



Proposition O Citizens' Bond Oversight Committee
Wednesday, June 12, 2013
Minutes

1. Meeting called to order by Nick Marinovich at 6:00p.m.

Roll Call:

Nick Marinovich (NM)	Present
David Butler (DB)	Present
Dr. John Grubb (Dr.G)	Present
Terrance McKearney (TM)	Present
Kevin O'Neill (KO)	Present
Edgar Guerrero (EG)	Present
Bernardo Vasquez (BV)	Present

2. Pledge of Allegiance
3. Approval of Meeting Minutes: Minutes for June 12, 2013 approved, carried unanimously
4. Public Comment

Ms. Cheers, commented back 2010/11 she had heard district employees out of Prop O, asked whom, do you know what salaries are currently being paid, what totals, what employees. Specifically on MOH Phase 2 Project, part of the money received is being spent is on Nichols as Project Managers, wondering if this is also happening at NCM. Additionally are we paying a part of Mr. Calhoun's and Alt's salary and how much.

5. Report from CBOC Chair: Met with Dr. Alt on bond anticipation notes, commented that he attended Imperial Beach City Council on a non-agenda city comment, explained what the CBOC committee does, and the Mayor asked Nick to come back with more information/presentation on what the committee does. After the last meeting there was an Annual CalBOC Conference on Bond Oversight, spoke on anticipation notes, lease, lease back, good attendance. And working with another director to develop something to take on best practices, committee member selection to what should be in performance audits, how should new members be trained, feels it is important to get this done. Also mentioned Bernardo talked to David Vasquez, of Senator Wylands office, had discussion with him on bond oversight, what improvements could be made, suggested one idea if there was a small, minute percentage .25 percent of bond proceeds this year to be avail to bond over out of prop O to fund necessary services so we wouldn't have to beg to get money. **(TM)** would like to see some way of figuring out which best practices could be followed, by-laws, where do we go from here, we need to get this to sub-committee. **(NM)** view on this is that you need an active sub-committee that would meet a week prior to current meeting, he could collect information from around county_who else is doing it and how is it working, and have an actual agenda item with something to react to and force the issue. **(NM)** attended another bond oversight committee meeting, what was clear, we differ from Grossmont, they have an active sub-committee process that the agenda is driven by what the sub-committee come up with on their agenda.

(Dr. G) Feels that committee work, recommendation to the BOT on how we define the selection process of a new board member to this BOC, met with Ms. Huezo, from that generated the idea, system needed fixing, that were issues that were broken in it, professional communication needs to be improved, sending one name to the BOT was perhaps something to be looked at, in more than just one name but several names, so that the process is not stagnant and moves forward. Do committee work with time that committee work that needs to be done without taking time from actual meeting time. **(NM)** moved on to continue this discussion later in the meeting.

- a. District Audit – Dr. Alt & b. BANs: commented on the BANs, regarding report from SDCOE, they have a very specific oversight role of us as dictated by AB1200, and that oversight extends to audits, reviewing our audit and all our accounts, budget, preliminary reports, and also the non-voter approved debt, like the BANs, they have a specific role, we have an obligation to submit all debt to them, analysis of why we're doing it, what the benefit is, what the interest that we are pursuing is, what ultimately the purpose of the borrowing would be. Also include whether we would have a callable debt or non-callable debt. They require a pretty clear synopsis of what the benefit of the debt is, went thru that process with the County, one of the things they noted in the letter they issued to us in response that we didn't submit that to them under their guidelines in a timely fashion. Though they finished they're analysis and approve that our assumption where appropriated in the BANs, note we are aware, we need to submit any non-voter debt to them, suggested to chair was that summary be discussed here when its debt related to bond program and relevant to what this BOC does, and not after its been closed. **(TM)** asked for clarification, BANs issued are they done with prop o funding or are they separate? **(Dr. Alt)** they are actually linked to Prop O but not funded by Prop O yet, they are issued in advance of Bonds being issued, when we sell next the series we would pay the bond anticipation notes. **(TM)** in reality they are separately issued, and the funding that comes for under writing those is Prop O. **(Dr. Alt)** Prop O and in most cases General Fund backs it as well, and for specific reasons, although analyses showed that assessed value would cover bond anticipation notes, we have a strong credit rating. Continued discussion. **(KO)** it is anticipated that you will have Prop O money to retire this debt in five years, or re-finance, the origination fee, not clear if this is being paid with Prop O monies as well, or **(Dr. Alt)** cost of issuance, those are expenses that we do have to pay as a result of borrowing, ultimately are paid by Prop O if we do anticipate Bonds to pay for the BANs. **(KO)** when you refer to debt, inter-fund transfer, do you show as debt? There's a limited amount time you can have that money from one fund to another, when district borrowed money from Prop O and did inter-fund transfer, got beat up, and didn't tell us what it was being used for **(Dr. G)** question? Technically there is not anybody you have to go to validate borrowing of those funds specifically right? **(Dr. Alt)** That's correct/Continued discussion. **(NM)** commented that this is a revolving process under new CFO, when first on committee felt there was major lack of transparency by the district, so there was not trust. Now it's looking like we are being more transparent, feel Dr. Alt wants to be up front with us and tell us what's going on.

