

PASADENA UNIFIED SCHOOL DISTRICT
CITIZENS OVERSIGHT COMMITTEE MEETINGS
352 SOUTH HUDSON AVENUE, ROOM 229
WEDNESDAY, DECEMBER 20, 2017
6:31 P.M.

REPORTED BY:

SHERYL WILLIAMS, CSR 7453

1 MEMBERS PRESENT:

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3 CLIFTON CATES, CHAIR

4 STEVEN COLE, MEMBER

5 GLENN DEVEER, MEMBER

6 CAMILLE DUDLEY, MEMBER

7 QUINCY HOCUTT, VICE CHAIR

8 KIMBERLY KENNE, BOARD MEMBER - COC LIASION

9 MIKE MOHIT, MEMBER

10 WILLIE ORDONEZ, MEMBER

11 MIKALA RAHN, MEMBER

12 GRETCHEN VANCE, MEMBER

13 DIANA VERDUGO, MEMBER

14 JAMES VITALE, MEMBER

15 JEN WANG, MEMBER

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17 NELSON CAYABYAB, FACILITIES DIRECTOR

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1 WEDNESDAY, DECEMBER 20, 2017, PASADENA, CALIFORNIA

2 6:31 P.M.

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4 MR. CATES: IT'S 6:31. WE HAVE A QUORUM. WE HAVE 10
5 MEMBERS HERE OUT OF A TOTAL OF 13. I'LL CALL THE MEETING
6 TO ORDER.

7 11 MEMBERS OUT OF 13 NOW THAT DIANA HAS JOINED
8 US.

9 FIRST ORDER OF BUSINESS PUBLIC COMMENT. I DON'T
10 SEE ANY MEMBER OF THE PUBLIC PRESENT, SO WE'LL PASS ON TO
11 THE APPROVAL OF MINUTES OF PRIOR MEETINGS.

12 QUINCY?

13 MR. HOCUTT: I DID SEND OUT MINUTES FOR SEPTEMBER AND
14 OCTOBER. I THINK SEPTEMBER HAD BEEN PREVIOUSLY APPROVED,
15 BUT THERE WERE A FEW LITTLE COMMENTS THAT WE INCORPORATED
16 INTO IT. OCTOBER HAS BEEN SENT OUT.

17 ANY COMMENTS FROM ANYONE ON OCTOBER? ANY CHANGES
18 THAT YOU SAW?

19 I DID GET ONE BACK. I'VE INCORPORATED THAT INTO
20 THE DRAFT.

21 DOES THAT MEAN EVERYONE HAS READ THEM AND
22 APPROVES OF THEM?

23 MS. WANG: I READ THEM. I THINK THE CONTENT IS GOOD,
24 BUT THE FORMAT ISN'T PERFECT, BUT IT DOESN'T MATTER.

25 MR. HOCUTT: AS FOR THE NOVEMBER MINUTES, I ACTUALLY

1 HAVE NOT GOTTEN TO THEM YET. I WILL GET THEM TO YOU RIGHT
2 AFTER CHRISTMAS. I FIGURED THERE WAS NO POINT IN DOING
3 THAT BETWEEN NOW AND DECEMBER 25. SO LOOK FOR THAT RIGHT
4 AFTER CHRISTMAS, THE DRAFT FOR NOVEMBER.

5 MS. VANCE: WE HAD ALREADY APPROVED SEPTEMBER; RIGHT?

6 MR. HOCUTT: PRETTY MUCH. THERE WERE A COUPLE CHANGES
7 I HAD TO MAKE.

8 MR. CATES: I WILL ENTERTAIN A MOTION FOR THE APPROVAL
9 OF THE SEPTEMBER 2017 MINUTES WITH THE REVISIONS MADE BY
10 QUINCY.

11 MS. VANCE: SO I'M CONFUSED BECAUSE I'M LOOKING AT THE
12 MINUTES OF OCTOBER THAT SAID WE APPROVED THE MINUTES OF
13 SEPTEMBER. SO I THINK YOU -- I THINK WE ONLY WANTED TO
14 MAKE A MOTION TO APPROVE THE OCTOBER MINUTES.

15 MS. RAHN: I AGREE.

16 MR. CATES: HAVE WE APPROVED THE SEPTEMBER MINUTES?

17 MS. VANCE: YEAH.

18 MR. HOCUTT: THE MINUTES SAY WE DID, BUT I SENT THEM
19 OUT AGAIN.

20 MS. VANCE: YEAH. JUST AS REVISED. SO HE REVISED
21 THEM.

22 MR. CATES: ALL RIGHT. THEN LET'S DEAL WITH THE
23 OCTOBER MINUTES.

24 MS. VANCE: I'LL MAKE A MOTION TO APPROVE THE OCTOBER
25 MINUTES

1 MR. CATES: SECOND?

2 MS. VERDUGO: SECOND.

3 MR. CATES: ALL IN FAVOR? OPPOSED? OKAY. SO THE
4 VOTE IS IN FAVOR 12 TO ZERO.

5 NOW, THE PREPARATION OF MINUTES TAKES A GREAT
6 DEAL OF TIME, AND QUINCY IS THE ONE WHO SPENDS MOST OF IT.
7 I'D LIKE US TO CONSIDER, NOT NECESSARILY DECIDE TONIGHT,
8 BUT CONSIDER ABANDONING THE MINUTES AND LEAVING THE WRITTEN
9 TRANSCRIPT. AS I READ OUR BYLAWS AND THE LAW, THERE'S NO
10 REQUIREMENT THAT THERE BE WRITTEN MINUTES. THERE IS A
11 REQUIREMENT, OF COURSE, THAT THERE BE A RECORD OF THE
12 PROCEEDINGS, AND YOU DON'T GET MUCH BETTER THAN A VERBATIM
13 TRANSCRIPT. HOWEVER, THE MINUTES ARE EASIER TO READ
14 BECAUSE THEY'RE A SUMMARY.

15 SO I'D LOVE TO HEAR WHAT YOU THINK, AND MAYBE WE
16 CAN TAKE THIS UP AT THE NEXT MEETING. BUT QUINCY SPENDS AN
17 INORDINATE AMOUNT OF TIME PUTTING THESE THINGS TOGETHER,
18 AND, QUITE FRANKLY, HE HAS MORE PRODUCTIVE THINGS TO DO.

19 MR. COLE: PERSONALLY I PREFER THE TRANSCRIPT. I LIKE
20 THAT IDEA. SO LIKE I MISSED LAST MEETING. I WENT THROUGH,
21 AND I READ THE ENTIRE TRANSCRIPT. I FELT LIKE I WAS THERE.
22 I THINK IT'S A MUCH MORE APPROPRIATE THING, ESPECIALLY THE
23 AMOUNT OF TIME THAT QUINCY IS PUTTING IN.

24 MR. HOCUTT: DO YOU THINK IT'S AS USEFUL FOR THE
25 PUBLIC? AS AN EXAMPLE, I TRIED TO LOOK AT THE DECEMBER 14

1 BOARD MEETING, AND I DON'T THINK THERE ARE ANY MINUTES FOR
2 THOSE MEETINGS. AT LEAST NONE THAT I CAN FIND. I HOPE KIM
3 WILL ARGUE WITH ME, BUT I WAS ACTUALLY TRYING TO FIND WHAT
4 THE BOARD DID WITH REGARD TO THE PROPOSAL FOR THE BUDGETS,
5 IF YOU WILL, AND I COULDN'T FIND IT. SO I DON'T KNOW WHAT
6 THEY DID. I DON'T KNOW WHETHER THEY APPROVED IT OR NOT. I
7 COULDN'T FIND IT. TO ME THAT'S THE PROBLEM WITH THE
8 VERBATIM. IT'S JUST DIFFICULT.

9 MR. COLE: DOES THE VIDEO TAKE THE PLACE OF MINUTES?

10 MR. CATES: YES.

11 MR. COLE: IS THAT WHAT IT IS?

12 MR. CATES: VIDEO REPLACES MINUTES.

13 MS. KENNE: WE HAVE MINUTES. THEY JUST DON'T COVER
14 THE DISCUSSIONS. THEY GIVE THE PASS, NOT PASS. THAT'S IT.
15 IF YOU WANT TO KNOW WHAT HAPPENED, YOU HAVE TO WATCH THE
16 WHOLE MEETING OR GO TO THE MEETING SO I WOULD SAY THE SAME
17 THING. I KNOW IT'S A CONCERN IN THIS COMMITTEE TO BE
18 ACCESSIBLE TO THE PUBLIC THE DECISIONS AND THE
19 CONVERSATIONS. JUST HAVING A TRANSCRIPT I'M NOT SURE
20 THAT'S ACCESSIBLE TO THE GENERAL PUBLIC BECAUSE I DON'T
21 THINK THEY'LL READ IT. I DON'T EVEN LIKE TO READ IT. I'M
22 A LITTLE ON THE SPECTRUM THIS WAY FROM THE GENERAL PUBLIC.

23 MR. HOCUTT: IT'S WORTH SOME THOUGHT.

24 MR. CATES: WELL, WHY DON'T WE ALL THINK ABOUT IT AND
25 WE'LL ACT AT THE NEXT MEETING. I PERSONALLY HAVE MIXED

1 FEELINGS. THE TRANSCRIPT IS LONG AND TEDIOUS. THE MINUTES
2 ARE A CONVENIENT SUMMARY, BUT OF COURSE THEY ARE SUBJECT TO
3 CRITICISM AS REFLECTING THE VIEWS OF THE AUTHOR, AND I KNOW
4 THAT FRANCIS HAS CRITICIZED THE TONE IN THE PAST. IF YOU
5 DEAL WITH ONLY A VERBATIM TRANSCRIPT OR A VIDEOTAPE,
6 THERE'S NO PROBLEM WITH TONE.

7 ALL RIGHT. LET'S MOVE ON. ITEM IV, PENDING
8 BUSINESS. STATUS OF OUTSTANDING REQUESTS FOR INFORMATION.
9 I HAVE NOTHING NEW TO REPORT IN THAT DEPARTMENT.

10 WE'RE STILL MISSING SOME OF THE INFORMATION WE
11 SOUGHT IN THE SPRING AND IN THE PUBLIC RECORDS ACT REQUEST.
12 IN PARTICULAR THE ALLOCATION OF THE FACILITIES DEPARTMENT
13 STAFF EMPLOYEES, WORK BETWEEN TT AND NON-TT ACTIVITIES,
14 INFORMATION REGARDING NORMA COOMBS THAT GLENN REQUESTED IN
15 MAY OR THE COMMITTEE REQUESTED IN MAY.

16 I JUST RECEIVED FROM NELSON A FLASH DRIVE THAT I
17 PRESUME CONTAINS ALL THAT INFORMATION?

18 MR. CAYABYAB: YES. IT'S IN THE TRANSCRIPT THAT IS
19 ATTACHED TO IT.

20 MR. HOCUTT: IS THE INFORMATION THE SAME THAT WAS
21 POSTED FOR THIS MEETING?

22 MR. CAYABYAB: YES.

23 MR. CATES: ALL RIGHT. I CAN'T SAY OFFHAND WHETHER
24 IT'S ENTIRELY RESPONSIVE, BUT IT IS A RESPONSE.

25 AT THIS POINT I'D LIKE TO BRING IN GLENN BECAUSE

1 HE'S TAKEN THE LEAD ON INFORMATION PERTAINING TO NORMA
2 COOMBS. I'LL TURN THIS UP.

3 HELLO, GLENN, IT'S CLIFF. CAN YOU JOIN US AT
4 THIS POINT?

5 MR. DEVEER: I CAN.

6 MR. CATES: GOOD. WE WERE JUST TALKING ABOUT THE
7 INFORMATION THAT WE REQUESTED BACK IN MAY PERTAINING TO
8 NORMA COOMBS, AND NELSON HAS JUST DELIVERED A FLASH DRIVE
9 WITH INFORMATION. OF COURSE I HAVE NO IDEA WITH WHAT'S ON
10 THERE, BUT SOMEHOW WE'LL GET THE FLASH DRIVE TO YOU, AND
11 YOU CAN SEE IF IT'S RESPONSIVE TO OUR REQUEST.

12 MR. CAYABYAB: IT'S ALSO POSTED ON THE FACILITIES
13 WEBSITE.

14 MR. DEVEER: WHO DID WE GET THIS FROM?

15 MR. CATES: NELSON. AND HE SAID IT'S ALSO POSTED ON
16 THE FACILITIES WEBSITE.

17 MR. DEVEER: OKAY. TERRIFIC.

18 MR. CATES: SO IF YOU WOULD BE KIND ENOUGH TO TAKE A
19 LOOK AT THAT AND AT THE NEXT MEETING MAKE A BRIEF REPORT?

20 A JUROR: I CAN DO THAT.

21 MR. CATES: OKAY.

22 QUINCY, ANY OTHER OUTSTANDING REQUESTS FOR
23 INFORMATION THAT YOU THINK WE SHOULD COVER?

24 MR. HOCUTT: THAT'S PROBABLY ALL THAT IS WORTH
25 MENTIONING AT THE MOMENT.

1 GLENN, I COULD BE INCORRECT, BUT I THINK NELSON
2 SAID THAT'S THE SAME DATA THAT WAS IN THE PACKAGE FROM
3 MIGUEL.

4 IS THAT CORRECT?

5 MR. CAYABYAB: YES

6 MR. HOCUTT: IT'S THE SAME INFORMATION THAT WE'VE
7 ALREADY SEEN IF WE READ THROUGH THE PACKAGE FROM MIGUEL.

8 MR. DEVEER: THEN I HAVE ALL THAT INFORMATION ON MY
9 COMPUTER ALREADY.

10 MR. HOCUTT: RIGHT.

11 MR. DEVEER: BUT I WAS LOOKING SPECIFICALLY FOR THE
12 COST ESTIMATES THAT THE ARCHITECTS PROVIDE AT THE
13 COMPLETION OF THE SCHEMATICS, THE FEES AND CONSTRUCTION
14 DOCS, BUT THE DOCUMENT THAT I FOUND, AND I NOTED TO QUINCY
15 ON THAT HASN'T EVEN BEEN DONE BY THE ARCHITECTS.

16 MR. HOCUTT: SO YOU'RE SAYING THE INFORMATION WAS NOT
17 IN THERE FROM THE ARCHITECT?

18 MR. DEVEER: CORRECT. BECAUSE IT WASN'T REQUIRED.

19 MR. HOCUTT: DOES THAT ALSO IMPLY THAT THE INFORMATION
20 WE WERE SEEKING IS NOT IN THAT PACKAGE?

21 MR. DEVEER: I'LL BE QUITE HONEST WITH YOU, I WAS JUST
22 LOOKING FOR THOSE ESTIMATES THAT WERE SUPPOSED TO HAVE BEEN
23 DERIVED BY THE ARCHITECT AND APPROVED BY THE OWNER, AND
24 THAT WASN'T IN THERE BECAUSE THE BOXES HAD NOT BEEN
25 CHECKED, SO IT WASN'T REQUIRED CONTRACTUALLY BY HIM, BY THE

1 OWNER.

2 MR. HOCUTT: SO IT'S NOT THERE.

3 MR. CATES: SO THE INFORMATION DOESN'T EXIST BECAUSE
4 IT WAS NEVER REQUIRED IN THE FIRST PLACE?

5 MR. DEVEER: EXACTLY.

6 MR. CATES: SHOULD IT HAVE BEEN REQUIRED?

7 MR. DEVEER: IN MY OPINION? ABSOLUTELY. BUT, YOU
8 KNOW, THAT WAS PROBABLY A DECISION MADE BY SOMEONE PRIOR TO
9 NELSON. I THINK THAT CONTRACT WAS -- I REMEMBER I THINK IT
10 WAS 2012 OR 2011. THIS IS A NORMA COOMBS PROJECT.

