

CITIZEN BOND OVERSIGHT COMMITTEE "Meeting Minutes of November 5, 2008"

- Call to order by: John Moore (CBOC Chair)
- Time called to order 6:30 PM
- The following were in attendance:

6 Visitors

Julio Hernandez (SGI)
Mariana Solomon (SGI)
Lance Jackson (SGI)
Rogelio Ruiz (Council)
Frank Biehl (Board Member)
Edward Garcia (Board Member)

15 CBOC Members

John Moore (Chairman)
David Hernandez
John Sellarole
Bud LoMonaco
Bonnie Mace
Bill Becker
Sandra Duncan
Barbara Boone
Jon Reinke
John Sellarole
Ruben A. Dominguez
William Johnson
Rowena Smith
Rosa Solorzano
Sara Przemielewski

4 District Members

Alan Garofalo
Jerry Kurr
June Rono
Vangie Avila

- Meeting adjourned by: John Moore (CBOC Chair)
- Time of adjournment: 9:40 PM

Public Comments

- There were no public comments made.

Review and Approve Meeting Minutes of September 3, 2008

- Members of the CBOC read the minutes from the September 3, 2008 meeting. The minutes were approved with the following modifications:
- Two Additions to the attendance sheet
 - Visitors
 - Frank Beal
 - Edward Garcia
- Change name of CBOC member
 - Change name from Dave Hernandez to David Hernandez

Old Business Overview

- UPDATE: Review of Measure G funds spent on salaries since last meeting.
 - Jerry Kurr to update:
 - In the agenda there are some charges that date back to August, which specify what the total amount for salaries and benefits are what the current schedule reflects.
 - As of August 31st going back to the previous 18 months before 2007-2008 and including 2007-2008 salaries up through August 31st, which is this fiscal year and the salaries allocated are based on those amounts.
 - In those numbers for this year were some positions that the committee had rejected. These positions and salaries will be taken out before the next meeting.

Old Business

- The CBOC Chair explained that the purpose of the CBOC committee is to question whether the bond language is being followed by projects funded by each bond.
- The CBOC does not set policy; rather it acts as good faith advisors to the Board of Trustees; providing information and details the board doesn't have time to study. In addition the CBOC is responsible to compare actual work to that stipulated by specific bond language.
- In comments regarding the Measure E progress and process of the current development of project lists for all campuses it was stated, that upon determining that projects are consistent with bond language; projects are then compared to the Academic Master Plan. Any inconsistencies will be questioned by the CBOC.
- Items presented to the CBOC are open for discussion by everyone in attendance, but only factual items that the CBOC can agree on are taken to the board. Everyone in attendance to this meeting is entitled to comment, but only committee members can vote.
- John Moore opened for discussion the Total School Solutions recommendations for CBOC:
 - The CBOC is to review spending from all fund sources.
 - Historically, the committee reviewed bond spending only from Measure G excluding all other funding sources.
 - The CBOC is to issue an Annual Report that stipulate detailed bond information for all campuses

- This report has not been done previously but will be done now
 - Requested volunteer to create a sub-committee for the annual CBOC report. An additional meeting will be held in October to review the report.
 - The members of the sub-committee include:
 - John Sellarole
 - Bonnie Mace
 - Bill Becker
 - Bill Jakel
 - Rosa Solorzano
 - John Moore to chair
 - Sandra Duncan will be available to assist in with editing and proficiency if needed.
 - John Moore to publish the report for the measure G on October 15, 2008.
- Rosa Solorazano questioned as to why the district needs a consultant to tell them what to do and how to spend the money.
 - In response, John Moore, stated he considers SGI consultants and that SGI is paid a great deal of money to oversee the district's facilities projects. He noted that review of fees paid to SGI and all other consultants is the responsibility of the CBOC and shall be included in all future meetings.
- Lance Jackson of SGI commented that SGI makes reports to the CBOC as well as the district about the progress of the overall scope of the program based on scope, schedule, and budget.
 - The auditor certifies all the things that SGI reports regularly throughout the year are in fact true.
 - So, if SGI reports a certain amount of expenditures and the auditors, which are an independent set of eyes, search the books and do in fact agree with SGI; it would be in a sense a stamp of assurance.
 - From a performance perspective, the auditors are looking at how SGI is implementing the plan and is SGI is doing it according to the best practices.
- The committee agreed that an annual audit is in accordance with the requirement of having the district audited every year, but questioned the secondary audit that the district opted to charge to the Measure G Bond, for the amount of \$78,000.
 - Previously, all audits have been paid for out of the general fund.
 - In response to the additional audit in question, the Superintendent Bob Nuñez, stated that it was necessary, and used audit to qualify SGI for management of the new Measure E bond.

