



**Proposition O Citizens' Bond Oversight Committee
Wednesday, March 12, 2014**

TIME: 6:00 p.m. Meeting

PLACE: Sweetwater High School -
**Dance Room (located off 30th St.
Between Highland & D Ave.**
2900 Highland Avenue
National City, CA 91950

MINUTES

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

Roll Call: Present: Nick Marinovich (NM), Kevin O'Neill (KO), David Butler (DB), Robert Strahl (BS), Robert Carriedo (RC), Ditas Yamane (DY) Arrived later
Present: Via Teleconference: Terrance McKearney (TM) on speaker phone @ 6:10pm
Absent: Dr. John Grubb & Edgar Guerrero

(This meeting will be conducted as a teleconference meeting in accordance with Government Code Section 54953(b) at: 3018 Russell Road, Quantico, VA (703)630-4512).

2. Pledge of Allegiance

3. Approval of Meeting Minutes
 - a. 02/12/14 (Un-Adopted) did not get to minutes due to vision, trailed to next meeting.

4. Public Comment

Ms. Cheers, has been coming to meetings for the past five years and concerned with what she was seeing, so she reached Chris Cate of the SD Tax Association, she asked what was her role/responsibility, so what value public have to the BOC to the District.

- After all it was the public who in reviewing the district audit discover that d/o was borrowing from Prop O and failed to repay monies back;
- After all it was the public who raised concerned about SGI, their practices and exuberant in their expenses, and proved to be true
- After all the public that raised the concern about change orders, the public was going thru them monthly and doing its own statistics
- After all it was the public who unveiled the relationship between board members and BOC.

She was forced to go to the media, due to not being heard, Union Tribune as say "I believe something up in Sweetwater" and has not had to do this in 2 ½ years, has the up most confidence in this BOC, this group, this panel. A few meetings a new member raised the issue about Roberts Rule of Order, she guesses that meeting were run a bit loose, we didn't agree on anything, but we heard each other out, we were respectful, then the Roberts Rule where put in place. Last month's board meeting our superintendent and board of trustee's simply stood up and walked out and when public said according to Robert rule of order you have to adjourn meeting, Dr. Brand said he didn't have to do anything. Her point, we (the public) are important to the BOC, and asked that we remember that.

5. Report from CBOC Chair, not much to report. Mentioned email that Ceci sent out regarding Bond Certification Program, by the SD County Taxpayers Association if interested, on March 29, 2014. (The San Diego County Taxpayers Association's (SDCTA) Facilities Bond Certification Program educates candidates, elected officials, public sector managers and local taxpayers about the management and financing of facilities bond programs.) Also met with Chris Cate, primarily related to another school district, but did talk about Sweetwater and how CBOC committee is run, it's a good thing, following the law and in terms in holding people accountable, and the performance audit that's a bit more complete.

**At 6:12 p.m. Meeting Adjourn for quick tour of SUH - Athletic Field.
Reconvened meeting after tour**

6. CFO Prop O, IRS Audit – Ms. Karen Michel:

Ms. Michel did not attend meeting due to an unforeseen accident, hurt her leg and on crutches.

(TC) commented on behalf of Ms. Michel's, on IRS Audit, same comments as he read into record last time "No change in the district tax exempt status with Prop O bonds, she is finalizing draft to be prepared and give to the CBOC and BOT simultaneously on the financial audit, waiting for the perform audit to come from auditors, because they lost their supervisor who left their firm, but should be back and to the BOC and BOT by March 31, 2014.

(RC) regarding IRS audit, answer no tax exempt status was changed, which the assumption is that everything went fine, but is the district willing to divulge what was the IRS was looking for.

(TC) his understanding that it was a routine audit of a public placement of a tax exempt bond, which was done to many other school districts and public agencies throughout the state. **(RC)** will district divulge or analyze whether the Prop O monies was used properly or give to this committee what areas the IRS looked into, what was their request for information.

(TC) will request that information from Ms. Michel's and bring back to next CBOC at next meeting.

(NM) concerned that it took 15 months to reveal to this committee, feels district (executives) do not communicate with each other.

Public Comment

Ms. Cheers, as indicated before regarding audits, the public reads these audits from cover to cover and have requested a copy, and she received a response back, it had to be checked with other entities to see if they could be released to them.