11 MR. CATES: CORRECT. OKAY.

12 MR. DEVEER: IT WAS NOT REQUIRED. SOMEONE MADE THAT
13 CHOICE FOR US.

14 MR. CATES: ALL RIGHT. HAVE WE GOTTEN ALL OF THE
15 OTHER INFORMATION FOR WHICH WE ASKED THAT EXISTS?

16 MR. DEVEER: I THINK WE DID. ALTHOUGH, YOU KNOW, I
17 WAS SPECIFICALLY LOOKING FOR THOSE COST ESTIMATES, AND WHEN
18 I FOUND OUT THAT THEY WEREN'T EVEN REQUIRED, I KIND OF
19 THREW UP MY HANDS. WHAT'S THE POINT IN ALL OF THIS? BUT I
20 CAN TAKE SOME TIME IN THE NEXT FEW DAYS AND HAVE A LOOK AND
21 SEE IF THE INFORMATION IS THERE

22 MR. CATES: OKAY. APPRECIATE THAT. OKAY. PLEASE
23 STAY WITH US BECAUSE VERY SHORTLY WE'RE GOING TO COME TO
24 THE AUDIT REPORTS AND THE COMMITTEE'S ANNUAL REPORT.

25 ITEM IV.B, STATUS OF SETTLEMENT NEGOTIATIONS. ON

1 NOVEMBER 21ST, QUINCY AND I MET WITH JEFF MARTIROSYAN WHO
2 IS THE DISTRICT'S COUNSEL TO SEE IF WE COULD RESOLVE A
3 BUNCH OF THE OUTSTANDING ISSUES. WE HAD A PLEASANT AND
4 PRODUCTIVE DISCUSSION. MR. MARTIROSYAN SAID THAT HE WOULD
5 GET IN TOUCH WITH HIS CLIENT, THE DISTRICT, AND WE HAVE
6 HEARD NOTHING SINCE THEN.

7 MS. RAHN: WHAT DATE WAS THAT?

8 MR. CATES: NOVEMBER 21ST. THAT DOESN'T MEAN THAT WE
9 WON'T PURSUE SETTLEMENT NEGOTIATIONS IF WE HAVE AN
10 OPPORTUNITY AND THINK THEY'RE GOING TO BE PRODUCTIVE, BUT
11 NOTHING HAS HAPPENED SINCE THAT MEETING.

12 ITEM IV.C, REVIEW OF THE DRAFT FINANCIAL AND
13 PERFORMANCE AUDITS. NOW, THESE AUDIT REPORTS ARE IN YOUR
14 MEETING MATERIAL. NOTE IN PARTICULAR THAT THESE ARE
15 DRAFTS. THEY'RE UNSIGNED DRAFTS. NO FINAL REPORTS HAVE
16 BEEN ISSUED. NO OPINIONS HAVE BEEN ISSUED. WE GOT THE
17 DRAFT ON NOVEMBER 30. IT WAS PUT ON THE AGENDA FOR THE
18 BOARD MEETING DECEMBER 14TH BUT SUBSEQUENTLY WITHDRAWN.

19 SO THE POINTS THAT YOU'LL FIND AT THE END OF THE
20 DRAFT ANNUAL REPORT ARE COMMENTS ON THE DRAFT WHICH MAY
21 CHANGE. I HAVE NO IDEA WHEN WE'RE GOING TO GET THE FINAL
22 AUDIT REPORTS, BUT I STILL THINK THAT WE SHOULD TAKE THE
23 OPPORTUNITY TO COMMENT ON WHAT WE HAVE LESS THIS ISSUE DRAG
24 ON FOREVER, AND WITH THAT IN MIND I'D LIKE TO TURN TO THE
25 VERY END OF THE DRAFT ANNUAL REPORT THAT YOU HAVE WHICH

1 DEALS WITH PROPOSED COMMENTS ON THE DRAFT AUDIT REPORTS.

2 BY THE WAY, I RECEIVED COMMENTS FROM A NUMBER OF
3 YOU ABOUT THE AUDIT REPORTS, AND FOR THOSE COMMENTS I THANK
4 YOU. I'VE DONE MY BEST TO INCORPORATE YOUR THOUGHTS IN IT.

5 PLEASE TAKE A LOOK AT PAGE 12, REVIEW OF THE
6 INDEPENDENT FINANCIAL AND PERFORMANCE AUDITS. I WILL
7 ASSUME THAT YOU'RE ALL FAMILIAR WITH WHAT THIS SAYS. THE
8 IMPORTANT THING IS THAT IT RAISES SIGNIFICANT QUESTIONS
9 ABOUT THE REAL SCOPE AND WORTH OF THE AUDIT GIVEN THE VERY
10 BROAD DISCLAIMERS CONTAINED THEREIN.

11 BASICALLY THE AUDITOR DISCLAIMS GIVING ANY
12 OPINION ON COMPLIANCE WITH LAW, REGULATIONS, AND CONTRACTS
13 OR THE ADEQUACY OF THE DISTRICT'S INTERNAL FINANCIAL
14 CONTROL SYSTEM. AND I'VE QUOTED THE LANGUAGE THERE, AND
15 I'VE ALSO QUOTED THE GOVERNING ACCOUNTING STANDARDS. I
16 DON'T THINK YOU HAVE TO BE A LAWYER TO READ THEM AND
17 UNDERSTAND WHAT THEY MEAN. HOWEVER, THE DRAFT AUDIT
18 REPORTS WITH THEIR BROAD DISCLAIMERS ARE ALL THAT THE
19 AUDITOR HAS BARGAINED WITH THE DISTRICT TO DELIVER.

20 I WENT BACK AND LOOKED AT THE ENGAGEMENT LETTER
21 BETWEEN NIGRO AND NIGRO AND THE DISTRICT FROM 2014, AND THE
22 AUDITOR IS NOT REQUIRED TO GIVE THE OPINIONS IN THE AUDIT
23 RECORDS THAT THE APPLICABLE GOVERNMENT ACCOUNTING STANDARDS
24 REQUIRE. SO WHAT DO WE DO ABOUT THAT?

25 JIM.

1 MR. VITALE: WHO IS RESPONSIBLE FOR THE DRAFTING OF
2 THOSE TERMS OF ENGAGEMENT BETWEEN THE DISTRICT AND THAT
3 FIRM AND WAS THE COMMITTEE HERE IN ANY WAY INVOLVED IN THAT
4 TRANSACTION OR THE REVIEW OF IT BEFORE THE CONTRACT WAS
5 LET?

6 MR. CATES: THE ANSWER TO YOUR FIRST QUESTION IS I
7 DON'T KNOW. THIS PREDATED NELSON.

8 MR. VITALE: RIGHT.

9 MR. CATES: BUT I DON'T KNOW WHO THE CHIEF OF
10 FACILITIES WAS THEN.

11 MS. VANCE: IT WAS JOHN. AND THERE WAS AN RFQ THAT
12 HAD THE SCOPE OF WORK INCLUDED, AND HE INVOLVED SOME OF THE
13 MEASURE TT. I WAS AT ONE OF THE MEETINGS WITH THE
14 AUDITORS. WE LOOKED AT TWO OR THREE DIFFERENT AUDITORS,
15 BUT I WASN'T INVOLVED IN THE SCOPE OF WORK AS FAR AS WHAT
16 WAS REQUIRED OF THE AUDITOR. WE JUST KNEW THAT BASED UPON
17 A LAW THERE WAS A REQUIREMENT OF BOTH A FINANCIAL AND
18 PERFORMANCE AUDIT, BUT I DIDN'T GET INTO THE WHAT WAS GOING
19 TO BE INCLUDED IN THE AUDIT.

20 MR. VITALE: SO THAT WAS NOT SPECIFICALLY IDENTIFIED
21 IN THE RFQ AS TO THE EXPECTATION OF THE LEVEL OF DETAIL?

22 MS. VANCE: IT MAY HAVE BEEN. I JUST DON'T REMEMBER.
23 DID YOU --

24 MR. CATES: I DON'T REMEMBER EITHER, GRETCHEN. I KNOW
25 THAT WE HAD SOME INPUT INTO THE SELECTION OF A NEW AUDITOR.

1 THE PREVIOUS AUDITOR HAD BEEN UNSATISFACTORY.

2 MS. VANCE: WITH NIGRO AND NIGRO HOW MANY YEARS WAS
3 IT? IS THIS THEIR LAST YEAR?

4 MR. CATES: THIS IS THE END FOR THEM. THE ENGAGEMENT
5 LETTER IS DATED JUNE 27, 2013, AND IT APPLIES TO THE FISCAL
6 YEARS ENDED JUNE 30, 2013 THROUGH JUNE 30, 2017. SO THIS
7 IS THE END OF THEIR CONTRACT.

8 MS. VANCE: SO ANOTHER RFQ IS GOING TO NEED TO GO OUT
9 THAT THE FACILITIES DEPARTMENT IS GOING TO HAVE TO
10 COORDINATE.

11 MR. VITALE: SO IT WOULD BE FAIR TO SAY THAT HAD THIS
12 BEEN CAUGHT AT THE TIME, THEN A LOT OF WHAT WE'RE DOING
13 RIGHT NOW WOULD NOT HAVE NECESSARILY HAD TO HAVE TAKEN
14 PLACE BECAUSE IT WOULD HAVE BEEN IDENTIFIED BY THE
15 ACCOUNTING FIRM AS TO THE STRENGTHS OR WEAKNESSES OF THE
16 OVERSIGHT PROGRAM ON THE PART OF THE DISTRICT, AND WE
17 WOULDN'T HAVE A LOT OF THESE INCONSISTENCIES THAT WE HAVE
18 RIGHT NOW.

19 MS. VANCE: I DON'T KNOW THAT THE AUDITORS WOULD HAVE
20 HAD AN OPINION EITHER WAY.

21 MS. RAHN: I THINK OUR SCOPE ON THE AUDIT IS NORMAL,
22 AND WHAT WE WANT IS MORE DETAIL. THIS CAME UP BEFORE WHEN
23 WE RECEIVED IT WHICH WAS WE COULD HAVE GONE TO A SECOND
24 TIER, A MORE EXPENSIVE CONTRACT TO SPECIFY THE DETAIL WE
25 WANTED, BUT THE AUDIT THAT THEY'RE DOING IS A NORMAL AUDIT.

1 MR. VITALE: SO NOW WHAT IT COMES DOWN TO AGAIN IS THE
2 ALMIGHTY DOLLAR CONTROLLING THE LEVEL OF DETAIL OR SCOPE OF
3 WORK THAT THEY WERE DOING, AND APPARENTLY DEPENDING UPON
4 WHAT THE INCREASED COST WOULD HAVE BEEN TO RENDER AN
5 OPINION, IT WAS DETERMINED THAT IT WAS NOT APPROPRIATE TO
6 SPEND THE MONEY.

7 MS. RAHN: I THINK THEY USED THE WORD INVESTIGATIVE.
8 SO THERE'S AN AUDIT, AND THEN THERE'S MORE GOING DEEPER,
9 MORE INVESTIGATIVE. AND YOU CAN HIRE PEOPLE TO DO THAT,
10 BUT IN THE ORIGINAL THREE YEAR THAT WASN'T WHAT THE
11 COMMITTEE NEEDED AT THAT TIME.

12 MR. VITALE: I DON'T BELIEVE THERE WAS A NEED OR A
13 REQUEST FOR A FORENSIC AUDIT, BUT IT WOULD SEEM TO ME THAT
14 AS CPAS, THEY WOULD HAVE BASED ON THEIR FINDINGS BEEN ABLE
15 TO HAVE RENDERED AN OPINION HAD THEY BEEN ASKED OR CHOSEN
16 TO DO SO. OBVIOUSLY THEY DIDN'T CHOOSE TO DO SO AND THE
17 DISTRICT DIDN'T CHOOSE TO ASK THEM TO DO SO WHICH MIGHT IN
18 SOME WAY MAYBE INCRIMINATED THEM AS WE COME UP WITH THE
19 INFORMATION WE FOUND TO DATE. BUT IT WOULD SEEM TO ME IF
20 WE'RE GOING TO BE PUTTING OUT ANOTHER RFQ IN THE FUTURE,
21 IT'S GOING TO BE MORE BENEFICIAL FOR AN OPINION TO BE
22 RENDERED AT THE COMPLETION OF THEIR ANNUAL REPORT.

23 MS. RAHN: I THINK WE HAVE TO WORK ON THE SCOPE OF
24 WORK. THAT'S THE BOTTOM LINE.

25 MS. VANCE: I DON'T THINK THEY'RE GOING TO HAVE AN

1 OPINION UNLESS THEY HAVE AN OPINION. I DON'T THINK THEY'RE
2 GOING TO WRITE THAT WE HAVE AN OPINION ON ANYTHING UNLESS
3 THEY FIND ANYTHING THEY HAVE AN OPINION ABOUT. WE CAN'T
4 TELL THEM YOU HAVE TO HAVE AN OPINION BECAUSE THEY MAY NOT
5 HAVE AN OPINION.

6 MR. CATES: BUT A CONTRACT CAN SPECIFY THAT THEY HAVE
7 TO RENDER THE OPINION SET FORTH IN THE APPLICABLE
8 GOVERNMENT ACCOUNTING STANDARDS.

9 MS. VANCE: WE CAN EVEN DETERMINE THE SAMPLING SIZE.
10 THERE'S A LOT OF YOU CAN DO IN A SCOPE OF WORK.

11 MR CATES: THE PROBLEM IS NOT WITH SPECIFIC ITEMS OR
12 THE SAMPLING. THE PROBLEM, AS I SEE IT, ARE THE
13 DISCLAIMERS THAT EFFECTIVELY MAKE THE AUDIT REPORTS OF
14 LITTLE VALUE, AND THESE ARE CONDITIONS THAT THEY HAVE PUT,
15 THAT THEY THE AUDIT FIRM HAVE PUT ON THEIR OPINIONS.

16 MS. RAHN: BUT EVERY AUDIT FIRM DOES THAT.

17 MR. CATES: NO. EVERY AUDIT FIRM DOES NOT. MOST
18 AUDIT FIRMS FOLLOW THE APPLICABLE GOVERNMENT ACCOUNTING
19 STANDARDS. THEY'RE REQUIRED TO DO SO. AS A MATTER OF
20 FACT, IN THE DRAFT AUDIT REPORTS, THEY SAY THESE ARE THE
21 STANDARDS WE'RE FOLLOWING, BUT ALL YOU HAVE TO DO IS
22 JUXTAPOSE THEIR DISCLAIMERS AGAINST THE REQUIREMENTS AND
23 YOU SEE A HUGE DISCREPANCY.

24 MR. VITALE: IT WOULD SEEM TO ME THAT IF THE SCOPE OF
25 WORK WAS INADEQUATELY DEFINED WITH A SPECIFIC REQUIREMENT

1 FOR THEM TO RENDER AN OPINION BASED ON THEIR FINDINGS,
2 BECAUSE THAT OPINION WOULD HAVE BEEN BENEFICIAL TO
3 EVERYBODY TO HAVE DONE SO INSTEAD OF US GETTING CAUGHT UP
4 WITH AIRING WHAT WE BELIEVE TO BE THEIR DIRTY LAUNDRY OR
5 WHATEVER. MAYBE THE LAUNDRY ISN'T DIRTY, BUT IT WOULD SEEM
6 TO ME THAT A NEUTRAL THIRD PARTY AUDITOR SHOULD BE ABLE TO
7 RENDER AN OPINION AS TO WHETHER IT IS OR ISN'T.

8 MR. CATES: YOU KNOW MY DEFINITION OF SHOULD. IT'S
9 CERTAINLY SOMETHING THAT I THINK NEEDS TO BE TAKEN CARE OF
10 WHEN THE NEXT AUDIT CONTRACT IS LET. I DON'T THINK THERE'S
11 MUCH WE CAN DO ABOUT THIS ONE OTHER THAN TO POINT OUT THE
12 SERIOUS FLAWS, NOT THAT THERE'S A BREACH OF CONTRACT. IT'S
13 JUST THE AUDIT REPORTS IN MY OPINION AREN'T WORTH VERY MUCH
14 BECAUSE THEY DISCLAIM WHAT'S IMPORTANT.

15 NOW, JIM, YOU ALSO PUT YOUR FINGER ON SOMETHING
16 THAT MAY BE THE EXPLANATION, NOT AN EXCUSE BUT AN
17 EXPLANATION. MONEY. NIGRO AND NIGRO IS PAID A PITTANCE
18 FOR THIS AUDIT WORK. I DON'T KNOW HOW ANY AUDIT FIRM CAN
19 DO WHAT THEY'RE SUPPOSED TO DO FOR -- I THINK THE CONTRACT
20 AMOUNT WAS ABOUT \$12,000 A YEAR. SO YOU BASICALLY GET WHAT
21 YOU PAY FOR.

