



## Proposition O Citizens' Bond Oversight Committee

### Minutes

February 6, 2013

District Office/Rooms A & B, 1130 Fifth Avenue, Chula Vista

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

#### Roll Call:

Nick Marinovich (NM) –	Present
Kevin O'Neill (KO) –	Present
Bernardo Vasquez (BV) –	<b>Absent</b>
Dr. John Grubb (Dr.G) –	Present
Terrance McKearney (TM) –	Present
David Butler – (DB) -	Present
Gil Camarena ( <b>Resigned</b> )	<b>Absent</b>
Jim Morris ( <b>Resigned</b> )	<b>Absent</b>
Edgar Guerrero (EG) -	Present

2. Pledge of Allegiance

3. Approval of Meeting Minutes

Minutes for Oct 11, and Nov 7, 2012 were unanimously approved.

4. No Public Comment

5. Presentation by Dan McAlister, County Treasurer Tax Collector, discussion regarding Capital Appreciation Bonds and Pending reform legislation.

- Government Ed. Codes (opportunity for school districts have 40 year bonds, concept if payback ratios are reasonable, then they are good for the district)
- Handout on bonds, ratios & pay backs (1.5 to 1ratio)
- Role of Treasurer
- New parameters in legislation

**TC**, commented on #4 of AB182 handout

**KO**, questioned cabs and deferred maintenance

**Rick Knott (RK)**, clarified how bonds and cabs are spread out

#### Public Comment

**Ms. Cheers**, mentioned to Mr. McAlister regarding having CBOC forever, but was handpicked by Superintendent, until this group which now is representing public, two questions:

1. Questioned written analysis & what measures are used to verify that written analysis?
2. If you hear the waters aren't right in a particular area, do you or not have a right to go in and do your own audit, as a means of protection for the taxpayers?

**Mr. McAlister**, regarding written analysis there needs to be an evolution of trust, between BOC, Staff, as well as school trustee's and superintendent. Might be helpful is to serve on RFP Committees for bond council selections committee or underwriters selection committee, etc. Maybe subject matter experts that would give expertise that could give advice in particular areas.

**Ms. Cheers**, as a taxpayer we need to believe that our tax dollars are being spent appropriately, we need to believe that if they (State) see troubled waters, what is the state going to do to protect our dollars?

**TC**, made for the record the point that district does have the series 2000c cabs on the records, about 3.7, payback ratio which is very favorable for such bonds.

**6. Rick Knott, Interim CFO, BANs/CABs Update,**

- GO Bonds, on website under fiscal services, audit report, and walked thru that information in detail.
- Gave presentation regarding the Bond Anticipation Notes to be issued by the District Chief Financial Officer, provided detailed summary of the District's financial condition. There was some discussion among other factors on the projected Assessed Value Growth.

**B. Lopez**, commented, regards to Mr. Knotts information on spending money, in other words we are spending money that we don't have, one example is the iPads, we took money out of the general budget, that's something that was not needed at this point, I can say that!

**RK**, mentioned, not happy to oppose an elected official, but we did have the money to spend, you can't deficit spend if you don't have the money, we've been spending the savings account, and added that the savings account is not as robust that it used to be. **KO**, remarked we were into specified funds, your using Prop O monies and Mello-Roos funds. **KO**, also asked where in the education code is there the authorization for a BAN? **RK**, the Education Code doesn't get into specifying the instrument of debt that you are using, so we would not find in Ed Code that you could use TRANS or BANs but is in Ed Code that a school district can borrow. **KO**, read CA Constitution article 16 sec 8. **KO**, concerned that district uses Prop O and Mello-Roos as a revolving charge to make its monthly this district is at risk. **RK**, are we prepared to shut down operations, maybe that's what we need to do to get Sacramento to say you can school districts as deep pockets to meet your cash flow needs.

**TC**, spoke about deferred maintenance, when over the amounts received, monies finally given to district from the state, concerned that with Governor's new budget need more set aside of any deferred maintenance.

Public Comment: **Ms. Cheers**, mentioned go forward other post-employment benefits, approximately the State of California, sent a letter to districts stating, you have a fund called the GASB fund, you will be tempted to borrow from that fund! Gandara borrowed from this fund, his statement at beginning of the year but said it would be paid back next year, we have not been paid back one cent of those monies what is going to happen, these are retirement benefits for people no longer in the district, millions, monies have not been paid back. **RK**, addressed Ms. Cheers concerns in depth to everyone regarding her concerns on the GASB funds.

**Dr. G, Point of Order**, Concerned about the role that CBOC has, these are issues that should be monitored closely by Board of Trustees (BOT), important for committee to know that we (CBOC) does make a difference, one person with the process of transparency and accountability and verifiability. Mr. McAlister brought a very good point, there has to become a mutual trust between the staff, between the trustees, and the Oversight Bond Committee. That trust is coming. There are some difficult issues made my Mrs. Cheers and other have made here, including members of this committee. I think they need to be addressed in another forum.

