

Measure C Citizens' Bond Oversight Committee
Special Meeting
January 18, 2012
Superintendent's Conference Room
2200 Central Ave.
Alameda, CA 94501

Members Present:

Richard Bartalini, Chair
Daniel Aljoe, At Large
David Kirwin, Parent Org
Michael Lane, at Large
John McCormick, Parent Org
Basil Shiber, Taxpayer Org

Members Absent:

Dick Rudloff, Senior Citizen Org

District Staff Present:

Robert Shemwell, Madeline Gabel, Rob Van Herk, Robbie Lyng, Shariq Khan, Linda Takagaki

Call to Order/Roll Call

The meeting was called to order by Richard Bartalini at 5:30 at Historic Alameda High School, Superintendent's Conference Room

Adoption/Modification of Agenda

Approval of Minutes

Motion: David Kirwin

Second: Richard Bartalini

That the minutes of the October 12, 2011 meeting be approved.

Minutes were approved.

Oral Communications

Update of 2011-2012 Measure C Bond Projects

Maintenance, Operations & Facilities:

Adult School Window Project – Complete

Bay Farm Fire Alarm Project – Complete

Technology: Fiscal Department Audit result indicates that of the \$5 million approved for Technology, \$215,000 was not expended.

R. Shemwell – Our intention is to fulfill the completion of the projects presented at the last Board of Education meeting. We feel confident that in March, we can close this particular bond out with a Final Expenditure Report.

Audit documentation for year by year expenditures in 2003/04 to 2008/09 is passed out.

R. Shemwell – We propose to fund upgrades to the wireless network across the district with the unspent money in Technology. Pages 2-5 show the breakdown of expenditures by School Site.

D. Aljoe – What is Professional/Consulting Services and Operating Expenditures?

S. Khan – It covers mostly installation services for routers and switches.

Basil – Can you describe in general what these Accounting Codes mean?

S. Khan – 4310: Supplies (less than \$500 or life of less than 1 year)

4400: Supplies (\$500 - \$4999)

6400: Supplies (\$5000 plus)

If a computer is less than \$500 but in a lab worth over \$5000, the purchase would be coded as 6400. Code 21-6400 indicates Capital Expenditures. Code 21-5800 indicates we hired outside vendors to provide services to install servers and switches.

J.McCormick – Under Desktops, laptops and printers, what does “computers that needed to be imaged” mean?

R. Van Herk – “Imaged” means to take a copy of a hard disk and set-up all of the computers. 30 to 40 computers may have ended up in District Office but the rest was dispatched to the school sites.

D. Kirwin – The bond was passed in 2004.

R. Shemwell – The bond fund “21” was established on March 4, 2004. Once the bond passes, we are allowed to book against it even if the funds have not come in yet.

M. Gabel – There is a 6 month window to recognize expenditures.

D. Kirwin – This is confusing. Is this Measure C money? I thought I heard you say that it could have been other bond money. Series A was issued on 10/27/04 and Series B was issued 6 months later on 6/30/05.

R. Shemwell – We can immediately encumber expenditures against the bond.

D. Kirwin – Are all the expenditures pre-approved by the Board?

R. Shemwell – They are Board approved categories.

D. Kirwin – About the Charter Schools, it is not unusual to help support them.

R. Shemwell – The District reaches an agreement prior to the establishment of the Charter School as to how they are to be treated. The funds are not co-mingled. ACLC was a charter of AUSD. They may have benefitted from some of the bond money. ACLC started as a dependent charter but separated in 2009/10. Do you need any other clarity on the \$216,000? Rather than readjust at this time, since we went to the voters with a certain structure for the bond, we recommend that we go ahead and spend the money within Technology in a wireless, instead of wired, system.

R. Van Herk – Every location gets a wireless access site. Our old system cannot handle it. Once it breaks, we literally need to climb a ladder to fix it. The wireless system can be managed remotely and has a better band width. There will be access for 3 groups: Guests, Students and Staff.

R. Shemwell – The infrastructure is all there. We are now replacing the access points. The footprint across the school is much more powerful. The cost will be leveraged for the next 7 years.

J. McCormick – It's nice to see that the general pipeline equipment has not gone obsolete.

R. Van Herk – The access points are near the ceiling. It would easily add another \$100-150,000 if we have to wire more access points. The switches are still good for 9-10 years. If we need to replace, it would be a decision to upgrade, not replace.

R. Shemwell – The November PowerPoint was a draft of the ongoing projects. One item added is the District Wide Wireless Project.