22 MS. VANCE: I WAS GOING TO SAY THAT I WAS MAD THAT
23 THEY WEREN'T HERE TONIGHT TO PRESENT THIS, BUT I GUESS I'M
24 NOT MAD CONSIDERING HOW MUCH WE PAY THEM.

25 MR. CATES: FURTHER COMMENT?

1 OKAY. WILLIE.

2 MR. ORDONEZ: GOOD EVENING. ALLOW ME TO READ MY SHORT
3 WRITING HERE. LAST OCTOBER 18TH COMMITTEE, DR. BRIAN
4 MCCDONALD ASKED GAUNDER SINGH OF NIGRO AND NIGRO IS THERE A
5 DIFFERENCE BETWEEN THE FINANCIAL STATEMENT AUDIT AND
6 FORENSIC AUDIT. SHE REPLIED YES. I CHECKED WHAT FORENSIC
7 MEANS. BELONGING TO COURTS OF LAW, USED IN LEGAL
8 PROCEEDING PERTAINING TO OR FOR LEGAL OR PUBLIC
9 ARGUMENTATION.

10 EVERYONE IS FAMILIAR WITH THE INDEPENDENT
11 AUDITORS RENDERING OF OPINION. IT STATES THAT THE
12 FINANCIAL REPORT PRESENT FAIRLY THE FINANCIAL POSITION AS
13 TO A PARTICULAR DATE AND THE ACCOMPANYING RESULTS OF THE
14 OPERATION FOR A YEAR, AND WORK WAS CONDUCTED IN ACCORDANCE
15 WITH THE GENERALLY ACCEPTED AMERICAN ACCOUNTING PRINCIPLE.

16 PRESENTS FAIRLY IS CLEARLY AN UNQUALIFIED OR
17 CLEAN OPINION. SUPERINTENDENT MCCDONALD, QUOTED, SOUNDS TO
18 ME LIKE OTHERS ARE FEELING THAT THIS AUDIT IS NOT GOING FAR
19 ENOUGH. HE DOESN'T THINK IT'S A BAD IDEA TO HAVE A
20 FORENSIC AUDIT. FINANCIAL STATEMENT AUDIT AND FORENSIC
21 HAVE DIFFERENT OBJECTIVES. THEY DO NOT OVERLAP.

22 IN THIS TIME, PRESENT TIME, FULL DISCLOSURE
23 SHOULD ALWAYS BE THE LEAD OBJECTIVE OF ANY GOVERNING BODY.
24 THOUGH FORENSIC AUDITORS DO NOT EXPRESS AN OPINION ON THE
25 EFFECTIVENESS OF ORGANIZATION'S INTERNAL CONTROL, THEY

1 CONSIDER THIS CONTROL RELEVANT TO THEIR PREPARATION TO
2 PERFORM INVESTIGATIVE PROCEDURES, TO UNCOVER AND IDENTIFY
3 FRAUD, RISK, AND ITS PERPETRATORS.

4 BEAR IN MIND IF THE FINANCIAL STATEMENT FAIRLY
5 STATES THE ORGANIZATION'S FINANCIAL POSITION, THE AUDITOR
6 WILL BE JUSTIFIED IN ISSUING AN UNQUALIFIED OPINION EVEN
7 THOUGH NONCOMPLIANCE AND UNDETECTED FRAUD IS PRESENT.

8 MY COMMENT IS WE HAVE TO GO TO ANOTHER LEVEL OF
9 TRANSPARENCY, AND AN UNQUALIFIED OPINION FAIRLY FOR ME
10 DOESN'T SHOW SUBSTANCE, AND IT HAS BEEN AT THIS TIME WE ARE
11 AWARE OF SO MANY THINGS THAT HAS BEEN SO IRRITATING TO HEAR
12 AND TO LISTEN AND TO READ ABOUT ALL THE THINGS THAT ARE
13 HAPPENING IN PRIVATE AND GOVERNMENT AGENCIES.

14 THAT'S WHY I WOULD LIKE TO BRING THIS UP BECAUSE
15 THE IDEA OF THE SUPERINTENDENT WAS NOT SOLICITED. HE
16 BROUGHT IT UP. SO I DON'T KNOW WHAT OUR GROUP IS PLANNING
17 TO DO WITH IT. DO WE HAVE TO SHELVE IT, OR WE HAVE TO
18 ENGAGE OUR SELF TO GET MORE INFORMATION ABOUT THIS. AS I
19 SAID, ANYTHING THAT'S GOOD, HAS SOME COST IN IT. THAT'S MY
20 OPINION.

21 MR. CATES: THANK YOU.

22 COMMENTS?

23 ONE MINOR CORRECTION. THE APPLICABLE STANDARDS
24 ARE NOT GAP STANDARDS APPLICABLE TO PRIVATE BUSINESSES BUT
25 GOVERNMENT ACCOUNTING STANDARDS APPLICABLE TO GOVERNMENTAL

1 ENTITIES. THEY'RE SIMILAR.

2 FORENSIC AUDIT LITERALLY MEANS AN AUDIT FOR USE
3 AT TRIAL OR IN CONNECTION WITH LITIGATION, AND THEY'RE
4 TYPICALLY MORE INTENSIVE AND DETAILED THAN A REGULAR AUDIT,
5 AND YOU'LL RECALL THAT SUPERINTENDENT MCCDONALD OFFERED
6 ONE. AGAIN, I'M NOT SURE THAT THE ISSUE IS THE LEVEL OF
7 DETAIL. FOR EXAMPLE, THESE AUDITORS SAMPLE A MUCH LARGER
8 PERCENTAGE OF INDIVIDUAL EXPENDITURES THAN ONE WOULD REALLY
9 NEED TO SAMPLE IN ORDER TO GET A RELIABLE RESULT.

10 AGAIN, I THINK THE PROBLEM ARE THESE VERY BROAD
11 DISCLAIMERS THAT RELIEVE THE AUDITOR FROM EXPRESSING THE
12 OPINIONS THAT IT'S REQUIRED TO EXPRESS UNDER THE APPLICABLE
13 STANDARDS, BUT THAT'S JUST MY OPINION. AGAIN, WE KNOW WHAT
14 NEEDS TO BE DONE FOR THE NEXT AUDIT CONTRACT, AND WE TRUST
15 THAT THE DISTRICT WILL DID SO.

16 JEN.

17 MS. WANG: SO IN THE MEANTIME BETWEEN NOW AND NEXT
18 SEPTEMBER, OCTOBER, SHOULD WE HAVE AN INDEPENDENT CPA FIRM
19 REVIEW SOME OF THE ITEMS THAT COME INTO OUR CONCERN?

20 MR. CATES: WHAT DO YOU ALL THINK? I MEAN WE CAN
21 REQUEST ANOTHER AUDIT.

22 MR. COLE: WHERE WOULD WE HAVE THE MONEY FOR ANOTHER
23 AUDIT?

24 MR. CATES: EXACTLY. WE HAVE NO FUNDING OF OUR OWN.

25 I PRESUME, NELSON, THAT YOU WOULD NOT LOOK

1 FAVORABLY UPON A REQUEST BY THE COMMITTEE FOR ANOTHER AUDIT
2 FOR THE PHYSICAL YEAR ENDING 2017.

3 MR. CAYABYAB: I'LL SUPPORT WHATEVER THE COMMITTEE
4 WANTS. THE ONLY COMMENT I HAVE IS IF YOU'RE GOING TO DO A
5 FORENSIC AUDIT, YOU DO IT FOR THE ENTIRE MEASURE TT BOND
6 FROM THE BEGINNING.

7 MR. CATES: THAT WOULD BE A MAJOR UNDERTAKING AND A
8 VERY EXPENSIVE ONE.

9 MR. CAYABYAB: BECAUSE I'M THE ONE THAT RECONCILED ALL
10 THE BILLS AND EVERYTHING.

11 MS. WANG: WE DON'T NEED TO DO A FORENSIC AUDIT.

12 MR. CAYABYAB: I TRIED TO FIX THINGS RIGHT WHEN I
13 FIRST GOT HERE, AND IT WILL SHOW PREVIOUSLY SOME OF THE
14 THINGS THAT WERE NOT DONE CORRECTLY. THAT'S ALL I'M
15 SAYING.

16 MR. CATES: WE'RE AWARE OF THIS. WE KNOW YOU DIDN'T
17 NEGOTIATE THAT CONTRACT, AND WE KNOW THAT WHEN YOU TOOK
18 OVER, THERE WERE DISCREPANCIES IN THE BOOKS OF ABOUT
19 MILLION DOLLARS. AM I RIGHT?

20 MR. CAYABYAB: THAT'S CORRECT.

21 MR. CATES: AND AM I RIGHT IN SAYING THAT THOSE
22 DISCREPANCIES HAVE NOT YET BEEN FULLY RESOLVED?

23 MR. CAYABYAB: WE'RE GETTING CLOSE TO RECONCILING A
24 LOT OF THEM BUT NOT ALL OF THEM.

25 MR. MOHIT: CAN WE DO JUST SOME AUDIT ON THE ITEMS

1 WHICH WE ARGUE, THAT WE THOUGHT THERE WAS SOME PROBLEM
2 WITH? IS IT POSSIBLE TO DO JUST PARTIAL AUDIT? HAVE A NEW
3 AUDIT FIRM DO IT?

4 MR. CATES: MIKE, I DON'T KNOW. I'M NOT AN ACCOUNTANT
5 ALTHOUGH I'VE BEEN INVOLVED WITH A NUMBER OF AUDITS. IF WE
6 LIMIT A NEW AUDITOR'S FOCUS, COULD WE THEN ASK FOR THE
7 KINDS OF OPINIONS THAT WE WANT?

8 MS. WANG: YES.

9 MR. CATES: IF WE SAY ONLY LOOK AT THESE SPECIFIC
10 ITEMS, BUT THEN GIVE THE OPINION THAT THE INTERNAL CONTROLS
11 ARE ADEQUATE AND THAT THERE HAS BEEN COMPLIANCE WITH
12 APPLICABLE LAW.

13 MS. VANCE: THAT SOUNDS LIKE MORE OF AN INTERNAL
14 AUDIT, BUT YOU COULD HIRE AN AUDITOR TO DO THAT I SUPPOSE.

15 MR. COLE: I THINK WE'RE STILL TALKING ABOUT A MINOR
16 AMOUNT OF MONEY OF THE BOND OVERALL, AND SO WHEN YOU LOOK
17 AT THE VAST MAJORITY OF THE MONEY THAT IS BEING SPENT AND
18 ALLOCATED, I DON'T THINK I'M AT THE LEVEL WHERE I THINK THE
19 MONEY BEING SPENT ON A FURTHER AUDIT IS JUSTIFIED UNLESS
20 SOME SORT OF MALFEASANCE OR A SUSPECTED MALFEASANCE WOULD
21 COME UP. I PREFER THE MONEY THAT IS LEFT IN TT, ACTUALLY
22 GO TO CONSTRUCTION AS OPPOSED TO US DIGGING AROUND IN
23 PAPERWORK.

24 MR. CATES: FAIR ENOUGH. SHALL WE VOTE ON THIS NOW,
25 OR DISCUSS IT AT THE NEXT MEETING WHETHER OR NOT WE WANT TO

1 REQUEST THE DISTRICT TO CONDUCT A SUPPLEMENTAL AUDIT AND AS
2 NELSON SUGGESTED, GO BACK TO THE BEGINNING.

3 MR. VITALE: IF WE GO ALL THE WAY BACK TO THE
4 BEGINNING, AREN'T WE GOING TO OPEN A BAG OF WORMS BY DOING
5 SO?

6 MR. CATES: PROBABLY.

7 MS. WANG: I THINK THE VALUE IS NOT THERE. I THINK
8 LOOKING AT THE CURRENT YEAR STARTING FROM 2016, '17 AND THE
9 PRICE OF INTERNAL AUDIT AND THE PRICE WILL BE MUCH, MUCH
10 MORE AFFORDABLE.

11 MR. VITALE: I ALSO THINK THAT IF WE PUT SOME KIND OF
12 NOTE IN THE MINUTES INDICATING THAT FOR FUTURE BOND
13 ACTIVITIES BY THE DISTRICT THAT IT'S IMPERATIVE THAT THE
14 AUDIT FIRM THAT IS HIRED TO DO THE ANNUAL REVIEWS DO MAKE
15 AN INCLUSION OF RECOMMENDATIONS AS TO THEIR FINDINGS AS TO
16 WHETHER THEY ARE CONCURRENT WITH THE APPROPRIATE STANDARDS,
17 NOT JUST DODGE IT. THEN THEY'RE GOING TO GET VALUE FOR
18 THEIR MONEY, AND THERE'S GOING TO BE A MUTUAL LEVEL OF
19 THIRD PARTY OVERSIGHT IN THERE.

20 MR. CATES: I AGREE WITH YOU ENTIRELY, BUT I THINK WE
21 HAVE TO DO MORE THAN THAT BECAUSE IN THE DRAFT AUDIT
22 REPORT, IT SAYS ON PAGE 2, "WE CONDUCTED OUR AUDIT IN
23 ACCORDANCE WITH AUDITING STANDARDS GENERALLY ACCEPTED IN
24 THE UNITED STATES OF AMERICA AND THE STANDARDS APPLICABLE
25 TO FINANCIAL AUDITS CONTAINED IN GOVERNMENT AUDITING

1 STANDARDS."

2 SO THE AUDITOR HAS SAID, YES, WE DID FOLLOW THESE
3 STANDARDS, BUT I THINK THE RECORD DOESN'T BEAR THAT OUT,
4 AND I HAVE QUOTED IN THERE THEIR OPINIONS AND THE
5 APPLICABLE STANDARDS, AND YOU CAN JUDGE FROM YOUR SELF. SO
6 WE NEED MORE THAN A STATEMENT WE'RE FOLLOWING THESE
7 STANDARDS. WE NEED THE AUDITOR, WHOEVER IT IS, TO ACTUALLY
8 FOLLOW IT.

9 MR. COLE: PLAYING DEVIL'S ADVOCATE, AND I DON'T
10 HAVE -- I'M NOT EXPRESSING OPINIONS. PURE DEVIL'S
11 ADVOCATE. I KNOW WHEN WE DO QUALITY CONTROL AUDITS ON
12 LABORATORIES, THINGS LIKE THAT, WE FOLLOW A DOCUMENT FROM
13 THE EPA CALLED "THE NATIONAL FUNCTIONAL GUIDELINES," AND
14 THERE'S A HUGE SECTION IN THE "NATIONAL FUNCTIONAL
15 GUIDELINES" THAT ALLOWS FOR PROFESSIONAL OPINION, AND
16 PUTTING PROFESSIONAL OPINION IN THERE, IS THERE THAT TYPE
17 OF LANGUAGE IN THE STANDARDS THAT YOU'RE QUOTING? I DON'T
18 KNOW. I HAVEN'T READ THEM.

19 MR. CATES: STEVE, THE APPLICABLE LANGUAGE IS QUOTED
20 ON PAGE 13 OF THE DRAFT ANNUAL REPORT.

21 MR. COLE: SURE. BUT YOU'RE TAKING -- AND JUST FOR
22 SAKE OF ARGUMENT, YOU'RE TAKING A SECTION OF WHAT I'M
23 ASSUMING IS A RATHER LARGE --

24 MR. CATES: IT IS A LONG DOCUMENT.

25 MR. COLE: AND SO IN THAT ARE THEY TRYING TO USE

1 SOMETHING, SOME SORT OF WIGGLE ROOM IN THERE THAT IS
2 ALLOWED IN THE DOCUMENT OR TO SAY THAT THEY'RE NOT ACTUALLY
3 FOLLOWING IT? HOW WOULD WE STRUCTURE OUR WORDING AND
4 RECOMMENDATION THAT THEY NOT FOLLOW LIKE SECTION A FOR
5 PROFESSIONAL GUIDANCE BUT THEY ADHERE MORE STRICTLY TO, YOU
6 KNOW, SECTION B WHATEVER THAT MAY BE.

