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September 9, 2012 ***DRAFT FOR CONSIDERATION BY BOND
OVERSIGHT COMMITTEE ON SEPTEMBER 6, 2012***

Sweetwater Union High School District
Edward Brand, Superintendent
1130 Fifth Avenue
Chula Vista, CA 91911

Dear Superintendent Brand:

As you are aware on August 20, 2012 a letter was presented to the Board of Trustees on a number of issues relative to our needs as an independent Bond Oversight Committee. The letter and its recommendations were unanimously approved by the Citizen's Bond Oversight Committee (CBOC) at the August 16, 2012 meeting.

A fundamental and key conclusion of the letter states: "The Sweetwater Union High School District needs to improve the Transparency, Trust, and Thoroughness associated with its Proposition "O" Bond Program. Until these three "T's" improve, the Board will be forced into a defense posture by the public."

With this as a backdrop, the Committee had several specific recommendations which included the retention of a financial consultant, interviewed and chosen by the CBOC, to act independently on behalf of the CBOC and; conducting a forensic audit of a select period for the expenditure of bond proceeds and report the Public. In addition, the CBOC has requested legal counsel to provide us independent advice on Brown Act issues and possibly other yet to be defined legal concerns. Such recommendations are entirely consistent with the Education Code that relates to our independence and the oversight nature of our Committee.

On, August 23, 2012 Thomas Calhoun Chief Facilities Executive informed me that it was your position as Superintendent that the District did not have the resources to provide us the requested services (financial consultant, legal, and forensic audit). On August 25, 2012 at a meeting in your office you confirmed this

position. First and foremost this is not your decision to make unilaterally. This is a policy issue for the Board of Trustees.

As Chair representing our entire Committee who recommended these actions on August 16, 2012 I am deeply concerned that the District is not only further increasing the frustration of our Committee but is contrary to actual language and intent of the Education Code relating to Bond Oversight Committees. Aside from these legal compliance issues, the ultimate role of our Committee reporting is to report to the Public on the status of the Proposition "O" Bond Program. It is clear from every meeting since I have been on the CBOC that the Public is concerned that the information received from the District either has not been thorough or transparent enough to satisfy our concerns or answers to our questions.

In short our request is not made as a "whim" or a "nice to do" activity. As a CBOC we need to be able to do our job. Here are the applicable citations from the Education Code:

- Accountability. Section 15278 (b) of the Education Code States: "The purpose of the citizens' oversight committee shall be to inform the public concerning the expenditure of bond revenues. The citizens' oversight committee shall actively review and report on the proper expenditure of taxpayers' money for school construction."
- Limitations on Role of Independent Bond Oversight Committee. Section 15278 (b) further states: "The citizens' oversight committee shall advise the public as to whether a school district or community college district is in compliance with the requirements of paragraph (3) of subdivision (b) of Section 1 of Article XIII A of the California Constitution. The citizens' oversight committee shall convene to provide oversight for, but not be **limited to** (emphasis added), both of the following: (1) Ensuring that bond revenues are expended only for the purposes described in paragraph (3) of subdivision (b) of Section 1 of Article XIII A of the California Constitution. (2) Ensuring that, as prohibited by subparagraph (A) of paragraph (3) of subdivision (b) of Section 1 of Article XIII A of the California Constitution, no funds are used for any teacher or administrative salaries or other school operating expenses."
- Resources for the Bond Oversight Committee. Section 15280 (a) states: "(a) The governing board of the district shall, without expending bond funds, provide the citizens' oversight committee with any necessary technical assistance and shall provide administrative assistance in furtherance of its purpose and **sufficient resources** (emphasis added) to publicize the conclusions of the citizens' oversight committee."

Having Independent outside advice and focused audits is not without precedence for these School bond programs. On January 12, 2012 the Calexico Unified

School District authorized a forensic audit. The State Controller has conducted an audit entitled "San Joaquin Delta College Audit Report Measure L and Proposition 1D Bond Proceeds March 1, 2004 through August 31, 2008". In addition, the State Controller prepared an Audit of the Los Angeles Community College District titled "Audit Report Proposition A/AA and Measure J Bond Expenditures July 1, 2001 to December 31, 2010."

We are at a critical juncture here with our Bond Oversight Committee. There are three new members which I briefed on Tuesday August 28, 2012. There is a CBOC meeting scheduled for September 6, 2012 at 5:30 pm at Southwest High. At that meeting we will have an agenda item on what further actions we intend to take regarding the issue of adequate resources to conduct our business as required by the Education Code. This is a very important meeting and as Chair I want to make sure this date and time does not conflict with any other major scheduled or planned District business. If it does then I will reschedule so the public and any of your Board members can attend and observe our meeting.

As a Committee we really want to get down to our business and analyze information rather than trying to struggle to get the information in the first place. As far as the use of District resources, I can assure you that every attempt will be made to be fiscally conservative. For instance, the recommendation to retain an independent financial consultant may not result in significant costs as we are asking for an "as needed" consultant. The forensic audit is suggested to be limited to select problematic "before and after Seville" projects so that we can see first hand that processes have been put in place to comply with recommendations of the Hall Report. We are open to obtaining some pro bono services if they can meet our requirements to be totally independent of District influences and our "time is of the essence" requirements. There will be a contact made in this regard to the State Controller Audits Division.

Let us try and work together on this rather than as adversaries. The taxpayers and students will be better off if they can have confidence that the expenditure of funds is appropriate.

Sincerely,

Nick Marinovich, Chair
Proposition O Bond Oversight Committee

Cc: Pearl Quinones, President
Jim Cartmill, Board Vice President
John McCann, Board Member
Arlie Ricasa, Board Member
Bertha Lopez, Board Member