Public Comment

Ms. Cheers, commented on an email sent to Mr. Ward, COE, when she first discovered that district was borrowing from Prop O, sent him email saying "we need your help down here" and his response to her was, we have no jurisdiction over Sweetwater, as a member of the community that comes to these meetings, until there is a change in Superintendent and Board Members, the community is going to look at this BOC and continue question everything.

6. Bond Project Updates: **(TC)** went over all the projects with states reports, see Prop O Update handout for detailed information. a. Project Status Reports **(Handout)**, b. Project Financial Summary **(Handout)** c. Board Items Report **(Handout)**, d. Program Management Update.

(KO) feels education is suffering a little bit. **(BV)** concerned and hopes for response from the district, noticing that district is putting a lot of money in track & field designs at numerous schools, not that it's not necessary, SUH is old and track is beat up, HH & BVH is in the same condition. Asked if the district makes the decision to move forward to refurbishing those tracks, do you get input from the schools. Who makes the decision of putting track & field instead of windows, ac units, etc. Question is how was the decision made to replace the track at HH at BVH over more an immediate need in infrastructure and classroom. **(TC)** the classroom infrastructure at this point is adequate; there has been safety issues at a lot of these tracks, holes, meets that can't be completed because officials mobile out, proceed to complete at another venue, these conditions did not creep up over night, they have deteriorated over the years, for the most part because the priorities have been the classrooms. Long range facilities master plan, we'll do an assessment of all the district facilities and built, infrastructure as well, will prioritize those and engaging members of this committee in that process and updating you during that process and once conditions are assessed.

(NM) regarding NCM, original GMP estimates was from the architect, **(TC)** yes, based on the engineers, input from contractors etc., real price is not known until bid day, you go out and each individual trade contractor bids their portion of the work. **(NM)** asked for the sub-contractors, who they are, how many are advertised, is this under the primary responsibility of the lease-lease back contractor? **(TC)** yes, it's open book, we look at all bids, help them make the right choice, sometimes there is a contractor that's not performing in other jobs, sometimes we go with the not lowest bidder but the most capable bidder....continued discussion. **(NM)** continued concern in regards to lease-lease back, but if you understand how lease-lease back works, you will have a different perception about when is it appropriate to be used and what kind of district should have it or shouldn't be having it. **(KO)** mentioned email to Tom Calhoun regarding HAR Construction, 22 or 24 of conduit weren't there, as built from BB, who had a change order of \$225,000, he was told he could not have that, came down to \$149,999 and this was paid for it with Prop O monies, point being made that contractors were being forgiven and the bonds were not being acted upon.

Public Comment

Mr. Payne, commented back about the tracks and facilities, feels the district is missing the opportunities to turn these athletic facilities and turning into an asset. District doesn't create a facility that would become an asset and generate revenue for the athletic school programs. Example tracks have standard HS markings, if International Markings were added it would be able to host international events. Feels that is something for district to look at and evaluate when doing track and field.