7 MR. VITALE: I THINK THAT WHEN I READ THE DOCUMENT,
8 THE INDICATION WAS THAT THAT IS SEEN AS A MINIMUM STANDARD.
9 A MINIMUM STANDARD THAT CAN BE SUPPLEMENTED TO OR FURTHER
10 REDUCED IF NECESSARY BASED ON THE CONTRACTUAL LANGUAGE THAT
11 WAS INVOLVED HERE, AND IN THIS PARTICULAR CASE, THEY WENT
12 WITH THE PATH OF LEAST RESISTANCE WITH THE MINIMAL AMOUNT
13 OF EFFORT TO BE PERFORMED, AND NOBODY FOCUSED ON THAT
14 MINIMUM STANDARD SAYING THEY DON'T HAVE TO SAY ANYTHING
15 UNLESS THEY ARE REQUESTED TO DO SO.

16 THERE IS A PARTICULAR SECTION IN THERE, AND I
17 THINK I HIGHLIGHTED IT TO YOU, CLIFF, THAT THERE IS A
18 PARTICULAR SECTION IN THERE AND THAT SECTION SHOULD HAVE
19 BEEN REINFORCED OR SUPPLEMENTED TO WITH AN ADDITIONAL FEE
20 IF NECESSARY TO ENSURE THAT WE RECEIVE THAT KIND OF
21 INFORMATION FROM THEM.

22 MR. COLE: I'M JUST TRYING TO SEE IF THIS IS A
23 REASONABLE REQUEST.

24 MR. VITALE: I THINK IT IS A VERY REASONABLE REQUEST
25 CONSIDERING THE AMOUNT OF MONEYS THAT WE'RE TALKING ABOUT

1 HERE FOR THE BOND. WHEN YOU HAVE A BOND OF THAT MAGNITUDE,
2 IS IT NOT, IN FACT, COST EFFECTIVE TO SPEND THE FEW DOLLARS
3 NECESSARY TO MAKE SURE EARLY ON THAT THEY'RE GOING IN THE
4 RIGHT DIRECTION FROM A FINANCIAL CONTROL STANDPOINT?

5 MR. COLE: SO THIS WOULD BE OBVIOUSLY HEADING FORWARD
6 OR INTO A FUTURE BOND.

7 MR. VITALE: YES, EXACTLY.

8 MR. HOCUTT: I HAVE A QUESTION FOR THE GROUP. WE'VE
9 ALL READ THROUGH THE ANNUAL REPORT THAT WE'RE GETTING READY
10 TO DELIVER. DOESN'T IT SORT OF DEAL WITH THE FACT THAT WE
11 FEEL THIS AUDIT IS FRAUD? THERE'S SOME RECOMMENDATIONS IN
12 HERE WHAT TO DO GOING FORWARD. IS THAT NOT ENOUGH AT THIS
13 POINT TO JUST PUT IN FRONT OF THE BOARD THAT, HEY, THIS
14 AUDIT HAS PROBLEMS? HERE'S WHAT THEY ARE. HERE'S WHAT WE
15 SHOULD DO ABOUT IT, BUT LET'S MOVE ON

16 MR. VITALE: BUT THE ISSUE THERE WHEN YOU SAY FLAWED,
17 THE AUDIT IS FLAWED FROM OUR PERSPECTIVE BUT NOT FROM THEIR
18 PERSPECTIVE CONTRACTURALLY. SO IF YOU REPHRASE THAT TO SAY
19 THAT GIVEN THE STANDARD THAT THEY ADHERED TO, IT HAS BEEN
20 FOUND THAT THAT WAS INADEQUATE GIVEN THE NATURE OF WHAT THE
21 EXPECTATION WAS OF THIS COMMITTEE.

22 MR. HOCUTT: I THINK THAT'S STATED WITHIN THIS REPORT,
23 MAYBE NOT BE IN THOSE RECORDS, BUT THAT FEELING IS IN
24 THERE. MY QUESTION TO THE GROUP IS IS THAT NOT ADEQUATE TO
25 PROCEED?

1 MS. RAHN: NOT ADEQUATE TO PROCEED HOW? WHAT DO YOU
2 MEAN PROCEED?

3 MR. HOCUTT: I THINK IT'S TIME TO PUT OUR FINDINGS --
4 LIKE IT'S BEEN SUGGESTED TO US MANY TIMES THAT WE NEED TO
5 STAND UP IN FRONT OF THE BOARD AND SPEAK TO THE BOARD.
6 THIS ANNUAL REPORT I THINK DOES A FINE JOB OF DOING THAT
7 AND LAYS IN FRONT OF THEM WHAT WE FOUND, WHAT WE THINK, HOW
8 THAT RELATES TO THE AUDIT, AND GIVES SOME RECOMMENDATIONS
9 ON WHAT WE THINK THE BOARD SHOULD DO MOVING FORWARD.

10 MS. WANG: IS THAT IN CLIFF'S REPORTS?

11 MR. CATES: ACTUALLY, IT'S THE VERY LAST PARAGRAPH OF
12 THE DRAFT ANNUAL REPORT. MAYBE EVERYONE COULD GLANCE AT
13 THAT FOR A MOMENT, AND THEN LET QUINCY AND ME KNOW WHAT
14 MORE YOU THINK NEEDS TO BE DONE.

15 DIANA, DID YOU HAVE A QUESTION?

16 MS. VERDUGO: NO. I WAS JUST READING OVER IT AGAIN
17 AND THINKING ACCORDING TO WHAT'S IN THAT PARAGRAPH, IT
18 WOULD APPEAR AS THOUGH THEY'RE VERY HAPPY WITH WHAT THEY
19 DID, AND THEY WERE FOLLOWING WHATEVER INSTRUCTIONS THEY
20 WERE GIVEN IS THE WAY I LOOK AT IT.

21 MR. CATES: WELL, I DON'T AGREE WITH THAT ENTIRELY
22 BECAUSE THE STATEMENT THAT I READ YOU FROM PAGE 2 OF THE
23 DRAFT AUDIT REPORT I DON'T THINK IS ACCURATE, BUT I WILL
24 GRANT YOU THAT THE ENGAGEMENT LETTER FOR THE DISTRICT
25 ALLOWS THEM TO DO WHAT THEY DID.

1 MR. VITALE: I THINK THAT ON PAGE 14 THAT SUMMARY
2 SENTENCE THAT YOU HAVE THERE DOES NOT DO US A SERVICE. IT
3 DOES A DISSERVICE BECAUSE YOU SAY IN HERE "A GOOD START
4 WOULD BE TO INSIST THAT THE AUDITOR EITHER COMPLY WITH THE
5 APPLICABLE GOVERNMENT AUDITING STANDARDS OR EXPLAIN CLEARLY
6 WHY NOTWITHSTANDING ITS DISCLAIMERS, IT THINKS THAT IT HAS
7 DONE SO."

8 I THINK WE'VE ALREADY IDENTIFIED THAT THE REASON
9 THAT THEY HAVE DONE WHAT THEY DID IS BECAUSE OF THE NATURE
10 OF THEIR CONTRACT. THERE'S NO FURTHER EXPLANATION
11 NECESSARY FOR THEM. WHAT WE SHOULD BE INSISTING IS THAT IN
12 THE FUTURE AUDITORS RETAINED BY THE DISTRICT SHOULD BE
13 REQUIRED TO ADHERE TO THE GOVERNMENT AUDITING STANDARDS AND
14 PROVIDE AN OPINION AS TO WHETHER OR NOT THE DISTRICT HAS,
15 IN FACT, PERFORMED IN A MANNER THAT WOULD HAVE POTENTIALLY
16 EXPOSED ANY KIND OF FLAWS IN THE METHODS AND MEANS BY WHICH
17 THEY RECORD THE EXPENDITURES OF THE DISTRICT.

18 MR. CATES: I THINK THAT'S A GOOD CRITICISM.
19 ACTUALLY, I AM READING FROM A SLIGHTLY DIFFERENT DRAFT. I
20 HAVE CONTINUED TO REVISE THIS. YOU DON'T HAVE THE LAST
21 SENTENCE THAT I WROTE FOR WHICH I APOLOGIZE. "ANOTHER
22 IMPORTANT STEP WOULD BE TO NEGOTIATE A BETTER CONTRACT WITH
23 THE AUDITOR, ONE THAT DOES NOT PERMIT THE AUDITOR TO
24 DISCLAIM A NUMBER OF IMPORTANT OPINIONS."

25 MS. VANCE: YOU SENT THAT TO US TODAY.

1 MR. CATES: DID I SEND THAT?

2 MS. VANCE: YES

3 MR. VITALE: THE LANGUAGE THAT I PROVIDED YOU WITH
4 GOES A STEP FURTHER THAN THAT.

5 MR. CATES: GOT IT. BASICALLY THE AUDITOR SHOULD BE
6 REQUIRED TO ADHERE TO GOVERNMENT ACCOUNTING STANDARDS AND
7 TO PROVIDE THE OPINIONS SPECIFIED THEREIN.

8 MR. VITALE: YES.

9 MR. CATES: I WILL MAKE THAT CHANGE.

10 MR. MOHIT: ONE THING IS THAT WHEN THE DISTRICT
11 ACTUALLY DECIDED TO HIRE THE AUDITORS, DID THEY PROVIDE A
12 COPY OF THE CONTRACT BEFORE SIGNED TO THE COC COMMITTEE SO
13 THAT WE CAN REVIEW?

14 MR. CATES: MIKE, I DON'T REMEMBER. I SIMPLY DON'T.

15 MS. RAHN: BUT IT'S JUST A STANDARD CONTRACT. AGAIN,
16 WE'VE LEARNED SO MUCH IN THE LAST TWO YEARS THAT YOU WOULD
17 WANT TO ADD MORE BASED ON THIS CONVERSATION, BUT THE
18 CONTRACT IS A STANDARD AUDITING 12,000 MEASLY DOLLAR
19 CONTRACT. WE JUST NEED TO FIGURE OUT DOES THE GROUP WANT
20 MORE? DOES IT WANT TO DIVE DEEPER? THAT WE HAVEN'T DONE,
21 AND WE SHOULD IN THE NEXT ROUND.

22 MR. MOHIT: SO THE MORE WE WANT ACTUALLY THE AGREEMENT
23 WILL BE DIFFERENT THAN WHAT WE ALREADY HAVE.

24 MS. RAHN: YOU WOULD BE PAYING MORE TOO. SHE WAS
25 PRETTY CLEAR. LIKE I SAID I HONESTLY -- I DON'T THINK IN

1 THIS TYPE OF AUDIT WHERE YOU'RE NOT GOING THAT DEEP THAT
2 THERE'S ANYTHING MORE THEY WOULD HAVE SAID. WE HAVE TO
3 FIGURE OUT IF THE GROUP, LIKE BRIAN SAID, DR. MCCDONALD,
4 WANTED TO DO MORE INVESTIGATIVE, AND HE WAS OKAY WITH IT SO
5 IF WE WANT TO.

6 MR. CATES: MIKALA, I DON'T THINK THAT'S A PROBLEM AT
7 ALL. IT'S NOT THE DEGREE OF DETAIL THAT WE'RE QUESTIONING.
8 IT'S THE BROAD DISCLAIMERS.

9 MS. RAHN: I DON'T THINK YOU'RE GOING TO NOT GET THEM.
10 SO WE DISAGREE TO DISAGREE. GOOD LUCK. LET'S SEE WHAT WE
11 CAN GET. IT SEEMS NORMAL.

12 MR CATES: MAYBE THE DISTRICT WITH OUR INPUT CAN FIND
13 AN AUDITOR WHO WILL ACTUALLY COMPLY WITH THE APPLICABLE
14 GOVERNMENT ACCOUNTING STANDARDS.

15 MS. RAHN: WE HELPED THEM FIND THIS AUDITOR SO WE'LL
16 HAVE TO DO A MORE RIGOROUS JOB, BUT WE CANNOT BLAME THE
17 DISTRICT FOR FINDING THIS AUDITOR. WE WERE PART OF THE
18 SELECTION.

19 MR. CATES: I DON'T THINK ANYONE IS BLAMING THE
20 DISTRICT.

21 MR. MOHIT: SO THE COC WAS INVOLVED?

22 MS. RAHN: YES.

23 MS. VANCE: I WAS THERE.

24 CLIFF, WEREN'T YOU THERE?

25 MR. CATES: I WAS THERE. WE PARTICIPATED --

1 MS. VANCE: ONE MEETING

2 MR. CATES: -- IN THE SELECTION. WE DID NOT TO THE
3 BEST OF MY RECOLLECTION SEE ANY CONTRACTS TO REVIEW. AND
4 LET ME SAY THIS. IF I HAD SEEN IT AT THE TIME, I PROBABLY
5 WOULDN'T HAVE BEEN ABLE TO IDENTIFY THE PROBLEMS THAT I NOW
6 CAN. THIS COMMITTEE HAS COME A LONG WAY SINCE 2013.

7 MR. VITALE: BUT THE MAKEUP OF THIS COMMITTEE IS
8 SIGNIFICANTLY DIFFERENT FROM THE 2013 MEMBERSHIP, IS IT
9 NOT?

10 MR. CATES: YES.

11 MR. VITALE: THE PEOPLE THAT HAVE BROUGHT THESE THINGS
12 TO THE TABLE NOW, WERE NOT HERE AT THAT TIME. WE'RE
13 BRINGING A TOTALLY SEPARATE BACKGROUND OF EXPERIENCE TO THE
14 TABLE THAT WASN'T IN THE GROUP TO BEGIN WITH.

15 MR. HOCUTT: SO WHEN DOES THIS NEXT SELECTION PROCESS
16 FOR THE NEXT NIGRO AND NIGRO OCCUR, AND ARE WE PART OF IT?

17 MS. KENNE: DIDN'T SOMEONE JUST SAY --

18 MR. CAYABYAB: IT HAS TO HAPPEN NOW.

19 MR. HOCUTT: IT'S SIX MONTHS PAST THE LAST END OF THE
20 AUDIT PERIOD. WE'RE HALFWAY THROUGH THE YEAR THAT WE'RE
21 GOING TO BE AUDITED NEXT.

22 MR. CAYABYAB: CAN I MAKE A COMMENT?

23 MR. CATES: SURE.

24 MR. CAYABYAB: IF YOU ALL THINK BACK AT OUR MEETING IN
25 ALTADENA WHEN I FIRST GOT HERE, I BROUGHT UP THE POINT THAT

1 THIS WAS NOT A VERY THOROUGH AUDIT, AND I WAS RECOMMENDING
2 THAT WE DO TWO AUDITS, ONE A FINANCIAL AUDIT AND ONE A
3 PERFORMANCE AUDIT. WITH MY EXPERIENCE BY IDENTIFYING THOSE
4 TWO SEPARATE ENTITIES IS LIKE CHECKING EACH OTHER AND THEY
5 WILL FORM AN OPINION, AND AT THAT TIME THIS GROUP OR THE
6 GROUP THAT WAS AT THAT TIME DIDN'T WANT TO HAVE ANYTHING TO
7 DO WITH THAT BECAUSE, YOU KNOW, THIS AUDIT WAS FINE AND
8 SATISFACTORY. SO I WOULD RECOMMEND MOVING FORWARD THAT WE
9 HIRE TWO SEPARATE, AN RFQ ONE STRICTLY ON A FINANCIAL AUDIT
10 SECTION AND ONE ON A PERFORMANCE AUDIT. PERFORMANCE
11 AUDITORS LOOK INTO HOW WELL THE CONTRACTS ARE BEING
12 IMPLEMENTED, THE CHANGE ORDER PROCEDURES AND SO ON.
13 FINANCIAL AUDITORS DEAL DIRECTLY WITH SUCH JUST THE
14 FINANCIAL, AND NONE OF THOSE -- NOT ONE FIRM IS AN EXPERT
15 OF BOTH. AND IN THE PAST TO ME THAT WORKED OUT REALLY WELL
16 BECAUSE THEY ARE ABLE TO OFFER AN OPINION ON A FINANCIAL
17 SIDE, AND THEY ARE ABLE TO OFFER AN OPINION ON THE
18 PERFORMANCE SIDE. TWO INDEPENDENT. AND WE GO THROUGH THE
19 PROCESSION OF RFQING THESE TWO, AND WE SIT DOWN, LOOK, THIS
20 IS WHAT WE WANT THEM TO DO, AND WE CAN PRETTY MUCH WRITE UP
21 THE CONTRACT THAT WE NEED TO DO. SO THAT'S WHAT I'M
22 SAYING, AND THAT'S UP TO YOU FOLKS TO CONSIDER.

