



# City College of San Francisco

50 FRIDA KAHLO WAY • SAN FRANCISCO, CA 94112 • (415) 239-3000

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

### MINUTES

THURSDAY, MAY 9, 2019  
OCEAN CAMPUS  
MULTI-USE BUILDING, ROOM 361  
50 FRIDA KAHLO WAY, SAN FRANCISCO, CA 94112

**Members Present:** Anni Chung, Christine Hanson, Shanon Lampkins-Jones, Rafael Musni, Daniel Weaver

**Staff:** Dr. Rueben Smith, Luther Aaberge, Vahe Hovakimian

**Presenter:** Jill Stenton (Vavrinek, Trine, Day)

1. **Call to order and Roll Call:** Rafael Musni, Chair called the meeting to order at 3:24 PM.
2. **Approval of May 9, 2019 Agenda** – Approved.
3. **Review and Approve Minutes**
  - a. **January 22, 2019 Meeting** – Approved. Abstention: Hanson. (Weaver/Lampkins-Jones)
    - i. Committee vice-Chair Hanson commented that the minutes were not posted on the website ahead of the meeting.
  - b. **November 15, 2018 Meeting** – Approved. Abstention: Hanson. (Weaver/Lampkins-Jones)
    - i. Committee vice-Chair Hanson commented that the minutes were available on the website.
4. **CBOC Reports**
  - a. Review the Bond Audit Report ending June 30, 2018  
Jill Stenton, Senior Manager for VTD (Vavrinek, Trine, Day) presented the results of the audits for year ending June 30, 2018. Two types of audits were conducted – the Financial Audit and Performance Audit. Ms. Stenton reviewed the Financial Audit Report for the election 2001 and 2005 Bond funds noting that the Independent Auditor's Report's opinion is that the financial statements are fairly stated in all material respects and that there were no findings. She briefly went over the financial statements noting that the Balance Sheet shows 2001 Election (Bond Fund 43) and 2005 Election (Bond Fund 44) are separate funds in the accounting system. There was a total expenditure of \$1.7 M with

#### BOARD OF TRUSTEES

ALEX RANDOLPH, PRESIDENT • TOM TEMPRANO, VICE PRESIDENT • DR. BRIGITTE DAVILA  
IVY LEE • JOHN RIZZO • THEA SELBY • SHANELL WILLIAMS • MAX HIRSCHFELD, STUDENT TRUSTEE  
DR. MARK W. ROCHA, CHANCELLOR

a local revenue of \$4.8M. She briefly reviewed the Performance Audit Report for the year ended June 30, 2018. She noted that it is the Independent Auditor's report opinion on performance that the 2001 and 2005 Elections Bond funds were properly expended. The purpose of a performance audit is primarily to verify that management is spending the Bond funds as per the voter approved projects. The 2001 Election Bond fund had no expenditures. Seventy-five percent of the \$1.7M expenditures of the 2005 Election Bond were tested to verify that they were properly expended. One area that they pay attention to is salary charged to the Bond funds as salary of general administrative nature is not allowed. They tested 100% of the \$90K salaries charged to Bond funds and it was verified and found to be properly expended and stated. The District asked for three other types of procedures: reviewing compliance with regulation for bids; reviewing process to approve change orders; and, reviewing project budgets. ***Jill Stenton said you (indicating the CBOC) asked for testing of the bid process.*** There was one vendor selected for bids and it was verified that the contract with Kitchell was in compliance. Of the four change orders that were approved, fifty-percent were tested, Meyers Nave and Kitchell, and both were Board approved prior to the contract being executed and everything was found to be in order. The final procedure was related to reviewing project budgets. They obtained the budget for every project and put together a schedule showing original budget, amended budget, compared with actual expenses. They verified that procedure was followed for the variance in the Renovations/ADA project budget of \$1.3M that was properly communicated to the Board and the Board approved the transfer of funds at a subsequent event at their March 21, 2019 meeting. ***There was a discussion about the cost overrun with questions from Dan Weaver. Committee vice-Chair Hanson commented that there were two overruns for the tBP and Kitchell contracts. Ms. Stenton noted that more detail would need to be reviewed to verify as the budget total does not show the vendor detail and that the proper procedure was performed and the Board approved to move the budget.*** Ms. Stenton concluded her report and summarized that it is their opinion that the financial statements are fairly stated, that the Bond funds were properly expended, and there were no findings in regards to both audits.