(NM) mentioned that he had specific questions for Tom, and unreasonable demand, but would like to know as chair, has preached transparency, and this issue has been anything but that with respect with the IRS Audit, would like know what prompt this audit even though routine. **(DB)** as a committee they would like to see the actual audit and not just a statement from Ms. Michel's. **(TC)** has put in a request to her, when she gets back to work, his understanding she had an accident and is on crutches.

7. Bond Project Updates

a. Board Items Report

(PW) went over the board item report, made brief explanation on each item. Also went over the March M-1, M-2 didn't pass this time, so there are ratifications. (See handout for details)

(KO) asked 1) SOM P1B, contractor was fired? And then needed to redesign? Questioned if \$ was going to come back from bond/surety. 2) SOM P1C questioned d/o changed its mind. **(TC)** explained that the new common core curriculum being instituted, so they changed the way the music program was to be delivered, after the design they came back with how they wanted it. Doing a change order would be more expensive, what changed, how dramatic are the changes. **(TC)** good news is that this is the last project we have thru the pipeline, we have new educational specification as part of the long range facilities master plan, reviewed our Ed Specs with District Educational Facilities Committee, no more design guidelines.

(KO) have we received a check from the surety, feels the redesign should be part of that claim. Also

(TC) this is a defense, we are not chasing money, we are defending ourselves from a contract we terminated for good cause, we have to defend ourselves.

(RC) what exactly is the claim and the request for adding \$225,000, **(PW)** the \$195,000 is for our defense taking apart their claim.

(TC) claim is that the district is that the district terminated them unlawfully without cause, breach of contract. Explained that the district had to allow them to even look at how much there was as part of the problem, they had to get their arms around the 84GB of data about what was theirs, that was initial contract cost, the amend was to digitize in searchable formats so they can use it in analyzing the project, the third amendment is actually doing special engineering work of reviewing the schedule, reviewing the schedule of value, cost, associated with change orders, schedule of claims against the district, that is preparing for our defense. As well as potentially being called to the witness stand and testifying on our behalf.

(RC) what was the budget of the project itself? **(PW)** \$6.4 million & \$8 million, demand of \$17 million.

(NM) questioned staff we have ratifications, does that mean money has been spent money, and now you're just asking the board to approve what already spent, or does it mean you let a contract for that amount and the work has not been completed yet. **(TC)** if they are not yet completed, we had to move forward due to the legal timeline we're on, and bring it to BOT since they only meet once a month, we had to move forward with ratification. BOT has been briefed; he also briefed them on close session on litigation process.

(NM) issue with the data base, and do they use Laserfiche data base as a component of the larger data base, when he used this to look up information, what SGI found it was the most disorganized filing system, very problematic. **(TC)** there were files that were never digitized, HAR had lots of documents that were never part of the records. **(DY)** asked that if there is a mediation process, they are in discovery phase. **(PW)** M3 – Change order reviewed, briefly explained each of the change orders;

M4 - separate item consultants, explained board items, board member Quiñonez recuses these firms;
M6 - mentioned mechanical interface with controls.
M8 - board items electrical, low voltage wiring – existing conduits. Mechanical interface between the boards and the EMCS (Energy Management Control System) and turning the fans on at the right time, in order to economize. **(KO)** questioned staff if this was a design defect, continued discussion on this issue, also mentioned his concern on extended time and money change orders, and especially inspection cost. **(PW)** explained process of getting quotes for any additional work from contractors. **(TM)** questioned MOH2, what happened to auto shop, is that program gone, or is it moving? **(PW)** there is no auto shop, hasn't been for a while but the space is still there called an auto shop but used for other stuff and so it was renovated for their current use. **(TM)** do we teach auto anywhere? **(TC)** commented that there are two auto shop class in the district SOH and BVH, and a BOC member making a donation to one. Continued the rest of school updates (See handouts for full details).