- The Measure G Committee voted by majority consensus to include in the report to the Board of Trustees pending legal opinion that the CBOC recommends that the \$78,000 expense should be paid for by the district's General funds.
- Measure G was analyzed regarding salary expenditures and the following comments were made:
 - Measure G funds are \$3.2 million dollars out of balance due to salaries.
 - The committee voted in June, to approve the use of bond funds to pay salaries where appropriate.
 - The ongoing dispute was the original amount presented of \$2.8 million changed to \$3.2 million dollars, where the CBOC questions the change based on having voted that \$400,000 was inappropriate during the same meeting in June. The amount was reduced from \$2.8 million to \$2.4 million.
 - To date the amount has increased from \$2.4 million, which was approved by the committee, to the \$3.2 million dollars in question
- The committee questioned SGI as to where the numbers and the final amount totaling \$3.2 million dollars came from. SGI commented the information came from the district's QSS download.
- Superintendent Bob Nuñez stated he was going to have a conversation with SGI about how information is presented to CBOC so that the district would have some knowledge ahead of time and would know what the impact would be. He also stated that to his understanding the numbers did not come from the district.
 - Review of salaries presented in June by CFO Jerry Kurr was questioned.
 - Karen Poon in attendance for Jerry Kurr disagreed with the information provided because of the cut-off dates.
 - Cut-off information and total number for the data was questioned.
- A member from the committee read a statement from the Attorney General which stated the opinion suggests that the cost of the annual performance and any financial audits made be paid from the Bond dollars.
- John Moore stated that if there are errors in items he provides the board he would be the one accountable for it. He wants to establish a reason for the error regarding the salaries. And stated the fair thing to do is work with SGI, because SGI stated they are downloading information from the district.
- John Moore commented he would like to have a meeting before the next CBOC meeting to resolve the 5 pending positions for the FTE allocations.
- Bob Nuñez went on record to state that the information he receives from his staff does not agree with the numbers from SGI, and that they are not in fact over budget even if the \$3.2 million dollars is included. A member of the committee

commented that she was under the impression that the CBOC gets their numbers from the district going through SGI.

- Review and discussion continued regarding reimbursements to Measure G from State grant applications due to modernization, emergency repair projects, OPSC, William's settlements and city funds.
- Measure G meeting was adjourned and Measure E meeting call order.
- Question was raised regarding Measure A and G for those projects which may be currently budgeted by Measure A or G but that may have to be completed and/or closed out using Measure E funds.
 - Will the project be budgeted into Measure E?
 - Is 90% of Measure G reflected in Measure E?
 - The comment was made that if the need of using Measure E funds to complete partially done projects was indeed what had to happen, the dollars will be separated as the projects not completed from G continue through E.

New Business

- Review of Measure G funds spent on salaries since last meeting.
 - Jerry Kurr to update:
 - In the agenda there are some charges that date back to August, which specify what the total amount for salaries and benefits are what the current schedule reflects.
 - As of August 31st going back to the previous 18 months before 2007-2008 and including 2007-2008 salaries up through August 31st, which is this fiscal year and the salaries allocated are based on those amounts.
 - In those numbers for this year were some positions that the committee had rejected which those numbers were reflected, and will be taken out before the next meeting.
- CBOC Member Bonnie Mace questioned if health and other benefits were included in the salaries expenditures. Mr. Kurr confirmed that the salaries expenditures are a total of salaries and benefits.
- John Moore stated the numbers everyone will see at every meeting will be two months in arrears. This will give the Superintendent ample time to process the numbers and come to a consensus agreement with his own staff. Once each of

the bonds are running in good order the reports will be consistently two months in arrears so changes in spending can be measured.

