

## Draft Meeting Minutes of April 11, 2019

Members Present: Carla Schneiderman, Sean McMurray, Jane Logan, Sheryl Drinkwater

Auditor Present: Charles Raibley

Staff Present: John Calise Chanita Stevenson

1. **Call to Order:** The meeting was called to order at 6:14 PM.
2. **Presentation by the Auditor:** Mr. Charles Raibley, Senior Manager from Crowe Horwath LLP presented the Measure I Financial Statements and Performance Audit Reports of 2018 to the Committee for review. The Committee received a brief description of each report. The financial audit looks at the presentation and disclosure of the bond expenditures, cash, and fund balance. The auditor has issued an unmodified clean opinion for the financial statements for Measure I. The ending fund balance on the balance sheet was approximately \$23M at the end of June 2018. The total dollar amount from the population of expenditures was \$5.1M. Member McMurray questioned what is included in the Supplies expenditure line. Mr. Raibley explained that Supplies represents all non-capitalized expenditures under \$5K. The notes that follow describe each of the line items within the accounting statements and the accounting policies that are required by governmental agencies. Secretary Drinkwater asked a question about Note 4 whether it is the issuance schedule of the Bond. Mr. Raibley answered that Note 4 is the issuance schedule and that the schedule is determined by District Management and Bond Counsel. It is good practice to show in the audit overall information about the issuances and the interest rates. Secretary Drinkwater wanted to learn more about Measure AA audits. Mr. Raibley noted that Measure AA was included in the overall District audit. It is not a Prop.39 Bond and does not require a separate financial and performance audit. Staff noted that the previous Committee and the Board requested that Crowe Horwath perform a financial and performance audit for Measure AA to provide information to the community. Staff explained that the District plans to request a financial and performance audit for Measure AA once all dollars have been expended. Secretary Drinkwater asked which fund pays for the audit. Mr. Raibley responded that Measure I can be charged for the audit. The last two pages of the report explain the additional procedures followed by the auditor. The pages state that there were no findings in this fiscal year audit.

The performance audit reviews the individual expenditures to determine if they were made in accordance with Proposition 39 as well as Measure I bond language. Page Three of the report provides a summary of how funds were used and if they were utilized for Board authorized projects. The scope shows District expenditures of \$5.8M which matches the total expenditures on the financial audit. Under the methodology section, it shows that 26 individual items were sampled. The total dollar amount from the population of expenditures was \$2.3M. This was 46% of the total expenditure value. Within that sample, the auditors checked to confirm that all of the back-up documentation was available to support the expenditure. The auditor takes a cross-section of

various types of expenditures including vendors, salaries or other expenditures. There were no exceptions identified in the performance audit. In conclusion, there were clean opinions on both the financial and performance audits. Member McMurray asked about the number of Districts that Crowe Horwath audits and out of the audits how often is there a finding. Mr. Raibley states that exceptions rarely happen, but they usually happen when there is a management oversight. If there are good controls and structure in place exceptions are usually caught. Staff explained our internal control process.

3. **Action: Approve the Financial Audit for the Measure I General Obligation Bonds for the Year Ended June 30, 2018.** Chairwoman Schneiderman moved to approve the Financial Audit for the Measure I General Obligation Bond for the Year Ended June 30, 2018. Member Logan seconded the report. The motion was approved unanimously.

4. **Action: Approve the Performance Audit for the Measure I General Obligation Bond for the Year Ended June 30, 2018.** Chairwoman Schneiderman moved to approve the Performance Audit for the Measure I General Obligation Bond for the Year Ended June 30, 2018. Member Logan seconded the report. The motion was approved unanimously.

5. **Public Comments:** There were no public comments.

6. **Approval of Meeting Minutes for April 11, 2019:** Executive Director Calise was added to the Staff Present section. Chairwoman Schneiderman moved to approve the minutes as amended. Secretary Drinkwater seconded the motion. The motion was approved unanimously.

7. **Committee Member Comments:** Secretary Drinkwater expressed that in the minutes that the CTE project seems to have the same update as before and it is not complete. Staff explained that there were design issues and he had to work with the contractor to make additional changes before accepting the project. Staff has requested that the Architect provide a credit to the District related to the small design changes.

Member McMurray asked about the recruitment of additional members. The Committee discussed potential ideas of where to find someone who fits this category.

8. **Discussion of the Annual Report:** The Committee plans to work on the document and discuss the annual report at the following meeting.

9. **Action: Approval of the Annual Report – This item was postponed to the following meeting.**

10. **Staff Report:** Staff advised the Committee about the interest of a nonresident community member who would like to join the CBOC to fill the vacant Member of a Bonafide Taxpayer's Group slot. Various members of the CBOC expressed the need for recruitment but also reiterated the importance of the District to follow the By-Laws.

#### **Additional projects:**

*Berkeley High School/Berkeley Adult School CTE Project:* This project is 95% complete.

*School Safety Project:* This project has begun. The goal was to start with Malcolm X, but the District has not received all of the materials for installation. Rosa Parks and Washington have been completed. Member Logan asked if the teachers at Malcolm X could specify what door could receive the columbine lock if there are two doors in the classroom. Staff explained that he would have to review the specifications to determine if that is a possibility and will accommodate the request if it can be done.

*Berkeley Community Theater:* This project is still in design development. Staff is working with the consultants to determine if the District will apply for the Seismic Mitigation Program. Currently, this project includes voluntary seismic upgrades. If the District applies for SMP funding the seismic upgrades of the theater will become mandatory for the entire footprint of the building. Facilities is trying to determine what the total cost of the project with the mandatory seismic upgrades and the potential eligibility for SMP funding. It will cost close to \$500k to apply for SMP funding.

*Oxford:* A letter was sent to the Oxford Community to state that it will not be moving in August. The geotechnical report will require additional analysis by structural engineers to determine the feasibility of the project.

*West Campus Capacity:* The Board has approved this project to go out to bid.

*Demographics Study:* The Board approved funding for a new demographic study. The District will put out an RFP.

*West Campus VAPA:* This project has required a significant amount of remediation. It will require a futility resolution in the future.

*Washington Cafeteria:* This project has been postponed, with a possibility of looking at addressing some of the larger needs expressed by the Washington Community within the next bond. It would include relocating the office and multipurpose room. Member Logan asked if the funds will be released for this project. Staff responded that he is waiting on estimates from the other projects before releasing the funds. Other cafeterias studied included Malcolm X, Emerson and Berkeley Arts Magnet.

*Muir and Cragmont Cafeteria:* This project has received schematic approval. It will be heading to DSA for approval.

*BHS Turf:* This project is complete.

*King Middle School Auditorium:* This project has been awarded and a pre-construction meeting will be held next week.

*Rosa Parks Roof:* This project has experienced some challenges due to the uncertified legacy project. Staff has requested a meeting with DSA to allow the District to incorporate the work into the current project either as an addendum or as a second increment to the project. Our goal is to try to get the project stamped out. It will require a different contractor.

*Mendez Roof:* The wood has reached the moisture content required for the skylights. The contractor will mobilize in the summer to complete the skylights. The Board approved a contract increase for the Architect due to contractor delays and additional construction administration.

*Additional Contract Changes:* The Board approved an increase in services for Van Pelt Construction Services because the higher estimated costs to complete the community theater project.

*Prop. 39 Projects: These projects have been recently awarded.*

11. **Future Scheduled Meeting Date:**

- Staff will poll members for dates in May.

12. **Adjournment:**

- The meeting adjourned at 7:22 PM.