Public Comment

Ms. Cheers, had questions, on amendment increase, and why percentages aren't being shown, on what's been spent? **(NM)** asked about the monies spend on planning & operations, which includes PM's (M1), looked at M1 from excel sheet showing expenses. Mentioned he look at the spreadsheet from back in April 30, 2012 (M1) line item less PM \$24,411,979 paid to SGI since program started? 1. Are the total project PM cost actually over \$30mil to date, portion of which distributed amongst all the project, 2. How were there \$24,411,000 distributed to the projects, based upon what/how?

b. Project Status Reports

(PW) NCM last project where program management where \$24mil for SGI was distributed, district had no control, they did the distribution amongst the projects themselves. From day one there's always been a planning for district support staff non-project specific. **(TC)** explained a bit more on the \$5.9 million.

(NM) his concern is, in order to hold this program accountable the public needs to know, what the total amount money we spent to manage this program, when the \$24 million was allocated back to the project was it SGI's doing, **(TC)** explained that we did NOT allocated it back then, SGI when they developed their budget buried all their cost in the project, we extracted those numbers out of the projects and put at the bottom of that April, 2012, to show how much had been spent by SGI on their management. **(DB)** would be nice to see that line item, \$24 million with bracket or asterisk show this is what SGI spent, this is what is spent since.

(RC) the \$24 million does that include the money for staff, if you add staff it's more. **(NM)** bottom line we have spent \$180 million dollars that were issued in bonds, and we spent \$30 million dollars and clock ticking for soft costs only related to project and program management and that is a lot of money. **(PW)** \$5 million spent in last 2 months, opened 6 bids, which is a lot, signed tons of invoices. Minor adjustments to budget, CPH, CVH closeout cost thru DSA process in last 9 months.

c. Project Financial Summary

d. Program Management Update – Long Range Facilities Master Plan

(TC) tonight the Program Management Updated (LRFMP) is being held across the street at Granger Junior High School, tomorrow there will be another meeting should be a large group, ORH in the Large Pavilion, parking available in the back area for anyone to join. This the first round of community forum meetings, second round will be held in September, 2014. Will be doing a lot of effort in these to make sure that educational adequacy, spaces, physical system are being met. **(KO)** LRFMP questioned if this being paid solely by Prop O funds or General Funds? **(TC)** explained that it was a line item in Prop O budget and approved by the BOT and that's how it's being paid.

e. Further Breakdown of Legal Costs

(PW) covered handout for ongoing legal expenses, defending HAR issue (please see handout for detailed information). **(KO)** concerned, is there a reserve to cover these legal cost? **(TC)** yes, contingency **(KO)** we know we will have a certain amount of legal cost, it's the nature of the business, should have a reserve of at least of 1-5% that is held for that when we run into these kind of things, how is it paid if you don't have a reserve. **(TC)** explained, that's why we always have contingency, so we try to build-up of contingency s for these types of expenses at the end with issues.

8. Report Back on Ballot Language and Expenditures to date – Athletic Facilities

(PW) Explained the handout, table shows projects that have included physical education or athletic facilities, broken down into Gymnasium bleachers; modernization; locker rooms; tracks & fields, stadium bleacher repairs at CVH & SUH. (See "Prop O Physical Ed. & Athletic Expense Update" handout for details)

9. CBOC Sub-Committee Update

- a. **Annual Report** (*N. Marinovich, D. Butler, 2012-2013*)
- b. **Best Practices** (*E. Guerrero, Dr. Grubb, T. McKearney*)
- c. **Finance** (*D. Butler, T. McKearney*)

- d. **Audit** (N. Marinovich, D. Butler, T. McKearney,)
- e. **Asset Management** (N. Marinovich, Dr. Grubb, K. O'Neill)
- f. Sub-Committee formation/Membership

10. Member Appointments – Senior from a Senior Organization

@8:10pm, (NM) mentioned that he received two letters from Vanessa West, from HR for recruitment letter for John Grubb who has resigned due to him moving to Florida, and asked Tom if the community member at large recruitment letter stated residency issue, are these Mr. O'Neill and Chair positions? (TC) has nothing to do with this process. (PW) explained there is a clause in bylaws, asking member to notify/required to inform the district by March 30th, of your intent to your intent to serve again, or say no or don't re-apply, so that there is enough time for recruitment. (RS) mentioned that he went thru this process recently, received a letter, was rejected, soon after got a letter from district say that said, if still interested, put in another application, no opening at this time, but if they are we're keeping application on file.