23 MS. WANG: THAT WOULD BE MORE COSTLY.

24 MR. CAYABYAB: IT WILL BE MOST COSTLY.

25 MS. RAHN: BUT WE'LL HAVE THE INFORMATION. WE'LL HAVE

1 THE INFORMATION THAT WE NEED. I THINK IT'S A GREAT IDEA.

2 MR. VITALE: IF THIS HAD BEEN DONE, WE WOULDN'T BE
3 HAVING THIS DISCUSSION RIGHT NOW. IT WAS A LOGICAL
4 RECOMMENDATION, BUT THE MAKEUP OF THE GROUP AT THAT TIME
5 DID NOT GRASP WHAT IT WAS THAT HE WAS BRINGING TO THE
6 STABLE, AND THIS GROUP DOES HAVE PEOPLE WHO GRASP IT.

7 MR. CATES: THAT'S NOT QUITE RIGHT. WHEN NELSON FIRST
8 RAISED THIS ISSUE, THE FOUR-YEAR CONTRACT WITH NIGRO AND
9 NIGRO WAS ALREADY IN PLACE. SO WE COULD NOT HAVE GONE BACK
10 OR IT WOULD HAVE BEEN DIFFICULT TO GO BACK AND REDO THE
11 CONTRACT AT THAT POINT.

12 MS. RAHN: BUT HE'S SUGGESTING -- I WAS AT THE MEETING
13 HE SUGGESTED IT. GRETCHEN WAS THERE. I CAN'T REMEMBER ALL
14 THAT WAS THERE, AND HE DID SUGGEST THOSE TWO DIFFERENT
15 AUDITORS. THEY WERE VERY DIFFERENT, AND WE AT THAT POINT
16 WERE NOT READY. WE WEREN'T IN THE SITUATION.

17 MR. HOCUTT: BUT NOW WE ARE.

18 MS. RAHN: YEAH. I REMEMBER THAT NIGHT AND THINKING
19 WE DON'T NEED THAT. I REMEMBER. NOW I THINK WE'RE AT THE
20 POINT WHERE THAT'S A GOOD IDEA BECAUSE I THINK WE'RE GOING
21 TO BE -- UNLESS YOU DO A REAL FORENSIC JUST A HUNDRED
22 PERCENT DISAPPOINTED WITH ANY AUDITOR. THEY'RE JUST
23 GENERAL SWEEPING FINDINGS, BUT WHAT HE'S SUGGESTING IS MORE
24 PROGRAMATIC WHICH IS A SEPARATE AUDITOR. I THINK THAT'S A
25 GREAT IDEA.

1 MR. CATES: I THINK IT'S A GREAT IDEA, BUT THAT
2 DOESN'T NECESSARILY TAKE CARE OF THE PRESENT PROBLEM. IF
3 WE HAVE TWO SEPARATE AUDITORS, WE WANT THEM BOTH TO FOLLOW
4 THE APPLICABLE STANDARDS AND RENDER THE OPINIONS ON LEGAL
5 COMPLIANCE, INTERNAL CONTROLS, AND THINGS LIKE THAT.

6 MR. HOCUTT: BUT OUR RFQ COULD STATE THAT.

7 MR. CATES: EXACTLY.

8 MR. HOCUTT: ARE YOU THE GUY TO WRITE THE RFQ I
9 PRESUME?

10 MR. CAYABYAB: YES. YOU TRUST ME?

11 MR. CATES: YOU SEEM TO HAVE YOUR FINGER ON THIS.

12 MR. VITALE: HE'S BEEN DOING IT FOR ENOUGH YEARS.
13 UNFORTUNATELY, NELSON, THOUGH, YOU'RE PRIOR NONATTENDANCE
14 AT SOME OF THESE MEETINGS COULD HAVE TAKEN IT A LONG WAY TO
15 REDUCE THINGS AND THE TENSION THAT WAS BEING CREATED, AND
16 WE'RE PLEASED THAT YOU'RE HERE AND THAT THIS INFORMATION IS
17 COMING OUT, AND WE WOULDN'T HAVE HAD TO HAVE CUT OFF THAT
18 FOUR YEAR CONTRACT. ALL WE WOULD HAVE HAD TO DONE IS GONE
19 OUT AND GOT A SUPPLEMENTARY CONTRACT FOR A PERFORMANCE
20 AUDITOR IN SUPPORT OF THE AUDIT THAT WAS IN PLACE.

21 MR. CAYABYAB: GRANTED.

22 MR. HOCUTT: SO IS IT OKAY TO ASK THAT WE COULD HAVE
23 AN RFQ TO REVIEW AT THE NEXT MEETING? IS THAT TOO SOON?

24 MR. COLE: THAT WOULD BE TOO SOON.

25 MR. CAYABYAB: TOO SOON.

1 MR. CATES: WHENEVER YOU NEED TO GET IT OUT, GIVE US
2 THE OPPORTUNITY TO PARTICIPATE.

3 MR. CAYABYAB: SURE. I'LL START DIGGING AND LOOKING
4 AT SOME ROUGH -- MOVE FORWARD RFQ WITH A FINANCIAL AUDITOR
5 AND A PERFORMANCE AUDITOR.

6 MR. CATES: BOTH OF WHOM ARE REQUIRED TO COMPLY IN ALL
7 RESPECTS WITH GOVERNMENT ACCOUNTING STANDARDS. IF YOU
8 THINKING THEY CAN PULL A SNEAKY, WE CAN QUOTE THE SECTIONS.

9 MR. CAYABYAB: THEY WILL. THEY'RE NOT GOING TO ACCEPT
10 ALL THESE THINGS. THERE'S GOING TO BE A CLAUSE SOMEPLACE.
11 BUT, YOU KNOW, WE CAN BE SPECIFIC IN THE CONTRACT TO SAY
12 YOU WILL LOOK AT THESE, THESE, THESE, THESE.

13 MR. CATES: OKAY. GOOD. I THINK WE HAVE A PLAN.

14 NEXT, REVIEW OF THE DRAFT ANNUAL REPORT. WE'VE
15 ALREADY COVERED THE LAST SECTION WHICH WAS COMMENTS ON THE
16 DRAFT AUDIT REPORTS. IN THIS DRAFT I HAVE ENDEAVORED TO
17 SUMMARIZE THE WORK THAT WE'VE DONE IN THE PAST FISCAL YEAR,
18 AND THE ISSUES THAT WE HAVE CONFRONTED. I'VE ALSO INCLUDED
19 SOME RECOMMENDATIONS, MANY OF WHICH WE'VE ALREADY
20 DISCUSSED.

21 RATHER THAN GO THROUGH THIS PAGE BY PAGE, YOU'VE
22 ALL HAD AN OPPORTUNITY TO REVIEW IT, TWO DRAFTS AS A MATTER
23 OF FACT, AND I'LL SIMPLY OPEN UP THE FLOOR FOR COMMENTS,
24 CRITICISMS, CHANGES.

25 STEVE.

1 MR. COLE: I READ THROUGH BOTH DRAFTS, AND I'D COME UP
2 WITH A LOT OF COMMENTS AND THOUGHTS, AND THEN I KIND OF
3 PUSHED THEM ASIDE, AND I THINK THE DOCUMENT AS A WHOLE
4 SOUNDS VERY CATHARTIC GETTING EVERYTHING OUT. I WOULD LIKE
5 TO ADD ONE SENTENCE EITHER IN THE SUMMARY OF THE FINDINGS
6 OR IN THE CONCLUSION THAT JUST STATES SOMETHING TO THE
7 EFFECT THAT WE BELIEVE THE VAST MAJORITY OF THE FUNDS SPENT
8 OVER THE LAST YEAR WERE SPENT IN ACCORDANCE WITH THE BOND.

9 MS. RAHN: I THINK THAT'S FAIR.

10 MR. COLE: EVERYTHING IN THERE IS EVERYTHING THAT WE
11 DISCUSSED AND FOUND INCORRECT, BUT I WOULD LIKE TO HAVE THE
12 DOCUMENT PUT IN THAT KIND OF CONTEXT.

13 MR. HOCUTT: I DON'T THINK THERE'S ANY QUESTION THAT
14 MOST OF THE MONEY HAS BEEN SPENT IN ACCORDANCE WITH THE
15 BOND.

16 MR. COLE: AND SINCE THIS IS GOING OUT TO THE PUBLIC,
17 IT NEEDS TO BE IN THAT KIND OF CONTEXT FOR SOMEONE WHO'S
18 NOT BEEN IN HERE.

19 MR. HOCUTT: RIGHT.

20 MS. RAHN: CLIFF, I THINK YOU DID -- I DON'T KNOW IF
21 IT WAS CLIFF AND QUINCY --

22 MR. HOCUTT: IT WAS CLIFF.

23 MS. RAHN: -- A REALLY THOROUGH JOB. I'LL HAVE LITTLE
24 THINGS THAT I'LL JUST GIVE YOU. I HAVE ONLY TWO
25 SUBSTANTIVE ISSUES. ONE IS I THINK THE CTE EXAMPLE IS

1 CONFUSING. I WOULD JUST DELETE IT. I DON'T KNOW THAT
2 EVERYBODY CAN FOLLOW THAT SPECIAL EXAMPLE, AND I WAS ON THE
3 BOARD WHEN THAT ALL GOT APPROVED SO THERE IS SOME CONTEXT,
4 BUT EVEN WHEN YOU REMOVE IT, IT GOES WELL TO GO RIGHT WHERE
5 YOU GO NEXT.

6 MR. CATES: I LIKE THAT SUGGESTION AS A MATTER OF
7 FACT. IT WAS AN ISSUE BUT A MINOR ISSUE.

8 MS. RAHN: I DON'T KNOW THAT EVERYBODY CAN FOLLOW IT.

9 THE OTHER THING ON PAGE 8 THAT I KEEP BRINGING UP
10 IN HERE, BUT IT SEEMS HARD TO CAPTURE IT. BUT THERE'S THE
11 DEPARTMENT, THERE'S US, THERE'S THE BOARD, BUT TO BE HONEST
12 THE MOST IMPORTANT BODY IS THE FACILITIES COMMITTEE. SO I
13 JUST THINK THAT NEEDS A LITTLE HEIGHTENING ON PAGE 8 THAT
14 THAT BODY IS NOT INTERACTING WITH US. YOU GO. AND I'M NOT
15 SAYING -- THERE'S BEEN TURNOVER NOW, AND KIM I'M SO GLAD
16 SHE'S ON IT, BUT IF WE LOOK AT THE HISTORY WE'RE TALKING
17 ABOUT HERE, THEY JUST HAVEN'T -- THEY REALLY ARE THE ONES
18 TO CLEAN THIS RELATIONSHIP UP, AND I DON'T KNOW HOW ELSE TO
19 PUT THAT. NOT EVEN STAFF. I MEAN THEY COULD, BUT, YOU
20 KNOW, SO I'M JUST SAYING -- I JUST WROTE A NOTE, AND DO
21 WHAT YOU WANT WITH IT, BUT FACILITIES COMMITTEE ROLE IS
22 JUST SO IMPORTANT, AND I FEEL LIKE --

23 MR. CATES: WOULD YOU LIKE A RECOMMENDATION ALONG
24 THESE LINES: THE FACILITIES COMMITTEE OF THE BOARD SHOULD
25 DO ITS JOB AND NOT LEAVE EVERYTHING TO THE OVERSIGHT

1 COMMITTEE?

2 MS. RAHN: OR THE BOARD OR STAFF. AGAIN, ON SOME
3 LEVEL IF WHAT WE'RE SAYING IN HERE IS TRUE, THEN FROM A
4 GOVERNANCE PERSPECTIVE, THAT'S THE COMMITTEE YOU POINT TO.

5 MR. VITALE: ON PAGE 9 HE SAYS THAT AT THE TOP. WE
6 SHOULD BE GIVEN ADEQUATE TIME TO REVIEW THE PROPOSALS.

7 MS. RAHN: I'M SAYING THE ROLE OF THE FACILITIES
8 SUBCOMMITTEE WHICH IS NOT US AND NOT THE BOARD. THEY
9 ALMOST NEED THEIR OWN PARAGRAPH LIKE WHERE HAVE YOU BEEN?

10 MR. HOCUTT: DO YOU HAVE ANY SUGGESTED WORDING TO PUT
11 IN?

12 MS. RAHN: I'M HAPPY TO HELP, BUT I ACTUALLY TRUST
13 CLIFF TO ADD IT.

14 MR. CATES: I'LL HAVE TO FIGURE OUT SOME CLEAR BUT
15 DIPLOMATIC LANGUAGE SAYING THAT THE FACILITIES COMMITTEE
16 DOESN'T SPEND THE TIME THAT IT OUGHT TO SPEND.

17 MS. RAHN: I THINK IF A MEETING IS 30 MINUTES, THAT'S
18 A DUD.

19 MR. HOCUTT: DID YOU SAY IT'S GOOD OR A DUD?

20 MS. RAHN: IT'S A DUD. I FEEL BAD FOR STAFF. THEY'RE
21 PROBABLY GLAD IT'S ONLY 30 MINUTES, AND ON THE OTHER HAND,
22 YOU DON'T WANT A TWO AND A HALF HOUR ONE, BUT THERE HAS TO
23 BE SOME BALANCE.

24 MR. CATES: I AGREE FIRMLY. WE HAVE NO CONTROL OVER
25 THE BOARD, AND THIS IS A COMMITTEE OF THE BOARD.

1 MS. KENNE: MICHELLE HAS BEEN INTERESTED IN COMING TO
2 THIS COMMITTEE AND HAS A COMMITMENT ON WEDNESDAY NIGHTS.
3 SOMETIMES SHE'LL TEXT ME IN THE MIDDLE OF THIS MEETING
4 SAYING, "ARE YOU GUYS STILL GOING ON? SHOULD I COME OVER?"
5 SOMETIMES I DON'T LOOK AT IT RIGHT AWAY, BUT SHE HAS
6 EXPRESSED AN INTEREST IN COMING TO THE COC MEETINGS.

7 MR. CATES: SHE'S ON THE FACILITIES COMMITTEE;
8 CORRECT?

9 MS. KENNE: YES. SHE'S NEW ON THE FACILITIES
10 COMMITTEE AS AM I.

11 MR. CATES: I WOULD WELCOME HER ATTENDANCE.

12 MR. HOCUTT: CAN I JUST ASK ONE EMBARRASSING QUESTION?
13 HAVE THE THREE MEMBERS OF THE BOARD OR AT LEAST THE OTHER
14 TWO, HAVE THEY ACTUALLY READ SAY THE VERBATIM TRANSCRIPT OR
15 THE MINUTES OF THE LAST SIX MONTHS OF THIS MEETING? WOULD
16 THAT NOT BE --

17 MS. KENNE: I COULDN'T ANSWER THAT. GOSH, I CAN'T
18 REMEMBER IF MICHELLE HAD MENTIONED READING THE TRANSCRIPTS.
19 AND I READ ONE AND MAYBE TWO AND THEN I STOPPED. I CAN'T
20 EVEN ADMIT THAT I'M STILL READING THE TRANSCRIPTS.

21 MS. RAHN: IF SHE'S NOT READING THEM.

22 MS. KENNE: IF WE HAD SHORTER MEETINGS THERE WOULD BE
23 SHORTER TRANSCRIPTS.

24 MR. HOCUTT: YOU GUYS ARE THE ONES THAT HAVE THE FIVE
25 HOUR TELEVISED MEETINGS

1 MS. KENNE: I HOPE THAT -- I HOPE THAT WE HAVE A
2 LARGER RESPONSIBILITY THAN THIS COMMITTEE THAT IT MIGHT BE
3 PROPER.

4 MR. HOCUTT: THAT IS TRUE.

5 MS. KENNE: SO THE MEMBER ROSTER IS CALLED OUT IN THE
6 BYLAWS AS BEING PART OF THE ANNUAL REPORT SO IT WILL BE AN
7 ADDENDUM TO YOUR REPORT?