- The purpose/goal everyone is striving for is consistency on the numbers so they can be agreed or disagreed on; in order to be consistent with the policies.
- Bill Becker questioned, “Why, if the CBOC only meets every three months, is the financial report two months behind?”
 - Per John Moore, the Superintendent has requested that much time to process records between his office and SGI. He felt that any less than that would not allow his office adequate time to review the numbers and either agree or disagree.
 - John Moore recalled that at the June meeting the salary amount was \$2.8 million and two months later it was \$3.4 million. He continued to say that the reason for the difference in the numbers presented in June didn’t include additional missing data. This was a reason the 60 days are needed.
 - As a result of the 60 day time frame all numbers received in September’s meeting are aligned and consistent.
 - Mariana Solomon responded regarding the 60 day gap:
 - The district has a fiscal year ending June 30th so it takes the district over a month to close out.
 - By the time SGI receives year end data it is two months later. So SGI receives the data in August.
 - With November starting by the end of the year we will be back on track. It will be about 30 days behind.
 - Lance Jackson responded regarding the 60 day gap:
 - SGI needs enough time to make verify the information that is going between the two departments, (i.e. SGI and the district) to conclude that this is the accurate timeframe we are looking at and that the accurate number of bodies listed, come to the same sum total, which did not agree the first time around.
 - The last time the report was put together the numbers disagreed and that made us aware that it was necessary to

have a pause to reflect and to make sure the numbers are equivalent.

- The ultimate goal is to get the most current information that SGI can possibly give that is accurate.
- David Hernandez questioned, “if the departments are meeting together to check the figures why would there be a discrepancy where the numbers between the two departments don’t have the same balance”. What would be the cause of that if the departments already know what is being billed or paid for.
 - Lance Jackson responded:
 - It was the first go around
 - The list that they worked off of last time everyone met was the second attempt, and the actual list of FTE’s was still in flux.
 - It wasn’t agreed totally on how many FTE’s and who those bodies would be.
- Bill Becker stated that if there are 24 people working on these projects that 60 days is unacceptable. (specified for this to be on record)
- Progress of the Annual Report Committee
 - John Moore commented that there was little accomplished. The Sub-Committee was put together to work on the report but was unable to provide much support, due to other circumstances John endured.
 - John intends to have meetings with the Sub-Committee to generate a report with the target date being January.
 - Format and data suggestions are welcome.
 - Will notify everyone by e-mail when the Sub-Committee will meet.
- Mariana Solomon gave an overview of the project expenditure report.
 - The overall program is based on the \$298 million budget.
 - According to the Pie chart
 - Every single project for Measure G is budgeted so there is no extra money.

- Expenditures actually are warrants that the district has paid out to contractors, vendors, and whoever is involved with those projects.
 - the \$39 million under committed is based on purchase orders that are still open and that have a balance, even if there is no purchase order, the bond has been has been budgeted.
- Money left from a completed project will not go to the general fund, but will stay with the school it was budgeted too; but not necessarily to that project. The decision of allocating the unspent funds for that school is left to the Facilities Department.
- CBOC Member questioned what each of the phases meant:
 - Beneficial Occupancy is a legal/construction term defined as a facility that is complete enough to be safely occupied for its intended use. The beneficial occupancy date is based on the contract schedule. In the past there has been liquidated damages assessed from many contractors who has gone beyond the scheduled dates agreed upon. The funds liquidated from the contractors are returned back to that particular project.
 - Completed is a legal/construction term defined as a facility with beneficial occupancy, and is currently in the final stage of punch list items, but has not yet received close out documentation from DSA.
 - Closed is a legal/construction term defined as facility with beneficial occupancy, is considered completed, and has received close out documentation from DSA. Funds unspent in this stage of the project can now be disencumbered.
- Question was asked as to whether each site has one individual committee member assigned. John Moore responded that not every site has a member assigned for Measure G, but would be possible and preferred if there was for Measure E.
- Committee would like to acknowledge where changes in budget between campuses occur and how the budgets are addressed and handled.
 - Alan Garofalo answered that it is all dependent on the need of the school based on student capacity.
 - John Moore stated that the bond and the expenditures are a district not a local decision. Money will flow back and forth as needed and wherever the greatest need is from the greatest capacity at a site.