R. Lyng – Also, MOF took out 2 projects: Paving & Striping at Longfellow and Bay Farm.

R. Shemwell – This does not mean that we will not finish these projects. They will be done as routine maintenance. The District Wireless Project can be covered out of routine maintenance account as well. In my mind, we have encumbered and spent the bond money in 2008/09.

M. Gabel hands out Accounting Sheet of the bond measure itself.

J. McCormick – There is a similar sheet on Page 11. \$225,000 was taken out and \$215,000 was put in. Can you explain that?

R. Shemwell – You will see that we are overspending. Basically in 2004/05, proceeds were \$62 million. The Oversight Committee is responsible for \$62 million. Normally, you don't transfer into a bond fund. You typically just take money out. The revenue is interest. Your charge is not to oversee the interest portion. The interest will be used in the same categories but will be completed unrestricted. We are arbitrated against this account to make sure we are banking the money to earn interest. We will check why we are continually adding to the bond fund. One reason is that the auditor will not allow us to post a negative so it was recommended to put the interest into the bond fund. However, this bond should have been closed out.

D. Kirwin – Wasn't it in the language of the bond that we would get \$17 million in matching funds?

M. Gabel – We received \$7.2 million in 2005/06 and \$7.6 million in 2006/07 in conjunction with the bond and did a joint project.

R. Shemwell – Leveraging State money is good but we shouldn't add to the bond fund. We only get matching funds if we complete that particular project.

R. Bartalini – Page 9 shows were we got that extra money.

R. Shemwell – This money is not part of your charge. The interest will go towards deferred maintenance.

M. Gabel – In prior years, checks were not in place at that time. State reporting procedures will not allow us to do this now.

D. Kirwin – I still think it was in the bond language. Bob De Luca wanted to go after the matching funds.

R. Shemwell – You can push a bond by saying, "If you get a \$62 million bond, we can receive \$30 million in matching funds." However, the Oversight Committee obligation is over once the voter approved debt is spent. We aren't guaranteeing matching funds.

B. Shiber – The auditor may have wanted you to add to the bond fund. More money has been spent than what is reflected in the bond measure.

R. Shemwell – That's exactly right. We can't overspend.

B. Shiber – Do you know where we got the extra money?

R. Shemwell – Developer fees, Modernization and Deferred Maintenance.

M. Lane – Original bond says \$63 million but you keep saying \$62 million.

M. Gabel – When you actually sell, the assumption is you sell at a particular rate and we didn't get that rate so we were short by \$500,000.

M. Lane – Shouldn't we way on Page 2 that we didn't get \$17 million in matching funds if we got less?

R. Shemwell – We can certainly disclose what we actually received.

J. McCormick – I disagree that we spent the \$62 million. As we spent the money, we were still leveraging. The actual transfers were spent so we still have part of the core \$62 million.

R. Shemwell – I believe we have spent it. We have crossed the threshold of completing the bond. I know we can prove that. We are sitting on \$3 million that is interest. The interest is earned in the County Fund. We need to prove that we are not just sitting on the money. The money is held in an escrow account and paid out each year. This account is monitored by the County Assessor.

D. Kirwin – This was brought up in the past minutes. I'm sure we discussed this in the past.

R. Shemwell – It costs \$4-7,000 to have auditors come in to audit a bond. We are in a perpetual loop. We didn't bring it forward properly because of the past accounting methods.

R. Lyng – Judge brought up signage at the last meeting.

R. Shemwell – I still think we should put signs up.

R. Lyng – The next meeting is on March 21st.

R. Shemwell – We would like to submit closure to the Board. We will bring justification of the bond closure at the March 21st meeting. It sounds like you are all in agreement.

D. Kirwin – Where does the money come from? Are we currently repaying the bonds?

R. Shemwell – The bond is in repayment status until 2036. Taxpayers pay into that bond. It is amortized much like a house. It grows over time. The value of taxable property will go up so higher tax rates will be paid plus there is new growth such as the 1000 homes at the Point. There is a fivefold increase in the next 5 years since it is loaded at the end.

M. Gabel – The impact to the individual taxpayer is steady all along.

D. Kirwin – What I am asking is how it relates to the school district. How much is AUSD paying into the repayment?

R. Shemwell – Nothing. It is fully funded by the community. Also, it is structured so that there isn't a drastic change to the taxpayer. If there is lots of development in the future, the amount may even go down. There is no impact to the school district.

Adjournment: 6:56 pm