8 MR. HOCUTT: THE ROSTER OF THE COC?

9 MR. CATES: THANK YOU VERY MUCH.

10 MS. KENNE: JUST BECAUSE I FOUND IT REALLY USEFUL TO
11 TRY TO FIGURE OUT WHO WAS ON THE COC WHEN TO JUST GO BACK
12 AND READ THE ANNUAL REPORTS THAT ARE POSTED IN THE BOARD
13 MINUTES OR WITH THE BOARD AGENDA.

14 MR. CATES: YOU ARE ABSOLUTELY RIGHT. THIS DRAFT
15 DOESN'T HAVE THE COVER PAGE OR ANYTHING LIKE THAT, BUT
16 THANK YOU VERY MUCH. I'M TAKING NOTES. I HAVE NOW FOUR
17 VALID COMMENTS THAT WILL BE INCORPORATED.

18 MS. KENNE: AND I MADE A LOVELY ROSTER FOR MYSELF
19 BECAUSE THAT'S WHAT I LIKE TO DO.

20 MR. CATES: WE'LL GET TO COMMITTEE MEMBERSHIP IN JUST
21 A MOMENT. OKAY. WE'RE MAKING GREAT PROGRESS. MAYBE WE'LL
22 GET OUT EARLY. IN TIME TO DO SOME LAST MINUTE CHRISTMAS
23 SHOPPING

24 MS. RAHN: I HAVE TO.

25 MR. CATES: SO THANK YOU FOR THE FOUR COMMENTS.

1 MORE, PLEASE. GRETCHEN.

2 MS. VANCE: ON PAGE 6 DOWN THREE PARAGRAPHS WHERE YOU
3 HAVE THE UNDERLINED EVERY BLANK YEARS, I'M TRYING TO FIND
4 IT.

5 MS. RAHN: IT'S FIVE.

6 MR. CATES: EVERY FIVE YEARS?

7 MS. RAHN: YES.

8 MR. CATES: THANK YOU.

9 MS. VANCE: I THOUGHT I READ ON THE THING EVERY YEAR
10 UPDATED QUARTERLY.

11 MS. KENNE: NO. THE FACILITIES MASTER PLAN HAS TO BE
12 UPDATED.

13 MS. VANCE: SO THE FACILITIES MASTER PLAN IS EVERY
14 FIVE YEARS?

15 MS. KENNE: UH-HUH

16 MS. VANCE: THAT'S WHAT IT SAID ON THE BALLOT MEASURE?
17 I WANT TO REFER TO THE BALLOT MEASURE.

18 MS. KENNE: YOU THINK THE BALLOT MEASURE --

19 MR. CATES: I DON'T THINK IT TALKED --

20 MS. VANCE: IT DID ON THE FRONT.

21 MR. HOCUTT: WE'RE ON SCHEDULE THEN.

22 MS. VANCE: I'VE NEVER SEEN FIVE YEARS.

23 MR. CATES: HOLD ON. HERE IS THE FULL TEXT OF BALLOT
24 MEASURE TT. I CARRY THIS AROUND TO USE AT COCKTAIL
25 PARTIES. YOU WOULDN'T BELIEVE HOW OFTEN I REFER TO THE

1 FOLDER ENTITLED THE LAW.

2 ANNUAL PERFORMANCE AUDITS, ANNUAL FINANCIAL
3 AUDITS.

4 MS. VANCE: LONG-TERM FACILITIES MASTER PLAN UPDATED
5 QUARTERLY AND ANNUALLY. RIGHT ON THE FRONT OF THE BALLOT
6 MEASURE.

7 MS. KENNE: WHILE YOU'RE IN THE MIDDLE OF DOING THE
8 BOND?

9 MS. VANCE: THIS IS WHAT IT HAD -- MAYBE THIS WAS
10 JUST --

11 MR. COLE: THAT'S THE BALLOT. IT'S A SNIPPET OF IT.

12 MS. VANCE: NO. BUT RIGHT BELOW IT SAYS, "MEASURE TT
13 OBJECTIVES," AND THEN BELOW IT SAYS "TRANSPARENCY AND
14 ACCOUNTABILITY."

15 MR. CATES: GRETCHEN, I WOULD APPRECIATE YOUR RUNNING
16 THIS ONE DOWN. BECAUSE I'M READING WHAT IT SAYS. IT'S THE
17 FULL TEXT OF THE BALLOT MEASURE, AND IT DOESN'T START THAT
18 WAY AT ALL.

19 MS. VANCE: THIS ISN'T REALLY THE FULL TEXT OF THE
20 BALLOT MEASURE. THIS IS JUST WHAT WAS -- WHAT THEY USED TO
21 PROMOTE THE BOND.

22 MR. VITALE: IT'S THE MARKETING OF THE BOND, BUT IT'S
23 NOT THE LANGUAGE.

24 MR. CATES: THAT'S FINE. WOULD YOU SEND THAT TO ME?

25 MS. VANCE: SURE. I'LL FORWARD IT RIGHT NOW.

1 MR. CATES: AND IDENTIFY THE SOURCE. IT DOESN'T MAKE
2 ANY DIFFERENCE IF IT'S NOT IN THE BALLOT PROPOSITION IF THE
3 VOTERS WERE TOLD THAT THIS IS WHAT WILL BE DONE.

4 MR. VITALE: EXCEPT THAT YOU AS AN ATTORNEY KNOW THAT
5 UNLESS THE LANGUAGE OF THE BOND SPECIFICALLY STATES A
6 PARTICULAR THING, ANYTHING THAT YOU ADD TO IT, YOU'RE
7 INVENTING LAW WHERE NO LAW EXISTS.

8 MR. CATES: I'M NOT INVENTING LAW. I'M JUST SAYING
9 THAT THE POLITICIANS PROMISED X.

10 MR. VITALE: THEY CAN PROMISE ANYTHING THEY WANT.

11 MR. CATES: YOU'RE RIGHT. THEY'RE ALLOWED TO PROMISE
12 X, BUT I CAN SAY THEY PROMISED X BUT DIDN'T DELIVER.

13 MR. VITALE: RIGHT. SURE YOU CAN.

14 MR. CATES: JUST AS I CAN SAY THAT THE REPUBLICANS
15 PROMISED TO REPEAL OBAMA CARE, AND THEY DIDN'T DELIVER.
16 WHATEVER YOU THINK.

17 MS. VANCE: I DON'T THINK IT'S IN THE FULL TEXT.

18 MR. CATES: OKAY. JUST SEND IT TO ME. I'LL TAKE A
19 LOOK AT IT AND ADD THE APPROPRIATE LANGUAGE.

20 MS. VANCE: EVEN IF YOU HAVE TO --

21 MS. KENNE: IT'S NOT WHAT WAS ON THE BALLOT. IT'S NOT
22 IN THE FULL TEXT.

23 MS. VANCE: IT'S NOT IN THE FULL TEXT, BUT I HAVE A
24 PAPER FORM OF THIS, AND I BELIEVE THIS IS WHAT WAS
25 PUBLISHED IN THE NEWSPAPER. IF I FIND THAT IT WAS

1 PUBLISHED IN THE NEWSPAPER, I WOULD BE FINE WITH YOU
2 STATING THAT THAT'S WHAT WAS PUBLISHED RATHER THAN SAYING
3 THAT THAT WAS PART OF THE BOND LANGUAGE, BUT I DO THINK
4 THAT IT SHOULD BE POINTED OUT BECAUSE FOR ME THAT'S MY BIG
5 THING.

6 MR. CATES: I KNOW. AND YOU'VE MENTIONED THAT MANY
7 TIMES. YOU WILL SEND ME IN SHORT ORDER, PLEASE, THE FACTS
8 ON THAT.

9 MS. VANCE: I WILL.

10 MR. VITALE: ON PAGE 8, SECOND PARAGRAPH BELOW
11 "ESSENCE OF THE PROBLEM," THE VERBIAGE THAT YOU USE THERE
12 IS "HOWEVER THE FACILITIES DEPARTMENT RESISTS EFFECTIVE
13 OVERSIGHT BY THE COMMITTEE." I THINK THE LANGUAGE IS A BIT
14 STRONG THERE, AND IT MIGHT BE BETTER IF IT SAID THE
15 FACILITIES DEPARTMENT HAS RESISTED OVERSIGHT BY THE
16 COMMITTEE.

17 MR. CATES: WHAT'S THE DIFFERENCE?

18 MR. VITALE: THE DIFFERENCE IS "RESISTS EFFECTIVE" IS
19 CREATING A TONE THAT CERTAIN PEOPLE AT THIS GROUP HAVE
20 INDICATED IN THE PAST THAT WE'RE GUILTY OF BEING A LITTLE
21 BIT VIPIE, I GUESS YOU MIGHT SAY, IN THE WAY THAT WE
22 VERBALIZE CERTAIN THINGS.

23 MR. CATES: JIM, GOOD POINT. SEND ME THE SPECIFIC
24 SUGGESTED LANGUAGE BECAUSE I DIDN'T SEE THE DIFFERENCE
25 BETWEEN RESISTS AND HAS RESISTED, BUT I UNDERSTAND YOUR

1 POINT.

2 MR. VITALE: I'M IN NO WAY DEFENDING FACILITIES'
3 ACTIONS.

4 MR. CATES: NO, I UNDERSTAND. WE'RE NOT OUT TO
5 DENIGRATE ANYONE. WE'RE MAKING A REPORT TO THE BOARD.

6 MR. VITALE: WE ARE GETTING RESULTS NOW.

7 MR. CATES: I HOPE SO. GREAT.

8 MORE COMMENTS, PLEASE.

9 MS. VANCE: ARE YOU GOING TO PUT THIS ON THE AGENDA IN
10 JANUARY? ARE YOU GOING TO PRESENT IN JANUARY TO THE BOARD?

11 MR. CATES: NO. WHAT I ENVISION, AND I WOULD
12 APPRECIATE A MOTION AUTHORIZING IS THAT I MAKE THE
13 SUGGESTED CHANGES. I HAVE FIVE OF THEM. I WILL DO SO
14 FAIRLY AND IN GOOD FAITH AND ALSO ANY ADDITIONAL REASONABLE
15 CHANGES THAT ANYONE GETS TO ME BEFORE THE NEW YEAR.
16 BECAUSE WHAT I WOULD LIKE TO DO IS PUT THIS IN FINAL
17 FORMAT -- IT'S CLOSE TO IT NOW -- AND SUBMIT IT TO THE
18 BOARD SO THAT WE CAN MAKE THE IN-PERSON PRESENTATION AT
19 JANUARY, IN JANUARY. OTHERWISE, IT'S GOING TO SLIP TILL
20 FEBRUARY, AND I DON'T LIKE BEING SO FAR BEHIND YOUR TIMING,
21 GRETCHEN.

22 MS. VANCE: WELL, MINE WAS ONLY TWO PAGES LONG.

23 MR. COLE: I READ IT TODAY. IT WAS FIVE.

24 MR. CATES: I HAPPEN TO HAVE IT HERE WITH ME IF YOU
25 WOULD LIKE.

1 MS. KENNE: TYPICALLY THE TT COC REPORT IS DONE AT THE
2 SAME TIME AS THE TT AUDIT PRESENTS AND NELSON --

3 MS. VANCE: WHICH HAS TYPICALLY BEEN IN DECEMBER.
4 REMEMBER IT WAS MY WEDDING ANNIVERSARY LAST YEAR.

5 MS. KENNE: THE REASON I'M ASKING IS I'M NOT SURE IF
6 THE AUDITOR IS AVAILABLE IN JANUARY. SHE IS OR IS NOT?

7 MR. CAYABYAB: SHE'S PLANNING ON THE 25TH.

8 MR. CATES: JANUARY 25TH?

9 MR. CAYABYAB: THAT'S THE BOARD MEETING.

10 MS. KENNE: WE'RE HAVING A 12 HOUR BOARD MEETING THAT
11 NIGHT.

12 MR. HOCUTT: IS IT REQUIRED THAT BOTH OF THEM PRESENT
13 AT THE SAME TIME OR IS IT A NICETY?

14 MS. VANCE: I THINK IT'S NICE FOR THE BOARD TO DEAL
15 WITH TT ALL IN ONE FELL SWOOP.

16 MR. COLE: IT'S A GOOD JUXTAPOSITION OF THE TWO ALSO.

17 MR. CATES: JIM.

18 MR. VITALE: PAGE 9 UNDER THE "REFORMS TO PRESENT OR
19 CORRECT IMPERMISSIBLE EXPENDITURES OF THE TT FUNDS." YOU
20 ARE SUGGESTING THAT WE USE SOME OF THE TT FUNDS FOR THE
21 DISTRICT TO TAKE ONE OF THEIR EMPLOYEES OUT OF THEIR
22 CURRENT ROLE AND BECOME ESSENTIALLY AN INTERNAL INDEPENDENT
23 FINDER OF FACT OF THE EXPENDITURES, AND WHAT DO PEOPLE
24 THINK ABOUT THAT?

25 MR. COLE: WHAT PARAGRAPH IS THAT AGAIN?

1 MR. VITALE: UNDER THE SECOND BULLET POINT.

2 "THE DISTRICT SHOULD APPOINT AN EMPLOYEE WHO IS
3 ENTIRELY INDEPENDENT OF THE FACILITIES DEPARTMENT AS AN
4 INTERNAL AUDITOR OF THE EXPENDITURE OF TT FUNDS TO ENSURE
5 SURE THAT ALL SUCH EXPENDITURES COMPLY WITH THE LAW AND
6 HAVE BEEN APPROVED BY THE BOARD."

7 THAT'S NOT AN UNUSUAL THING TO DO. IT'S A LITTLE
8 LATE IN THE GAME TO BE DOING IT. AT THE SAME TIME IT ALSO
9 MEANS WE'RE GOING TO BE DRAWING DOWN SOME OF THE TT FUNDS
10 FOR THAT PERSON'S SALARY OR TO OFFSET THAT PERSON'S SALARY
11 AND TAKING THAT PERSON AWAY FROM WHATEVER -- FROM WHAT
12 OTHER DESIGNATED DUTIES THEY MAY CURRENTLY HAVE WHICH MAY
13 POSSIBLY LEAVE THE DISTRICT SHORT-HANDED AND UNWILLING TO
14 DESIGNATE SOMEBODY TO DO THAT. THAT'S A VERY POLITICAL
15 POSITION.

16 MR. CATES: WELL, I DON'T VIEW THE INTERNAL AUDITOR
17 DOING FULL-TIME WORK. I DON'T THINK IT'S NECESSARY. I
18 THINK IT IMPORTANT, THOUGH, PARTICULARLY GIVEN THE LACK OF
19 THE AUDITOR'S OPINION ON INTERNAL CONTROLS, TO HAVE BETTER
20 INTERNAL FINANCIAL CONTROLS, AND THAT IS NEXT TO IMPOSSIBLE
21 TO DO IF THE INTERNAL CONTROLLER WORKS FOR THE SPENDING AND
22 REPORTING DEPARTMENT. SO I THINK THERE NEEDS TO BE A
23 DIVISION OF REPORTING RESPONSIBILITY.

24 MR. VITALE: DOES THAT MEAN WE SHOULD SUGGEST OR INFER
25 THAT THE TIME COMMITMENT OF THAT INDIVIDUAL BE LIMITED TO

1 50 PERCENT OF THEIR NORMAL ACTIVITIES OR --

2 MR. CATES: I DON'T KNOW. DO WE WANT TO GET THAT
3 DETAILED?

4 MR. HOCUTT: MAYBE AS REQUIRED IS ENOUGH.

5 MR. COLE: OR WE COULD EVEN SAY THE FINANCE DEPARTMENT
6 CONDUCTS --

7 MR. CATES: AS DETERMINED BY THE FINANCE DEPARTMENT

8 MR. COLE: AS DETERMINED BY THE FINANCE DEPARTMENT.

9 MR. CAYABYAB: CLIFF, CAN I SAY SOMETHING?

10 MR. CATES: SURE.

11 MR. CAYABYAB: DO YOU ALL KNOW OUR INTERNAL PROCESS
12 THAT WE FULFILL TO HOW WE PROVIDE CHECKS AND BALANCES ON
13 THESE THINGS?

