construction project is finished. As a result, other Citizen Bond Oversight Committees have apparently declared their work finished based on the full expenditure of bond principal amounts so that the Committee does not need to remain active until the entire bond account reaches a zero balance. Mr. Bower shared a financial summary that showed total interest earned on bond proceeds actually exceeds the current cash balances in both District's bond accounts and that this option was in fact available to the committee should it wish to utilize it.

Mr. Jeffries then asked each of the committee members their opinion on this question. Mr. Newton suggested that he certainly thinks that the committee should make the determination that its oversight duties have been completed and that any remaining dollar amounts in the construction funds should be spent on construction projects. He offered the following motion for Committee consideration:

“The Citizens’ Bond Oversight Committee has completed its duties to oversee the 2002 Bond Measure proceeds of \$19,125,000 in the elementary district and \$77,230,000 in the secondary district. The remaining amounts at June 30, 2011 comprised of interest and reimbursements of \$247,920 in the elementary district and \$2,371,332 in the secondary district should remain in the respective 2002 Measure C Elementary Bond Fund and in the 2002 Measure B Secondary Bond Fund to be spent on construction projects as the Board of Education deems appropriate.”

Mr. Metala agreed and seconded the motion. Ms. Alquist, Ms. Forrest and Ms. Post, also stated their support for the proposal. Mr. Jeffries requested that staff send a draft of the proposed motion to the committee members via email for a final review and that each of the members respond with their agreement or comments before it is finalized. **(Note: The draft minutes were approved by Committee Members with no changes.)**

Mr. Bower suggested that the committee may also wish to include in the motion a statement that all proceeds from the bonds have been spent in accordance with the ballot measures.

Mr. Jeffries proposed the following additional language: “The Committee finds, based on the work of this committee and previous committees and audits, that all 2002 Measure B and Measure C Bond proceeds have been spent in accordance with the provisions of Proposition 39.”

Mr. Jeffries then asked staff to send the draft motion and the meeting minutes to the committee members for their review and approval. **(Note: The draft minutes were approved by Committee Members with no changes.)**

### **Acceptance of Minutes of May 9, 2008 Meeting**

The Committee reviewed a draft of the May 9, 2008 meeting minutes that had not yet been formally approved. Ms. Post requested that today’s minutes reflect that the committee did not meet on May 9, 2009 which, at the time, was to have been the next scheduled meeting. Mr. Bower explained that staff has been forced to concentrate almost exclusively on general fund financial crisis issues during the last three years and other programs, including the construction program, have had a much-reduced level of activity. Mr. Jeffries asked if the entry road into Comstock Middle School were to be completed if this would help developers. Mr. Bower said no because the surrounding land was owned by either the District or the City, not by private landowners. In response to questions about pending projects, Ms. Bruneman described the Montgomery High School modernization, the Piner High School Geospatial project and the potential expansion of the Santa Rosa Charter School for the Arts projects that are in the pipeline.

Ms. Alquist made a motion, and Ms. Post seconded, to approve the meeting minutes of May 9, 2008. Motion passed unanimously.

There being no further business, Mr. Jeffries adjourned the meeting at 9:58 a.m.

LB 11/30/11