Ms. Cheers, 1st, noticed that same contractor on SUH field that was used for MOH, and wouldn't brag about that, since MOH field had major problems, 2nd Solar, project at MOH, money given was to be spent wisely, parking lot, redone, when Soltec found lakes of waters under parking lot, caused by company that put in Solar. Question, are we getting back that money from Solar Company, and we were told no. 3rd Article in paper, regarding Title IX for CPH, softball issue may not be resolved, MOH Title IX was added as well, take care of field, etc., Mr. McLaughlin, Title IX Specialist, comes to a couple meetings, and mentioned that the girls spectators will have to walk more than the boys, she mentioned the girls would use the gym restrooms, Mr. McLaughlin said it would be an issue, he would be going to research it and get back to them. After three months came back and said it was an issue (cost prohibited), and they went along with plans. Architect redid the plans, and she asked for documentation. Issue is that charged with using money wisely. And now district is planning to hire an attorney specialized in Title IX. **(TC)** will go back to Russ Decker and Mr. McLaughlin about this issue, this Title IX issue has to be done right so that there is no lawsuit, and get back to BOC.

7. Grand Jury Transcripts Request for Prop O Copies (6:00 p.m. Time Certain), **(NM)** with the release of transcripts, has read a lot of these documents, education on what programs do and how they do it, right way or the wrong way. Will go thru sections and highlight those that relate to what charge of committee is, bond committee selection to importance of having annual audits, to how lease-lease back and competitive selection is done. Feel their charge is oversight and telling the public how we are doing both good and bad. **(TC)** recommends BOC assign the review of those documents (transcripts) to best practices sub-committee, value of those is lesson learned, force down sub-committees and some process here to move forward. **(Dr. G)** feels it's a great idea, and if works been done by other individuals, the information can be transferred to best practices recommendations, doesn't see each one reading transcript. **(KO)** nothing will matter if BOC doesn't get a check from the district to purchase those transcripts, this would be a waste if we don't get all the volumes 13/14. To buy them would be about \$2200. **(TC)** feels it's reasonable for this committee, a legitimate cost, and should be funded by the district and the Motion was made by **Kevin O'Neill**, that we submit request for funding to acquire the full set of transcripts with evidence back up and exhibit back up, and if they choose not to request the courtesy of a response, reason why not, 2nd by **Dr. Grubb**, pass unanimously, without **(BV)** Absent.

Public Comment

Mr. Payne, commented on best practices, feels that the transcripts relate to the best practices sub-committee, since one of the former BOC members was soliciting donations as well from contractors.

- 6b. continued Financials, **(TC)** went over the new and improved Financial Summary created by Paul Woods, broke this down the burn rate of funds, see handout for detailed information. **(TM)** asked if we were done with the \$82 million? **(TC)** the \$82 Million is all that is left, see bottom line, and this will be spent by two to three years, this is Prop O money only.

Continued discussion, **(KO)** concerned, yes, we have deferred maintenance and regular preventative maintenance, some parking lots will be lost in a few years if they are not addressed, are they giving a reasonable budget to protect our investment yet, or do we have to set aside bond funds for preventative main on those buildings? **(TC)** unfortunately cannot use capital dollars for routine preventative

maintenance and program maintenance, can be used for deferred maintenance and that's unfortunate, routine operational, preventative and program means has to come out of general fund. **(NM)** how do you define deferred and preventative? **(TC)** bottom line is that there is not enough money spent on up front routine program plan and preventative maintenance, the money spent on is mission critical issue, what he can say it's a large capital program in a large portfolio such as ours 4 million square feet, is really a necessity, it's not like we will never have a bond program, continued discussion.

(TM) brought up question, what is a good change order rate? **(TC)** no such thing as a good change order rate. **(TM)** seem highest change order cost is on the interim housing. **(TC)** generally a project of under a \$1 million dollars, is generally going to have a higher change order rate, and will be more sensitive to change order rate than a large capital project like MOH and NCM, five percent is about the industry standard on a new construction project, on a modernization project were you go into existing facilities probably 8-10% is a reasonable cost for change orders, due to unforeseen conditions found.