14 WE HAVE THE DISTRICT PROCUREMENT OFFICER TO MAKE
15 SURE THAT ALL THE LAWS OF COMPLIANCE ARE MET WHEN WE SPEND
16 MONEY, AND SHE LOOKS AT IT AS PART OF THE APPROVAL PROCESS.
17 I ALSO HAVE MY ACCOUNTANTS THAT GO THROUGH THAT, AND THEY
18 LOOK AT THE STATE LAWS, AND, AS I SAID, BEFORE WE ASSIGN A
19 SPECIFIC MONEY OR INVOICE THAT GOES OUT OR EVEN AT THE
20 POINT WHERE WE GO OUT TO BID, WE LOOK AT THE FUNDING
21 SOURCES. ALL THE STUFF THAT WE GO THROUGH THEY CHECK AND
22 MAKE SURE WE'RE IN COMPLIANCE AND THEN WE MOVE FORWARD. SO
23 THAT'S WITHIN OUR OWN INTERNAL CHECKS.

24 THE PROCUREMENT WHICH IS THE CBO DOES THE
25 SAME THING OR UNDER THE CBO, AND YOU HAVE OUR JUNIOR

1 ACCOUNTANT BEFORE THAT GOES TO LAKO TO BE PROCESSED DOUBLE
2 CHECKS THAT BEFORE IT GETS PROCESSED. WHEN IT GOES TO
3 LAKO, THEY DO AUDITS ON THE INVOICES THAT WE DO IN MEASURE
4 TT. SOMETIMES THEY TAKE ABOUT 15 TO 30 DAYS TO ASK
5 QUESTIONS IF THERE'S ANYTHING THAT THEY NEED LIKE
6 JUSTIFICATION OF CHANGE ORDERS, JUSTIFICATION OF
7 EXPENDITURES OR THE PURCHASE ORDER COMING FROM. THEY LOOK
8 AT THAT BEFORE THEY EVEN ISSUE THE CHECK TO THE CONTRACTOR.
9 SO THAT IS ALREADY WELL WITHIN OUR PROCESS. AND WE TRY
10 TO -- I TRY TO ANYWAY MAKE SURE THAT NOT ONLY MY SIGNATURE
11 GETS ON THE INVOICE FOR PAYMENT BUT ALSO INCLUDES THE CBO
12 BEFORE IT GOES OUT FOR PAYMENT, BUT BECAUSE OF HER -- THE
13 NATURE OF THE ISSUES, THE OTHER ISSUES THAT SHE'S HANDLING,
14 JUST DIDN'T HAVE TO THE TIME TO DO THAT.

15 ALL THE CHIEFS -- IN MY ABSENCE IF I'M NOT THERE
16 TO SIGN ANY OF THESE INVOICES MOVING FORWARD TO LAKO, THE
17 OTHER CHIEFS WILL DO THAT AS THE FINAL GO AHEAD TO MOVE
18 FORWARD. THAT'S ALREADY ESTABLISHED THAT WE HAVE.

19 MR. CATES: BUT OUR CONCERN IS NOT THE PAYMENT OF
20 INVOICES AND THE ACCOUNTING FOR THOSE PAYMENTS. WE HAVE
21 RAISED NO CONCERN WITH THEM. OUR CONCERN IS WITH THE USE
22 OF TT FUNDS FOR NON TT PURPOSES. PORTIONS OF STAFF
23 SALARIES, PORTIONS OF LEGAL FEES, OPERATING EXPENSES, AND
24 THESE HAVEN'T BEEN CAUGHT INTERNALLY.

25 MR. CAYABYAB: OPERATING EXPENSES. HOW CAN YOU MANAGE

1 A BOND WITHOUT OPERATING EXPENSES? LEGAL COSTS THAT WE DID
2 WAS FOR, YOU KNOW, THE 711 COMMITTEE, THOSE THINGS. I'LL
3 TELL YOU IF WE HIRED -- IF THE DISTRICT HIRES A
4 CONSTRUCTION MANAGEMENT COMPANY, ALL THOSE THINGS WILL BE
5 TAKEN OUT OF THE MEASURE TT FUNDING AND NOT OUT OF THE
6 STAFF. SO I -- WE DON'T HAVE ANY FUNDING FOR MEASURE TT
7 FOR PROJECTS, ADMINISTRATIVE OR OTHERWISE, IN
8 IMPLEMENTATION OF THE BOND FROM THE GENERAL FUND. WE JUST
9 DO NOT.

10 MR. VITALE: BUT THE GENERAL FUND IS TO BE USED FOR
11 THINGS OTHER THAN THOSE THINGS THAT ARE DEFINED IN MEASURE
12 TT. DON'T YOU AGREE?

13 MR. CAYABYAB: I AGREE. BUT ADMINISTRATIVE STUFF AND
14 THE IMPLEMENTATION OF THE BOND, THAT'S NOT PART OF MEASURE
15 TT?

16 MR. HOCUTT: MEASURE TT EXCLUDES ADMINISTRATIVE
17 EXPENSES.

18 MR. CAYABYAB: ADMINISTRATIVE SALARIES, NOT
19 ADMINISTRATIVE EXPENSES.

20 MR. CATES: EXCUSE ME. I WILL PULL OUT THE CALIFORNIA
21 CONSTITUTION AND QUOTE WHAT IT SAYS, BUT IT SAYS YOU CANNOT
22 USE SCHOOL CONSTRUCTION BOND FUNDS FOR OPERATING EXPENSES
23 HOWEVER NECESSARY THEY ARE. THE TEST IS NOT NECESSITY OR
24 DESIRABILITY. THE TEST IS WHAT DOES THE LAW LET THEM --
25 LET THESE FUNDS BE SPENT ON. THEY CANNOT BE SPENT ON

1 ADMINISTRATOR SALARIES. THEY CANNOT BE SPENT ON OPERATING
2 EXPENSES.

3 MR. CAYABYAB: I DISAGREE WITH THAT. I'VE BEEN DOING
4 THIS BUSINESS NOW THREE MEASURES.

5 MR. CATES: WELL, I DON'T LIKE EVERYTHING IN THE
6 CALIFORNIA CONSTITUTION EITHER, BUT I THINK I'M SUBJECT TO
7 WHAT IT SAYS.

8 MR. CAYABYAB: I'M NOT GOING TO ARGUE.

9 MR. VITALE: WAS THERE NOT IN FACT AN OPINION THAT WAS
10 HANDED DOWN BY OUR COUNSEL THAT FURTHER REINFORCED OUR
11 FINDINGS ABOUT THAT?

12 MR. CATES: YES.

13 MR. CAYABYAB: THAT'S FINE.

14 MS. KENNE: WHAT YOU WERE SEEKING THOUGH WAS SOME
15 INTERNAL CHECK?

16 MR. CATES: YEAH. JUST SOMEONE TO SAY, FOR EXAMPLE,
17 SHOULD WE REALLY BE SPENDING TT FUNDS ON THIS, NOT HAVE WE
18 ACCURATELY RECORDED THE PAYMENT OF \$5,720.

19 MS. VANCE: ISN'T THAT OUR JOB?

20 MR. CATES: RIGHT.

21 MR. VITALE: BUT WE DON'T HAVE ANY FORCE OF LAW BEHIND
22 US.

23 MS. VANCE: NEITHER DOES AN EMPLOYEE OF THE DISTRICT
24 WHETHER THEY WORK FOR FACILITIES OR THE BUSINESS OFFICE.

25 MR. VITALE: BUT THE DISTRICT HAS A RESPONSIBILITY.

1 MS. VANCE: IT'S THE BOARD WHO MOVES ON THE BOARD
2 REPORTS WHO HAS TO MAKE THOSE DECISIONS, AND THEY'RE
3 ACCOUNTABLE FOR THEM.

4 MR. COLE: AND TO ME A LOT OF THESE DECISIONS ARE NOT
5 BLACK AND A WHITE. A LOT OF THEM HAVE A LOT OF GRAY AREA
6 AND ALLOW FOR VARIOUS OPINIONS THAT PEOPLE CAN DISAGREE
7 WITH.

8 MR. CATES: SURE. PARTICULARLY ON THE DUAL PURPOSE
9 EXPENSES, AND REASONABLE PEOPLE CAN DISAGREE ABOUT THE
10 ALLOCATIONS. REASONABLE PEOPLE CANNOT DISAGREE THAT THE
11 EMPLOYEE WHO IS USED AS AN EXAMPLE SHOULD HAVE ALL OF HER
12 SALARY CHARGED TO TT, AND EVERYTHING ELSE THAT SHE DOES IS
13 UNPAID VOLUNTEER WORK. THAT JUST DOESN'T PASS THE GIGGLE
14 TEST.

15 MR. VITALE: IF I MAY THEN, ARE WE SAYING THAT ONE OF
16 THE THINGS WE'RE GOING TO BE DISCUSSING TONIGHT IS APPROVAL
17 OF PROPOSAL WITH SWIFT LEE ARCHITECT, SERVICES FOR
18 COMPLETING UPCOMING STUDY FOR EACH SCHOOL SITE IN
19 PREPARATION FOR THE UPCOMING BOND MARKETING PROCESS.
20 THAT'S DEFINITELY NOT TT FUNDS, IS IT? THAT'S THE KIND OF
21 THING THAT WE'RE LOOKING FOR.

22 YOU'RE SMIRKING, NELSON. IS THAT NOT, IN FACT,
23 SOMETHING THAT THE DISTRICT SHOULD BE PAYING FOR OUT OF
24 DISTRICT GENERAL FUNDS AND NOT OUT OF MEASURE TT BECAUSE
25 IT'S IN NO WAY CONNECTED?

1 MR. CAYABYAB: IT'S NOT OUT OF MEASURE TT.

2 MR. VITALE: IT'S NOT? I JUST WANT TO MAKE SURE WE
3 UNDERSTAND CLEARLY. AND IN ONE PARTICULAR CASE IT IS VERY
4 CLEAR THAT WE SHOULDN'T BE SAYING THIS AS SOMETHING THAT
5 COMES OUT OF MEASURE TT.

6 MR. HOCUTT: IF I MAY, TO SAY IT'S NOT OUT OF TT I
7 THINK IS SPLITTING HAIRS. IT'S COMING FROM MEASURE Y WHICH
8 IN A SENSE IS MEASURE TT.

9 MR. COLE: NO, IT'S NOT.

10 MR. HOCUTT: IT'S THE SAME THING.

11 MR. COLE: NO, IT'S NOT. WE'RE --

12 MR. CATES: GENTLEMEN, CAN WE GET TO THAT IN JUST A
13 MOMENT.

14 BUT TO ME THE PURPOSE OF THIS PART-TIME INTERNAL
15 AUDITOR WOULD NOT BE AS A SECOND BOOKKEEPER, BUT AS SOMEONE
16 TO QUESTION EXPENSES THAT OUGHT TO BE QUESTIONED.

17 MR. VITALE: THEN THE BACKGROUND OF THAT INDIVIDUAL
18 WOULD NOT NECESSARILY BE SOMEBODY WITH A FINANCIAL
19 BACKGROUND, BUT SOMEBODY WHO IS ADEPT AT READING A BOND
20 LANGUAGE AND MAKING IT A DETERMINATION BASED ON THAT NOT
21 UPON HOW MUCH OR ANYTHING ELSE. THEY'RE ONLY LOOKING AT
22 SOURCE OF FUNDS.

23 MR. CATES: AND WHATEVER ELSE INTERNAL AUDITORS DO. I
24 MEAN, IF THE PRACTICE WERE TO CHANGE AND THE PERSON
25 APPROVING INVOICES WERE ALSO THE PERSON PAYING THEM, THAT

1 WOULD BE SOMETHING FOR THE INTERNAL AUDITOR TO COMMENT ON
2 BECAUSE THAT'S SIMPLY BAD PRACTICE. SO YOU'RE RIGHT, JIM.
3 THE INTERNAL AUDITOR WOULD HAVE TO HAVE GENERAL FAMILIARITY
4 WITH THE TT PROGRAM.

5 MR. VITALE: RIGHT.

6 MR. CATES: NOW, I PERSONALLY DON'T THINK THAT ONE
7 NEEDS TO BE A LAWYER TO UNDERSTAND WHAT THE CONSTITUTION
8 AND THE EDUCATION CODE SAY. PRETTY CLEAR.

9 MR. VITALE: THAT PERSON WOULD BE REPORTING BACK TO
10 THE CBO ANYWAY; RIGHT?

11 MR. CATES: JUST NOT TO THE FACILITIES DEPARTMENT.

12 MR. MOHIT: I BELIEVE THAT INTERNAL AUDITOR SHOULD BE
13 THE CPA SO HE KNOWS ALL THE LEGAL, ALL THE LEGAL AND
14 FINANCIAL PART OF IT.

15 MR. CATES: THAT EXPERIENCE WOULD CERTAINLY HELP, BUT
16 I PERSONALLY WOULD BE HAPPY IF SOMEONE WERE APPOINTED -- I
17 DON'T THINK IT'S NECESSARY THAT WE SPECIFY ALL OF THE
18 REQUIREMENTS FOR THE JOB. THE DISTRICT MIGHT OR THE BOARD
19 MIGHT RIGHTFULLY RESENT THAT, BUT THAT'S JUST MY PERSONAL
20 OPINION. YOU HAVE TO APPOINT SOMEONE WHO CAN READ.
21 SOMEONE WHO KNOWS SOMETHING ABOUT ACCOUNTING, CONSTRUCTION.

22 MS. RAHN: THAT WAS A LOW BAR. READ. SOMEONE THAT
23 CAN READ.

24 MR. CATES: NOTE THAT I DID NOT ADD WRITE.

25 MS. RAHN: I SEE. IT WASN'T READ AND WRITE.

1 MR. CATES: MILLENIALS NEED NOT TO APPLY.

2 MS. VANCE: I JUST THINK IF YOU'RE GOING TO HAVE THIS
3 IN HERE YOU SHOULD SAY THE WORD "AUDIT." IF YOU WANT THAT
4 PERSON TO BE AN INTERNAL AUDIT FUNCTION, THEN YOU SHOULD
5 SAY INTERNAL AUDIT, AND ABOVE WHERE IT SAYS "REFORMS TO
6 IMPROVE REPORTING SPENDING," YOU SHOULD ALSO INCLUDE
7 AUDITING IF YOU'RE GOING TO DO THAT.

8 MR. CATES: I'M SORRY. I DON'T UNDERSTAND.

9 MS. VANCE: SO IF YOU WANT AN EMPLOYEE OF THE BUSINESS
10 DEPARTMENT TO BE ASSIGNED ON A PART-TIME BASIS TO
11 FACILITIES TO STRENGTHEN FACILITIES INTERNAL CONTROL,
12 DIDN'T WE JUST DISCUSS THAT IT'S MORE OF AN AUDITING
13 FUNCTION?

14 MS. RAHN: AN INTERNAL AUDITING.

15 MS. VANCE: AN INTERNAL AUDITING FUNCTION? IF THAT IS
16 WHAT YOU WANT, I SAY I DON'T EVEN THINK WE SHOULD PUT THIS.
17 I WOULD STRIKE THE WHOLE THING, BUT IF YOU WANT TO INCLUDE
18 IT, YOU SHOULD CALL IT INTERNAL AUDITING BECAUSE WHAT
19 EMPLOYEE OF THE BUSINESS DEPARTMENT IS GOING TO KEEP WATCH
20 AS TO WHY AND WHERE THEY'RE SPENDING THEIR MONEY? IT'S NOT
21 WHAT ANYONE WOULD DO. IT WOULD BE A-PART TIME DATA PERSON.
22 IT'S DOESN'T MAKE ANY SENSE.

23 I MEAN IF YOU LIVE IN THIS WORLD LIKE I WORK IN,
24 THIS WOULD BE LIKE A PART-TIME FINANCIAL PERSON. THEY'RE
25 NOT GOING TO DO THIS STUFF. IT SEEMS TO ME YOU'RE LOOKING

1 AT SOMEONE TO OVERSEE WHAT'S HAPPENING, AND A BUSINESS
2 PERSON WOULDN'T HAVE THAT FUNCTIONALITY. THEY WOULD JUST
3 BE A PROCESSOR. IF YOU REALLY DO WANT -- IF YOU'RE REALLY
4 SUGGESTING THEY HAVE A PART-TIME PERSON TO OVERSEE WHAT IS
5 HAPPENING, YOU NEED TO CALL IT AN AUDITING FUNCTION.