(NM) commented, the fact that district will be recruiting for the Senior position, at present since bylaws have not changed there will not necessarily be a resident, but member of organization (TC) informed committee, that there needs to be a letter from the organization requesting that they be appointed to the BOC, and one of the criteria for membership in the application process is residency is taken into account. (RC) the senior position under the new proposed bylaws has a residency requirement, what will the literature going out on that position. (DY) What's happening in this calendar, two member terms expire on June 30, 2014, assuming district is going thru the process and there is not a lot of interest, they have 90 days to advertise if you are not going to elect or opt to renew. Feels process is rigid and feels no one should not take it personally, let's just be objective about all the things we are going to do so there is no preceptor negative perception about the process. (KO) commented that the requirement to notified staff is in his words "I GOTCHA?!"

(TC) suggested that if it pleased the Committee, if Chair or Mr. O'Neill were interested in serving another terms, we could put it on the record **2nd by Ditas Yamane.**

11. CBOC Information Request Log (PW) Gave a verbal update:

ERATE, if a school is eligible/meets the eligibility requirements, then the equipment that's eligible for ERATE funding is paid 100%, schools are not pro-rated, funding is prorated they might fund some years, might fund only 90% free and reduce lunch and above schools, some years only 70% and above free and reduce lunch. If they fund your school, whatever is on the official list at the ERATE price, they will honor that and its 100% funded.

(TC) mentioned the ERATE Consultant that this year there may not be ERATE fund. Concerned since we are doing a lot of infrastructure work and we hoping to get that \$1.5 mil prop o reimbursement, but holding off until after July 1st to see if they'll honor that amount for future years, ERATE reimburses in the rears.

12. CBOC Draft Bylaws Revisions (**Time Certain: 7:00 PM**)

(NM) referring to email regarding Bylaw Revisions. (TC) explained this draft of bylaw revisions, commented on updates on the last page, adopted 2006, updated in April, 2012, another update on April, 2013 and so they updated on an annual type cycle, this issue came up in November 18, 2013 BOT Board Meeting, Ms. Ricasa requested that we review discussion on bylaws, redacted request board form for action. Ms. Deanne Vicedo, Clerk of the BOT, Paul and himself are the staff people working on this issue, discussion about this started as early as last May, after the last revision 4/2013, the email talked about residency, who should be a resident, going forward, one of the recent changes with BOT the SDCOE has been by area of trustee, so he and Paul talked about recently that perhaps the DFR membership have a residency requirement, and have a member from the no, east, west and a south member and then what members should be required to be residents and which not necessarily, so the two members we not necessarily need to meet are the tax payer association, and a person who has business interest in the district or represents a business organization in the district e.g. Chamber of Commerce and encourage that person be a resident, and the senior we felt should be a member of that taxpayer in the district. Other discussion whether or not there was a conflict issue saying someone sat on planning commission trying to plan a school. Those changes that have been developed are provided for your review and discussion so, you would have another opportunity to review and talk about it at the next April meeting before our plans to send it through on the next April Board Meeting.

(KO) suggested for committee to review these, and respond by email.

(NM) would like to request 10/15 minutes on two of the specific issues, questions on what was the thinking was and an overall feeling on who the process was handled.

(DB) we have a best practices sub-committee, and they should be reviewing this.

(RC) commented that chair asked that three of the members review the proposed bylaws, sub-committee thought had not met as of yet, he does have some comments he prepared and emailed them to the other two members that were chosen to review them, he will hold off on his comments, and share them in email

(RS) agrees with DB and then sub-committee reporting back to us as a sub-committee.

(TM) also agrees and feels they (sub-committee) need to take the time to review, but is concerned that the board will approve it anyway.

(TC) mentioned that the review being done would be on the agenda for the board meeting for next time, comments would be provided prior to the board meeting, and next BOC meeting is April 9, and bot is not until the 21st, so we would have time to take comments under advisement, put them with the board item and like the last time, were we didn't agree on everything we went forward and the board deliberated on what BOC wants and what staff wants, made the adoption on the bylaws after that discussion.

(TC) clarified that there are several BOC throughout the state that have residency requirements for their BOC members, LA Unified, not all only some members, discussion was based on what we have seen and what's been practiced and what's been talked about in the local GO political framework of the representation within the trustees districts.

(RS) so well knowing that the BOT can do as they see, doesn't hurt to inform the BOT of the concerns of various committee members have regarding these changes, whether they listen to them or not, feel we would be expressing our concerns to the BOT and the Community as a whole, and feels strongly about this issue.