(Dr. G) point of order, would like committees in sub-committees work on these issues and if there are differences in reports and concerns that are being brought up right now those be brought to full board for discussion, we are doing committee work here when it should be done thru sub-committees. **(NM)** agreed, and we should deal with the when we get to sub-committee update. **(Dr. G)** would like to see we have best practices and look at those issues of the report from the grand jury and develop a working plan and recommendations that won't be repeated, same with finance, go through these things each month and go have those issues that can't be resolved in sub-committee brought to the BOC for action and recommendation. **(NM)** suggest that BOC have a regularly scheduled mutually time for sub-committees and if you don't need to meet than you just don't meet and keep a more of a structure to it. **(Dr. G)** asked can CBOC meet for a workshop sort of speak without meeting so we can plan these kinds of things, **(TC)** anytime a quorum meets it must be noticed. **(Dr. G)** are we governed to have only one meeting a month, can we have more than one meeting until we get these items out of the way, operating procedures. **(TM)** feels we should have one CBOC meeting a month, but should have sub-committee meeting before that CBOC. **(KO)** likes Dr. Grubbs idea and have a workshop, notice it, and sit down as a group and decide who is going to be on a sub-committee and what that sub-committee is going to take up to the board, minimally staffed, maybe Ceci to help if needed, continued discussion. **(TC)** find a location, suggested PDC (Professional Development Center) and this would be a great place to be able to break out in groups.

Public Comment

Ms. Cheers, asked how would public be informed, would CBOC be posting final determinations on the website, 2nd regarding maintenance, would highly encourage to take a look at how the district is spending their money, when a member of the public goes to a board meeting and see that in the agenda and see spending \$70 sum thousand dollars on membership to chamber of commerce and they belong to many of these, and she hears we are not able to keep up these buildings as a member of the public she sees where the money is going, and you don't see it, you see where the BOC money is going but what about the rest.

Motion made by Dr. G that this BOC look at its sub-committee structure and develop in general terms from each members the particular function of each of those sub-committees and add to any potential sub-committees that are not listed on list a thru e, send that through chair and collect information and at next scheduled BOC at that time go over issues and schedule a date to meet as a re-treat for the functionality of the organized practice of this committee, 2nd by **KO**, all passed unanimously.

6c. Board Item Report, **(TC)** went through spreadsheet, see handout for details. Discussion on ratifications. **(KO)** questioned work done by Soltec; **(TC)** there is a threshold required to go to the board and then another threshold a different level on what can be ratified and what must be approved. Depends on if contractor is or not on our pre-approved list. **(TC)** covered the question by **(KO)** regarding various sites, regarding Prolog Training, we are training our staff and architects, engineers and contractors to make sure that everyone understands how we are using it, so the information is done the first time and it quality information in the system. Continued discussion.

8. Election of Officers, **(DB)** made motion to nominate Nick Marinovich to keep as CBOC Chairman, he will do this for another year, in the middle of everything, and is doing a great job. 2nd by TM. Passed unanimously, without Bernardo Vasquez present, left meeting early. **(NM)** nomination of Vice Chair Dr Grubb made motion to make David Butler to continue being Vice Chair, 2nd by. Unanimously passed without Bernardo Vasquez present, left meeting early.