- i. Committee Chair Musni inquired about the local revenue on the Bond funds. Ms. Stenton noted that local revenue is generally interest and that the 2001 Bond was interest and the 2005 Bond was a combination of interest and \$4.8M of other sources. ***Ms. Stenton said that I don't know if that's state funds or local funds because I'm not the actual auditor on this engagement and I couldn't tell you that but maybe Luther can tell you that. Vice-Chair Hanson asked about the previous years' audit bid process that was tested but the bid process had happened a year and a half before our time period for the report we are working on. She inquired what is the reasoning for that. Ms. Stenton said she did not know but these questions can go to Terry Montgomery.*** Committee vice-Chair Hanson commented that the Frog lawsuit settlement amount was \$4.8M. Vice Chancellor Luther Aaberge will look further into it.
- ii. Committee vice-Chair Hanson inquired where funds were transferred from to cover the \$1.3M budget transfer. ***Ms Stenton commented you will need to ask Luther because she (Ms. Stenton) is not on this engagement, she was asked to come and give this report but she has never audited these financial statements.*** Ms. Stenton

- commented that VC Aaberge can contact the main engagement VTD partner Terri Montgomery for details.
- iii. Committee vice-Chair Hanson inquired about the Facilities Master Plan as a valid project in the project list and had requested it to be tested as a valid project last year. ***Committee vice-Chair Hanson said we (the CBOC) had requested last year that the Facilities Master Plan be tested for compliance with the project list but it doesn't sound like this was done.*** Ms. Stenton noted that the procedure is to select transactions randomly across projects and verify and test that the expenditures are in accordance with the voter language and that the project is listed or implied. ***Vice-Chair Hanson said we did ask them to check the FMP in that process last year and they said they would do it for us this year but it sounds like instead what we got was the bid test which was what we got last year. Ms. Stenton agreed and said no we did not do that, it wasn't specifically said in here and that's a very distinct document.*** Ms. Stenton noted for the District to contact Terri Montgomery to request the project be tested as a distinct document.
  - iv. Committee Chair Musni inquired about risk related to the local Bond interest revenue. VC Aaberge will look into when it was last tested for arbitrage and what the penalties may be for not expending funds that are generated by interest and email the response to Facilities staff. Ms. Stenton noted that the law requires an arbitrage calculation is done every five years and VTD recommends that it is done every three years and noted that the 2001 Election is most at risk since there is cash sitting there with no activity. Ms. Stenton noted that the District should contact Terri Montgomery about arbitrage rules and clarify if it is for the total Bond amount or what is remaining.
  - v. Committee Member Weaver commented that the Committee can write a letter to the Board regarding arbitrage.
- b. Bond Projects Status Report – No report.
- c. Review the 2018 CBOC Annual Report for Fiscal Year July 2016 to June 2017 – The Annual Report Subcommittee presented the draft report for Committee review.
- i. Committee vice-Chair Hanson distributed a handout of draft versions of the compliance opinion - medium compliance, complete compliance, and non-compliance. ***Vice-Chair Hanson explained about the packet which says compliance opinions, the report subcommittee agreed that there would be three compliance options. That Committee member Musni would write the "medium" compliance opinion, Hanson would write the full and non-compliance opinion. Committee Member Musni said the third one is missing because he did not write one. Committee Member Hanson said the background packet goes with the non-compliance option and that we do have to submit a compliance opinion of some sort into the report.***
  - ii. Committee Member Weaver motioned for approval of the positive compliance opinion.
  - iii. Committee Member Chung inquired about the non-compliance opinion and if there is a recommendation regarding the expenditure of funds for the Facilities Master Plan project.

- iv. Committee vice-Chair Hanson commented that the concern is the project budget doesn't seem to have a ceiling and there is no legal opinion on spending Bond funds on the Facilities Master Plan project. She commented that the transfer may have come out of the PAEC fund.
  - v. Committee Weaver commented that VC Aaberge left the meeting after the audit presentation.
  - vi. Committee Chair Musni inquired why the last scheduled meeting was cancelled. The Committee was informed that the last meeting was cancelled due to administrator's unforeseen family emergency.
  - vii. Committee Member Chung suggested that the Committee can write a letter to the Chancellor requesting an opinion.
  - viii. Committee Member Lampkins-Jones inquired why if the legal opinion records cannot be located why it cannot be done now.
  - ix. Committee vice-Chair Hanson commented holding off on finalizing the report until there is a response from the Chancellor.
  - x. Committee vice-Chair Hanson commented that the Gough Street relocation project does not seem aligned with the project list.
  - xi. Committee Member Lampkins-Jones commented that the report will be going out at the same time voters are polled and the non-compliance finding statement being negative influence to voters.
  - xii. Committee vice-Chair Hanson commented she had asked the Chancellor suggesting if a lawyer could work directly with the Committee.
  - xiii. Committee Member Lampkins-Jones inquired what is the action for the District if there was a non-compliance finding by the Committee.
  - xiv. Committee Chair Musni commented that the community should be informed of the annual report by postcard with an electronic copy of the report posted on-line.
  - xv. The Committee requested a meeting with the Chancellor to discuss concerns that has not been addressed over a period of time.
  - xvi. The next step is for the Committee to review the draft annual report after edits are completed and to vote on the compliance opinion.
- d. Call for Subcommittee Members for 2019 annual Report to the Community for Fiscal Year July 2017 to June 2018 – Tabled.

## **5. Public Comment**

- a. Harry Bernstein inquired if the non-bid items are part of the compliance opinion.

## **6. Calendar Upcoming CBOC Meetings**

- a. Committee requested scheduling a meeting with the Chancellor on a Thursday or Friday in one or two weeks in the late afternoon.
- b. Next meeting is scheduled for October 15, 2019.

## **7. Adjournment** – Meeting adjourned at 5:00 PM.