**NM**, mentioned the lateness of the time, and wanted to go on record that one item he would like to highlight during the chair report, is discussion on deferred maintenance in relationship in the bond program and since it is in the specific purview of committee, and as committee feel that much more attention needs to be spent discussing the benefit of having a real deferred and preventative maintenance program for maintaining these assets, 2<sup>nd</sup> by Dr. Grubb, unanimously passed. Last questioned by **NM**, in terms of AV are there major owners like the mall, something that have been in a long term owner if sold would drop down the AV. **RK**, covered the top 20 companies that may have AV issues.

**RK**, mentioned regarding motion made, as the 2013-14 budget is developed, as the CBOC or Chair there needs to be allocated resources for maintenance, that is a priority of equal or greater value than other demands for increase funding marked for existing programs if we don't get increases from the state.

**KO**, commented he has asked for the written rationale at last meeting, not legal opinion, but would like it on letterhead, and narrative form, why the use of long term Prop O money is appropriate for the purchase of held hand units and Signed by district administrator.

7. iPad Initiative Update, David Damico, Director of Educational Technology/Alt. Ed. & Maria Castilleja, Executive Director of Curriculum & Instruction

**MC**, received an email from Mr. Calhoun and Mr. Marinovich, we tried to provide documents that will maybe answer questions you have, started to share with CBOC the story behind the iPad. Coming from the perspective of Curriculum and Instructions,

- became Director of Curriculum 5/6 years ago, then Executive Director. The Initial job was under Dr. Gandara, before I became Director of Curriculum as middle school principal representative in cabinets
- there was always conversation in cabinet, wouldn't it be great to provide students some kind of technology so they don't carry textbooks.
- visited Lemon Grove School District, they had a hand carried device, that was given to every single student, being small district, they used part of funding to pay for internet access for single family, conversation of what if, and continued when I became Director of Curriculum.
- went thru text book adoption, and some solution from the curriculum advisory committee, concerned about the weight of the textbooks, negotiated with textbooks company to so we could afford to purchase class sets
- now we have a common course standards, new assessment to be online, so conversation turned from textbook and weight to differentiation of instruction, a way for students, teacher and parents to communicate
- Throughout all these years the conversation of technology was something that Dianne Russo, CFO, was very interested in, right when this was said in cabinet, superintendent said "lets' just move on with this"
- At that time the person put in place for initiative was Dianne Russo, not the curriculum department, and she would be in charge of that.
- Curriculum department suggested that we needed to have a selection process, and she indicated that she would contact several companies and responded to us. Provided us with four names of company's and times for them to come do presentations.
- Invited via email, 30 people, selection committee had teachers, computer science, librarians, counselors, principals, asst. principals, two parents

**Dr. G**, appreciated of all of Ms. Castilleja is explaining and telling about iPads and the process, but is more interested in how district arrived at the decision, wanted presentation to be paired down to facts. How did we actually made the decision to purchase the iPads, instead of giving us 5 or 6 points on how you made the decisions!

**MC**, noted that she is the curriculum and instructions department, but questions about funding that she did not have the answers, so taking thru the journey and thru the process.

**Dr. G**, as a committee member does not need a long dissertation on why the curriculum needed to be transferred to a device, more important to find out some of the pitfalls looked at why were the iPads purchased using the Prop O funds? What would happen if people lost, broke and or couldn't afford to replace them? Want to know that information.

**MC**, told Dr. Grubb that in a nut-shell, ran a selections process, had a committee of 18 people who showed up, four companies made their presentations, there was a survey rubric for those members to look at, everyone voted, was tallied and the selection was iPad was the number one of the ranking of selection.

**DB**, asked, if as the director of curriculum come up with a method of evaluating whether they were successful or not, did you present that to whomever made that decision, the BOT, Dianne, was it ignored? How where you going to measure the success of this program?

**MC**, answered via the IT Director, at that time, it was and Ed. Tech Director, not David Damico, we had rubrics based on that, people knowledgeable with technology in the district and voted on this system.

**DD**, interjected, committee was asking questions that didn't think anyone could answer yet, involved in Project Red, Organization of Schools, happening all around the country, some schools being on it for the last 5 years. Project Red, has come up with a variety of things

- a set of guidelines
- financing
- professional development
- device maintenance and life span
- curriculum and instructions

**TM**, more interested knowing,

- what did you buy, how did you buy it?
- purchasing these things and then you own them?
- purchasing services, software and hardware?