Member terms, **(NM)** Mentioned Mr. Vasquez term ends on July 20, 2013, next meeting he will need to make his decision. **(TC)** Term would be retro-active July 1 for a three year term, and to be validated by BOT. **(TM)** Reminded CBOC met with the BOT, feels there's conflict between board and superintendent, Mr. McCann has a recommendation to have board members nominate, the process is with HR doing the process at this time. Would not favor Mr. McCanns position, thinks having it done by HR is more efficient and timely, secondly, giving the legal status and all the issues relative to public confidence in the board, feels the board would be well advised to keep their hands out of this process. Can we go to a process that does emphasis the involvement of Human Resource Management, in an interview process that we've done, had experts, people from outside the district were. With this said, we have had qualified nominees prove what and have not been approved by the superintendent! We need to let the superintendent know that we need to get those names approved. Continued discussion. **(Dr. G)**, his feeling is that these issues are what will come out of the meeting with Sandra Huevo and her Assistant and will come back to this particular board and be looked at by the best practices committee, so that the best practices committee can look at what is being recommended and have that proposed to this CBOC to then be forwarded to the BOT for action. Continued discussion. **(NM)** requested 10 minutes for the next board meeting on Monday, will go before the board and this time will he will be letting BOT know loud and clear that message that CBOC takes this business seriously, including filling the positions. Continued discussion. **(Dr.G)**, feeling that we should be focused on a particular function to follow, what's happened is we have a dysfunctional process, and we're part of what gets penalized, we need to do our business the best we can do under the guidelines and move down the line and call attention to the deficiencies' we have and make public aware, attacking the BOT is not going to get us very far.

Public Comment

Ms. Cheers, there is history with Dr. Brand, with regards to having influence on these choices committees no matter what they are, agreed with Mr. McKearney, about BOC needs to make it clear about, in her opinion looking to the BOC to not just stand there and talk but say this is the document that we would like to present to the board these are our recommendation signed by all of the BOC and posted onto the website. Members of the community, the community do go to the website and feels BOC should cover themselves

(Dr. G) asked if anyone had tried to have a conversation with a crazy person? Or wrestle with a pig, at the end of the day the pig has fun and you get dirty. What we are dealing with is dysfunctional family and we can't deal with that, and trying to get our job done, and we're not getting provided the necessary materials' to the job. At the end of the day feels that BOT doesn't feel they are answerable to anybody. We just need to do the best job we can and if we disagree make sure all of our things are in open forum so the public can hear, make our wishes known and just deal with what the result are. **(DB)** feels that until BOC does something we do affects them politically, they are not going to pay any attention to us. **(KO)** feel progress has been made, not spending money on iPads, this is a small victory, but fairly significant. We need to continue to push back and continue to push for true transparency and excellence, we hold ourselves up to those standards they can't mirror it, it reflects poorly on them and that will affect them politically, we just continue as we are doing and we will get there.

(TM) Suggest the direction to the chair when making report to BOT at next Mondays Board Meeting to emphasize issue of having the positions filled. Would ask staff to, to make that part of agenda and keep it as an issue, we need this committee filled. **(Dr. G)** also agreed with Mr. McKearney, looking at all the discussion, points are stress in chairs presentation to the board on Monday, monies for legal fees, transcripts developed and made available to us, on posted on website so public can see that, the issues that are discussed here and available to public through website, for comments.

9. CBOC Sub-Committee Update: Covered during number 7.
10. Deferred Maintenance Program, already covered,
11. Committee Member Reports
Individual members of the CBOC may make announcements or raise issues to be addressed in the future.

(NM) mentioned the Rancho Del Rey Middle visit to classrooms with iPads. **(TM)** also added, that he was glad to have done the visit, feels that CBOC should be doing these visits and seeing where the money is going, Rancho Del Rey Middle is a good exemplar, a strong school, and dynamic principal, and good use of iPads in classroom. **(NM)**, in reference to iPads, spoke about finding out how people feel on them, get input, what's worked and what's not.

12. Meeting Schedule/Format: **(TM)** would like to see continued site visits, more structured visit,
 - a. Calendar Site Tours
 - b. iPad review

Public Comment

(Mrs. C) gave everyone an open invitation every Monday at 2:00pm, construction meeting at MOH Soltec trailer, and 3:00pm stakeholders meeting every Monday.

(KO) also mentioned that he invited an Attorney Gregory Barnes, and asked if he would speak to CBOC, 30 years in practice in the area of Surety, Bonds, Performance Bonds, etc., will come in and do a ten or fifteen minute presentation at the next meeting. Also mentioned the notice of CBOC meeting saying special meeting and regular meeting. Feels that the CBOC meeting will need to be revised with correct information.

13. Staff Announcements – Next CBOC Meeting July 10, 2013
14. Adjourn at 8:36 p.m.