- Ex: If the maximum capacity of Independence High School is 5500 students, but has 3400 students currently enrolled there would be no need to build new classrooms. But for a school such as James Lick, which is rapidly increasing in students' enrollment, new classrooms would be would be a priority.
- David Hernandez questioned who made decision to move money from site to site. John Moore commented that that was something that would be brought to the board of trustees as possibly part the consent calendar by the district. Committee would only review for consistency with the bond.
- Bill Becker misunderstanding as to how things are done at the level of ...Members would like to know when there are changes in the budget to each site. John Moore commented directly to SGI and the district that it is pertinent to receive the reports one week in advance.
- John Moore suggested that each report should include information from last reporting period to current reporting period.
- Bud LoMonaco stated that the committee should trust the district and SGI's decisions as to where the money is used in accordance with following the rules of informing the board of trustees.
- Bud LoMonaco asked where the funds come from to support a project which was started years ago and is affected by the rise in cost.
 - John Moore stated that it will mean fewer projects done by the bond.
 - He commented as acknowledgement that it is a fact that Measure G will not fully fund all projects that were identified to be funded by Measure G, and that there will be instances in which projects will have to be funded by Measure E.
- Member asked what the process was to move a project that was originally funded by Measure G and can no longer be funded by Measure G to Measure E.
 - John Moore stated that, that conversation should be continued under Measure E where everyone can be incorporated.
- Measure G meeting was adjourned and Measure E meeting call order.
- John Moore commented that the \$20 million that has been exhausted from the Measure E bond should be rectified at the next meeting.

- John Moore submitted, to the President of the Board of Trustee and to the District's Attorney, a request for an agenized item to consolidate both Measure G and E committees for everyone to talk about both bonds.
 - The next CBOC meeting all committee members will be consolidated.
- John Moore stated the Measures G and E are two separate entities, and that it is not the intention in the district at this time to say that it is ok to use funds from the Measure E bond to complete projects started with Measure G funds.
- Academic Master Plan is a "wish list" giving the district the opportunity to answer the question: "If you could do anything that you wanted for the schools, what would it be?"
 - The projects accomplished through the Measure E bond will be completed in relationship to the Academic Master Plan.
- Who makes the decision and how is it decided regarding which schools take priority over others, is a question raised on the subject of the "wish list."
 - "Wish list" is presented and prioritized by the School Site Council, which presents their decision to the Superintendent (cabinet).
 - After careful consideration, cabinet will determine what recommendation will fit best to carry out the Academic Master Plan. We will present the final recommendation to the Board of Trustees for approval.
 - It will be up to the trustees to determine if the recommendation made by cabinet works.
- Board will base the decision as an overall on the Master Plan. When the board finalizes their decision the CBOC will then in turn oversee the expenditures to those projects specified for Measure E.
- Alan Garofalo stated that projects that are identified for Measure E would be prioritized and as many as possible will be completed according to the priorities, and with the approval of the trustees.
- John Sellarole stated the Academic Master Plan is available online.
- Bill Becker: asked about the reports mentioned (Perkin's & Will), "was it done with the intention to use only Measure G because E wasn't around? Now we're looking for them to re-vamp/update the report to incorporate the Measure E money. So wouldn't it be logical to finish what was started?"
 - Was it a Health & Safety measure?
 - Alan Garofalo:

- Commented that it may not have been a health & safety measure. But those priorities have changed since Perkin's & Will did the Master Plan back in 2002.
 - Since then many things have changed.
 - Demographics have changed
 - The Academic Master Plan reflects new needs
 - Different direction of curriculum
 - Etc, etc...
 - I understand your thinking but it may not make sense to carry on with that particular plan.
- Bonnie Mace asked, "Where do you incorporate things that aren't facilities, such as purchasing a new school site? (I.e. Calero is an example of purchasing a new school site)".
 - John Moore stated that the wording was in the bond language.
 - Conversation went back to discussion on what funds are designated for what projects.

Additional Items

- There were no additional items.