**DD**, commented big questions people have had about not just iPad but technology in general, how do you measure success in technology and came from CVESD where he thought they were progressed. But difficult to say. Were building those metrics now around the country.

- purchased the device thru Apple (purchased)
- apple care plan, covers the iPad for two years, 2 instances of damage, but not for loss or theft
- If lost or stolen, parent giving the options to opt out, if thought the student would be responsible
- Parents signed an agreement, similar to text books, if you lose something you had to return it, with Title II funds bought professional development training, all 7<sup>th</sup> grade teachers throughout the school year, and feedback has been strong and positive

**DD**, concerned with the tremendous amount of funds used to purchase these iPads, was there a pilot study first, **MC**, pilot study was done at the flags program at Hilltop Middle about 600 students. Experience was excellent, some teachers also were part of the pilot, principal of the school, and the inside of the implantations. **DD**, Other pilots: Southwest Middle had notebooks taken home, crown books, SOM had 500 students.

**NM**, upset, we have a bond program, we have the text book of the 21<sup>st</sup> century, text books are operational expenses and district picks one year, one student 7<sup>th</sup> grader, in his opinion as bond committee member/chair, this had not been fully vetted out. Trying to make the best of a decision that had not been fully thought out, and that's the personal problem he has on this. Why is bond money being spent on text books, they are not computers they are text books in nature

**MC**, even with teachers, the training has not been about text book, it's been about differentiation, planning, getting ready for the common core. Understands the frustration with Prop O, trying to share journey because her and Mr. Damico were not part of the decision of what funding to use.

**DD**, one of the indicators with Project Red, is that these one on one initiatives that students are most successful have access this learning at school and at home. We had to provide a way for students to have access to their work at home whether they had internet access or not. So part of why we looked at the iPad solution verses other kind of devices, there were no other comparable tools, tools they needed to do their work. Can they access the material from home? Can they do their work at home.

**TM**, when the legislation was written, clearing did say computers and media were part of it, and it was written before the days of tablets and iPads, so questions is whether or not intent of the voters, we oversee was to include those things, our chair feels that is not in that circle of things. The real issues for CBOC is "was the purchase appropriate within the bond legislation". **DB**, earlier before everyone entered the (CBOC) made that decision that it was, were asked by the board, that specifically to use bond money, but however CBOC didn't feel district had fully vetted everything, or presented anything. **KO**, agrees with Mr. McKearney, and feels that iPads will be the old thing next month when something else comes out, and that is one of his concerns, when iPad 5 comes out and we have iPad 2. His question that has not been answered, Statewide is the iPad qualified as a bond? The solution maybe technical, does the hand held qualified since its' taken home?

**EG**, his concern is that the Navy thirteen years ago bought multimillion dollars of palm pilots, for everyone, a year later everything would be integrated on the ships. Within a year or so those devices were obsolete, a waste of money, tax payers monies, no accountability etc. Isn't this a waste for us to invest in something that is going to be obsolete? This was federal, they have tons of funds to throw around. At a school district level and this budget in my eyes to use for an iPad that has not been tested and will be using all this proposition money? Is it a waste? Feels decisions should be planned out first before using it for something that may not be successful.

**DG**, commented to both MC and DM, applaud for advancing IT and having IT all these peoples understand how to work this, and it being a different world out there now, and they have to know, comments directed to you and the committee you have formed for this is positive. We don't perceive that it was vetted correctly. And that there were many questions ignored, and that the bond committee recommendations related to the vetting where just ignored. People in the community say to him, "why didn't you pick up on this"?, and in finding out that yes we asked to be vetted, we wanted information but where just blown on by the committee who represents the taxpayers, who represents their money.

**NM**, asked why Dianne Russo was involved with this? **MC**, Dianne had a very special interest in technology and bringing this item to, superintendent recognized that she wanted to lead it, and that's why she was put in leadership in this. At some point in this process, told Mr. O'Neill and Marinovich, went in and told Superintendent either you get someone that is very detailed in planning this or we will have a bigger issue than what we had. That's when David and her came into the picture to organize, because we are very detailed people.

Public Comment: **K. Cheers** – mentioned she was at every one of these board meetings about these iPads

1. Were told that Sweetwater was going to have their own department that would fix cracked screens, and that they were insured - Lie
2. Told by Ms. Russo, the price of the case was included – Lie
3. The training for the teachers was after the fact
4. Were told about the students who didn't have internet, told the district was going to contract with Cox and they would have to only pay \$6 a month – Lie
5. Hilltop Middle did have its' own pilot project, and knows the person who headed it up at the site and she never got a call

Public Comment: **K. Cheers** – continued

6. The restrictions, aren't any, granddaughter has one, and she went home and told her mom that a bunch of kids where looking at boys a looking at you know what
7. Where was the data, as many of you asked for, before the fact! Every single month I was stating where the work, show it to us, it never happened.