(RC) addressed Mr. Calhoun if anyone is on the selection committee, if there is an overwhelming candidate's that apply for the position, new restrictions will significantly reduce/limit who can apply and qualify, and this committee has had an issue filling these position in the last two years.

(DY) believes that being in a lot of committees and boards, it's prudent to revisit bylaws, that is our opportunity as a committee to go over what was proposed, and if there are any questions not relevant, as a representative of the public feels that then we erase that, we study it these, we make our recommendations as a committee, because it's really prudent, there are maybe good or bad recommendations, but we will not know until make our proposals.

(KO) also agrees with Mr. Carriedo (RC), about not having an abundance of applicants. This is an oversight body, not a representative body, trying to put geographical locations makes it only more difficult and doesn't add to the body's ability to oversee. Feels nothing is gained to do geographical division.

(DY) believes there are pros and cons must be diligent on how we will approach this.

Public Comment

Ms. Cheers, SUH has rcvd \$70 million in Prop O money, MOH has received over \$40 million, no one representing my area, her opinion is just this is another Ed Brand pulling another Ed Brand. You don't need to live in this area, not in favor of Board Members being from a certain areas. If this goes forward the press is going have a field day.

Ms. Brinkman, commented that it is so hard to get people to be on this BOC, it's been a pattern, feels there is some anger and outspokenness that this BOC has done that hasn't in the past, this is because of local people they've been together as a team, we don't like looking into the past, and looking to the future, problem is that Sweetwater's past has been checkered. This is a way of silencing and getting rid of people, and that's why it's being done before October and we will see why then.

(NM) concerned that if this issue started in November and we have open communication as part of the bond oversight process "It did not occur Tom" on this process, he meets with you every week, then every other Monday and never once did this come up until a few ago. We need to sit back and look at this, to see how are we doing in this committee, sits on another committee and this committee operates how BOC does, it's working and feels that it wants to be change so it doesn't work possibly. We've had trouble getting applications, and obviously the residency requirement impacts him and as of June 30th he'd be off the committee, as well as Mr. O'Neil. Feels that there was progress and now we are stepping back again. Is very frustrated, Brand is going to interject himself on how we're going to get rid of Kevin and Nick, this is what it's all about.

(DB) would like to make a motion, that people assigned to do review of bylaws, do it and come back and cover it early on agenda, so we have time to discuss, and the budget sub-committee we have.

13. Options for Release of Chair Report on History of Fire Alarm Upgrades for the SUHSD

(Time Certain: 7:30 PM) WITHDRAWN BY CHAIR

(NM) requested that we needed a meeting to focus on our mission, what is the program supposed to be doing, what have we done this far and where are we going, the master plan is a part of that process, but it's not all of the process, as oversight we need to hear from ourselves in one setting and from the public, as to what they want out of us and what we want out of ourselves. So April 1st, at 6:00 pm, 680 "L:" Street, Suite C, more to follow. (KO) mentioned that he would like to have a better outreach to the community, taking an ad in the Star News or something. (NM) mentioned he's already working with Manny Rubio organizing the event.

14. Committee Member Reports: *Individual members of the CBOC may make announcements or raise issues to be addressed in the future.*

(RC) commented he enjoyed the tour at NC/GJ feels that the project/program that is there is very good, it makes the school more part of the community. He attended that school years ago and looks the same, feel it deserves lots of money, also commented that he went to this school SUH, but here it was an old school, has a beautiful front and beautiful back, nice gym, fields but the middle is horrible, same cafeteria also 50 years old. Needs more deferred maintenance. (KO) also made comments on a deeper level of maintenance at this school. (NM) feels everyone knows that the district master plan, that has started, facility condition assessment is going to be the vehicle to make an argument for another bond measure. (RC) thanked staff and Patricia Perez, SUH, Assistant Principal, ASB for putting this event together.

15. Meeting Schedule/Format

- a. Calendar Additional Site Tours: Chair Marinovich thanked staff for GJ/Tour.
- b. Retreat Scheduling

16. Staff Announcements – Next CBOC Meeting April 9, 2014

17. Motion to Adjourned at 8:25 p.m.

DRAFT