**Public Comment:** **FB**, how many of our adopted textbooks, are available on the iPads, **MC**, 60%, **FB**, disagreed with Mr. Castilleja, no, she said, it's 53.2%. **MC**, we have many issues, but at the end of the day it's a wonderful educational endeavor for our kids and they are so excited about this. And as the person in charge of Curriculum and Instruction I expect that for the next four years we will have all text books in there. Hopefully we will have publishers having all the texts books on line. **FB**, why are we getting the win program, an adopted curriculum

**NM**, addressed MC where do you see the program going, we are given the charge to pursue the purchase another device for the incoming class, DD has been looking at leasing, instead of purchasing, mini pads, Tablet/PC that will allow more security. Has not been told what funds will be used, some general fund, but she was not sure what else.

**TC**, really two issues we are taking about, is it legal to use bond funds to pay for, read the CA Constitution Article 13a, Section 1,b3 talks about furnishing and equipping of school facilities, as approved by 55% of the voters, Sub-Sections b, technology need in developing that list, referring list of projects, ballot language computer technology, does it say Apple iPads NO, does it say developing in needs and things are evolving, so here is what we can do, get a specific legal opinion if iPads, tablets, or devices can be used, using bond funds and the fact they are taken home, text books are excluded but computer technology is not. The board is committed 1.8 million per year for three years, 1.8 has been spent, 1.8 is allocated for this spring to buy for next year's class, then 1.8 for the following year has been committed to the program so far, along with general fund money and cell tower lease money. CFO has the break-down of entire program of what the plan is. Prop O portion is 5.4 million, 25% is Mello-Roos money.

**NM**, asked if there are any other expenditures of Prop O that would be in the same type of category as iPads that we are spending on student curriculum kind of things? **KO**, mentioned you can have any two attorneys on any issue, you can get three opinions, would like to have it in writing, to have on record.

**DG**, asked Mr. Calhoun, what does it mean, when you say funds are committed to a project. **TC** the 1.8 expended, 1.8 is budgeted for this coming year, future plan final 1.8 budgeted for the out year. If CBOC felt that they had concerns about this, continued spending, could they take this to the BOT. **KO**, mentioned one of his concern is that, as we equip our kids with these devices we make them potential prey when they walk to school and come home for lower income and/or hazardous neighborhoods. **DM** devices are portable, there are issues, can't put a copy trace chip on the mother board, Apple does not allow, we are concerned about safety, theft, a consumable device, but we want it to be consumed in a year, but as long as we can. Trying to be responsive and reflect on lessons learned and move forward and something that reflect strategy. **EG**, asked MC what is plan B, also wanted to know if there is documentation of the entire pilot, wanted to know how the decision was made, how it came about. Taking about the JPS, that is a privacy issue. **KO**, thanked Maria for coming in, it's the birthing project CBOC has the problem with.

**DG**, asked to read into the record, important to remember there has been a lot of importance to get a communication out, not just the staff, appreciate all the work done. As Mr. McAlister mentioned we need a harmonious relationship between all parties, that includes the BOT, pleased to see one here tonight, it would be nice to see a more collegial atmosphere between this committee and BOT. Read the email he sent to Mr. Calhoun, Mr. Woods, Ms. Martinez and Chairman Mr. Marinovich today, which read as follows:

*Gentlemen and Lady,*

*Please let me offer my congratulations and applaud the efforts that you are all making to develop the high quality professional interaction that is so vital to our educational community. The citizens of Chula Vista should know that with the people presently working together-as are demonstrating-will give them the assurance that their tax monies are going to being well marshaled for the future. I am privileged to be able have a small part in this process of increasing the educational aegis for our young students. Respectfully, John E. Grubb, DDS/MSD. **DG**, continued to explain that I he wanted members of committee to know, believes what he has seen with staff has been positive, and more things we have to do.*

**NM**, feels that as chair needs to be more aware of time, items that need to be reviewed prior, and maybe re-think about how maybe time limits should be set, and move the agenda along. Maybe schedule another meeting before next meeting to get thru By-Laws, Performance Audit, things that we didn't get to on this agenda. With sub-committees with peoples who have left, and can only do three members per committee due to two vacant seats. **KO**, informed committee he made presentation to Pacific Southwest Association of Realtors to their government policy group, one making them aware of we did and why it was important to them, received good feedback from them on Mello-Roos funds, and iPad issues, also with eye towards recruiting as a business group, sent application via email to chamber of commerce in the districts.

Public Comment: None

**MC**, mentioned she would be able to come back at an appropriate time, to share with CBOC what she is doing with this device as far as instructional in the classroom, anything related to funding should be directed to fiscal.

8. Meeting was adjourned at 8:59 p.m.