6 MR. CATES: OKAY. I'M NOT SURE.

7 MS. VANCE: I DON'T UNDERSTAND WHAT YOU'RE ASKING FOR
8 HERE, I GUESS.

9 MR. CATES: REVIEW THAT IS INDEPENDENT OF THE
10 FACILITIES DEPARTMENT.

11 MS. VANCE: THEN YOU'RE ASKING FOR AN AUDITING
12 FUNCTION.

13 MR. CATES: OKAY. CHANGE TO INTERNAL AUDITOR. WHAT
14 PAGE?

15 MR. VITALE: PAGE 9.

16 MS. VANCE: IN THE RED LINE VERSION YOU SENT EARLIER
17 TODAY IT'S PAGE 10. IT'S UNDER "REFORMS TO IMPROVE
18 REPORTING, SPENDING, AND BUDGETING." AND I WOULD ACTUALLY
19 INCLUDE AUDITING IF YOU'RE GOING TO CHANGE THAT TO AUDIT.

20 MR. CATES: SO INTERNAL AUDITOR IN THE THIRD INDENTED
21 BULLET POINT.

22 MS. VANCE: RIGHT.

23 MR. CATES: OKAY.

24 MS. VANCE: YOU COULD SAY INSTEAD OF STRENGTHEN TO
25 AUDIT.

1 MR. CATES: RIGHT. ALL RIGHT. THANK YOU. SIX
2 CHANGES. ANY OTHER --

3 MS. VANCE: YOU MAY WANT TO INCLUDE THAT THAT PERSON
4 WOULD REPORT TO THE TT OVERSIGHT AS WELL.

5 MR. CATES: I DON'T THINK WE CAN SPECIFY THAT.

6 MS. VANCE: WHY NOT? IT'S JUST A SUGGESTION. IF
7 YOU'RE GOING TO MAKE A SUGGESTION, MAKE WHAT YOU WANT.

8 MS. RAHN: THEY WOULD REPORT HERE.

9 MR. CATES: AND ADVISE, NOT REPORT TO US.

10 MS. VANCE: RIGHT. GIVE US THEIR FINDINGS OR WHATEVER
11 OR SOMETHING TO THAT EFFECT. BECAUSE EVEN IF THEY SAY
12 THEY'LL DO THAT, WHAT GOOD IS IT IF THEY DON'T TELL US
13 ANYTHING?

14 MR. CATES: YOU'RE RIGHT.

15 MR. MOHIT: SO WE ARE TALKING ABOUT THE FULL-TIME
16 INTERNAL AUDITOR?

17 MS. VANCE: PART TIME.

18 MR. CATES: I WOULD PREFER NOT TO SAY AND LET THE
19 BOARD AND THE DISTRICT FILL IN THE DETAILS.

20 MR. VITALE: QUINCY INDICATED THAT BY SAYING AS
21 REQUIRED OR AS NECESSARY.

22 MR. CATES: RIGHT.

23 SO WE HAVE INTERNAL AUDITOR AS NECESSARY
24 REPORTING TO ANOTHER DEPARTMENT AND KEEPING THE COC
25 INFORMED.

1 MS. WANG: YES.

2 MR. CATES: FURTHER COMMENTS?

3 MR. CAYABYAB: IDENTIFY THE FUNDING SOURCE FOR THE
4 SALARY OF THIS INDIVIDUAL. YOU NEED TO DO THAT TOO?

5 MR. HOCUTT: WE DON'T HAVE TO DO IT HERE.

6 MS. WANG: I THINK THAT SHOULD COME OUT OF THE GENERAL
7 FUND.

8 MR. CAYABYAB: GOOD LUCK.

9 MS. RAHN: THERE IS NO GENERAL FUND.

10 MR. CATES: FURTHER COMMENTS?

11 MS. VANCE: DID YOU WANT US TO APPROVE THIS WITH THOSE
12 CHANGES?

13 MR. HOCUTT: WOULD YOU MAKE A MOTION TO THAT EFFECT?

14 MS. RAHN: SOME OF MINE WERE JUST LITTLE SCRIBBLES.
15 LIKE I DON'T KNOW IF THERE ARE ANY OTHER CHANGES. SO WE
16 COULD APPROVE IT, BUT WE GAVE CLIFF SOME SUBSTANTIVE ADDS
17 OR DELETES SO I'M JUST WONDERING -- IT'S GOING TO GO IN
18 JANUARY. DO WE COME TOGETHER BEFORE THAT MEETING AGAIN?

19 MR. CATES: YES, WE DO.

20 MS. RAHN: SO I THINK JUST FOR PROTOCOL THAT MAKES
21 SENSE. IT'S REALLY IN GOOD SHAPE, CLIFF.

22 MS. VANCE: SO WHAT SHE'S SAYING IS MAKE YOUR FINAL
23 COPY, AND WE'LL STAMP IT AT OUR JANUARY MEETING, AND YOU
24 CAN PRESENT IT.

25 MR. CATES: I'M SORRY. I DON'T UNDERSTAND WHAT YOU'RE

1 SAYING.

2 MS. VANCE: WHAT SHE'S SAYING IS RATHER THAN APPROVING
3 IT RIGHT NOW, MAKE ALL THOSE CHANGES, AND WE'LL APPROVE IT
4 THE WEEK BEFORE YOU PRESENT IT.

5 MS. RAHN: IT WILL BE AN EASY CONVERSATION. WE'LL BE
6 APPROVING JUST A FINAL. WE WON'T HAVE TO DEBATE IT. BUT I
7 THINK IT'S HARD TO APPROVE IN A GOVERNING BODY SOMETHING
8 WHEN THERE IS A FEW SUBSTANTIVE CHANGES.

9 MR. CATES: EVEN THOUGH THAT'S HOW THE CONGRESS PASSES
10 A TAX BILL.

11 MS. RAHN: RIGHT. I DON'T WANT TO OPERATE THAT WAY.

12 MR. CATES: I DON'T BLAME YOU. I DON'T WANT TO
13 OPERATE THAT WAY EITHER.

14 KIM, LET ME ASK YOU THIS: IF WE DO IT THAT WAY,
15 AND I UNDERSTAND THE REASONS FOR IT, WILL THAT GIVE BOARD
16 MEMBERS THE OPPORTUNITY TO READ THE REPORT? I'M NOT SAYING
17 THEY'RE GOING TO, BUT WILL IT GIVE THEM A FAIR OPPORTUNITY
18 TO READ IT?

19 MS. KENNE: IT WILL BE POSTED ON THE 19TH. THEY DON'T
20 GET IT ANYWAY UNTIL THE 19TH.

21 MR. HOCUTT: WHEN IS OUR MEETING?

22 MS. RAHN: THE 17TH.

23 MR. CATES: WHAT I HAD IN MIND WAS MAKING THE CHANGES
24 YOU WANT AND SENDING IT OUT AT THE END OF THIS YEAR.

25 MS. VANCE: IT WON'T MATTER. WHAT SHE'S SAYING IS IT

1 WON'T MATTER BECAUSE THEY GET EVERYTHING ON THE 19TH AND
2 THAT'S WHEN THEY'LL READ IT. THEY'RE NOT GOING TO READ IT.
3 THEY WON'T.

4 MR. CATES: THEY DON'T DO THEIR HOMEWORK IN ADVANCE?

5 MS. VANCE: THEY DO BUT IN A GROUP OF PAPERS.

6 MS. RAHN: THEY CRAM THAT WEEK IF AT ALL.

7 MS. KENNE: SPOKEN AS SOMEONE WHO --

8 MS. RAHN: I WATCHED THEM.

9 MS. VANCE: THEY WON'T READ IT.

10 MR. CATES: WELL, I SUPPOSE THERE'S NO NEED TO GIVE
11 THEM THE TIME TO STUDY IN ADVANCE IF THEY'RE NOT GOING TO
12 USE THE TIME.

13 MR. VITALE: HOW DO THEY IMPLEMENT THE RECOMMENDATIONS
14 WE'RE MAKING IF THEY DON'T READ IT?

15 MS. VANCE: THEY WILL READ IT, BUT THEY WON'T READ IT
16 UNTIL THEY GET IT WITH THE AUDIT BECAUSE IT REFERS TO --

17 MS. RAHN: THEY GET IT ALL ON THE 19TH. THEY HAVE
18 FROM THE 19TH TO THE 25TH TO COMB THROUGH THEIR PACKET.

19 MS. WANG: BUT ISN'T THIS VERY IMPORTANT?

20 MS. RAHN: EVERYTHING THAT COMES TO THEM THAT NIGHT IS
21 VERY IMPORTANT. THAT IS A BIG MEETING.

22 MS. KENNE: WE DID NOT GET THE DISTRICT BUDGET UNTIL
23 TWO DAYS BEFORE WE HAD TO APPROVE IT.

24 MS. RAHN: IT'S TERRIBLE. AND SCHOOL CONSOLIDATION IS
25 ON THAT AGENDA TOO.

1 MS. VANCE: I SAY GO WITH MAKING YOUR CHANGES, PRESENT
2 IT TO US AT OUR NEXT MEETING, AND WE'LL APPROVE IT.

3 MR. CATES: WHAT I WILL DO IS MAKE THE CHANGES AND
4 SEND YOU WHAT I THINK IS A FINAL DRAFT AS SOON AS I'VE DONE
5 SO, AND WE CAN DISCUSS IT AT THE NEXT MEETING IF WE NEED
6 TO. IN THE MEANTIME I'LL BE HAPPY TO RECEIVE ANY
7 ADDITIONAL COMMENTS, CRITICISMS, SUGGESTIONS. PLEASE BE
8 SPECIFIC. I DON'T LIKE YOUR TONE ISN'T TERRIBLY USEFUL.

9 FIVE MINUTES AFTER 8:00. LET'S TAKE A TEN-MINUTE
10 BREAK. WE'RE MOVING RIGHT ALONG. WE'LL BE BACK AT 816.

11 (A RECESS WAS TAKEN.)

12 MR. CATES: LET'S RESUME AT 8:15.

13 CONCLUDING REMARK ON THE DRAFT ANNUAL REPORT. I
14 WILL INCORPORATE THE SUGGESTIONS THAT A NUMBER OF YOU HAVE
15 GIVEN ME TONIGHT, MAKE SOME FINAL EDITORIAL CHANGES,
16 NON-SUBSTANTIVE STUFF, PUT IT INTO WHAT I THINK IS FINAL
17 FORM, SEND IT OUT AS SOON AS I CAN TO ALL OF YOU FOR REVIEW
18 AGAIN, AND THEN AT THE NEXT MEETING WHAT I HOPE IS WE CAN
19 SIMPLY PASS THE THING WITHOUT GOING THROUGH A LENGTHY
20 DISCUSSION. FAIR ENOUGH?

21 MS. WANG: FAIR ENOUGH.

22 MR. CATES: ITEM IV.E. REVIEW OF NEW BOARD REPORTS.

23 MR. HOCUTT: QUESTION FOR KIM. WERE THESE BOARD
24 REPORTS 1253 THROUGH 1263 WERE THEY APPROVED AT THE
25 DECEMBER 14TH BOARD MEETINGS? THEY WERE ON THE AGENDA.

1 MS. KENNE: SO YOU -- 57, 1257 WAS PULLED, AND THEN WE
2 ALSO -- 1260 YOU HAVE MARKED AS PULLED AS WELL.

3 MR. HOCUTT: RIGHT. WERE THE REST APPROVED?

4 MS. KENNE: YES.

5 MR. HOCUTT: SO IS THERE A POINT TO DISCUSSING THEM?

6 I WOULD LIKE TO ASK STEVE THE DIFFERENCE BETWEEN
7 Y AND TT JUST FOR MY EDUCATION. I VIEW BOTH OF THEM AS
8 CONSTRUCTION FUNDS. AM I INCORRECT?

9 MR. COLE: BUT THEY'RE TOTALLY DIFFERENT BONDS, SO
10 THEY HAVE TO BE TREATED AS SUCH.

11 MR. HOCUTT: ABSOLUTELY. BUT THEY'RE ALL FOR THE SAME
12 PURPOSE

13 MR. COLE: THEY'RE NOT UNDER YOU'RE PURVIEW IN THIS.

14 MR. HOCUTT: I HEAR THAT. ONE REASON I BRING THAT UP
15 IS THAT SEVERAL MONTHS AGO -- I FORGOT THE PARTICULAR BOARD
16 REPORT, BUT THE STATEMENT WAS MADE THIS BOARD REPORT WILL
17 BE FUNDED BY THE LAST REMAINING FUNDS FROM Y, AND SINCE
18 THEN WE'VE HAD FOUR, FIVE, SIX OF THESE ARE THAT BEING
19 FUNDED FROM Y.

20 MS. KENNE: SO THE LOCKERS FOR BLAIR WAS THE BOARD
21 REPORT THAT SAID THOSE WORDS AND IT WAS MOVED TO TT.

22 MR. HOCUTT: GOOD MEMORY.

23 MS. KENNE: I SAW THE PURCHASE ORDER BEING PAID OUT OF
24 TT FUNDS, AND I WENT WHAT'S THAT FOR? THAT'S THE ONE THAT
25 WAS SUPPOSED TO COME OUT OF MEASURE Y. THERE'S NO ROOM FOR

1 IT ANYMORE. THERE'S NOT ENOUGH FUNDS IN MEASURE Y TO COVER
2 IT ANYMORE. IT WAS MOVED TO TT WHICH MEANT THE OTHER
3 THINGS THAT WERE LEFT OUT OF MEASURE Y WERE PAID OUT OF Y.
4 I DID CHECK THERE IS THAT AMOUNT LEFT.

5 MR. HOCUTT: SO WE HAVE \$255,000 TO PAY FOR BOARD
6 REPORT 1259F.

7 MS. VANCE: LET ME ASK YOU THIS. WHEN FUNDS ARE
8 REDIRECTED BASED UPON AN INTERNAL ERROR BECAUSE THAT'S WHAT
9 I WOULD CALL IT WHEN YOU SAY YOU'RE GOING TO TAKE MONEY OUT
10 OF A POT THAT YOU DON'T HAVE ENOUGH MONEY IN; RIGHT? DOES
11 IT HAVE TO GO BACK TO THE BOARD TO CORRECT THAT INTERNAL
12 ERROR, OR HOW CAN THE FACILITIES DEPARTMENT JUST GO AND GET
13 A BOARD REPORT APPROVED BY THE BOARD SAYING IT'S GOING TO
14 COME OUT OF MEASURE Y, TAKE IT BACK, WE DON'T HAVE ENOUGH
15 MEASURE Y, AND THEN REDIRECT THE FUNDS OUT OF A DIFFERENT
16 MEASURE WITHOUT TAKING IT BACK TO THE BOARD AND SAYING, BY
17 THE WAY, WE MADE A MISTAKE. WE DIDN'T HAVE ENOUGH MONEY IN
18 MEASURE Y SO WE HAD TO PULL IT OUT OF TT. BECAUSE TO ME
19 THAT'S EXACTLY WHAT WE WERE TALKING ABOUT WHEN WE WERE
20 TALKING ABOUT THE INTERNAL AUDITOR, AND IT SEEMS TO ME THAT
21 THAT'S WHERE A LOT OF THE DISCUSSION HERE, YOU KNOW, WE
22 WOULD WANT TO KNOW ABOUT THAT; RIGHT? SO HOW DOES THAT
23 WORK?

24 MS. KENNE: SO YOU'RE SAYING HOW MECHANICALLY DID IT
25 WORK OR SHOULD IT HAPPEN?

1 MS. VANCE: DOES THE LAW SAY ANYTHING ABOUT THAT?

2 MR. CATES: I'M SORRY. ABOUT?

3 MS. VANCE: DOES THE LAW SAY ANYTHING ABOUT THE
4 GOVERNANCE OF APPROVALS ON EXPENDED FUNDS COMING OUT OF
5 BUCKETS THAT THEN GET REDIRECTED AFTER THE FACT, AFTER THE
6 APPROVAL HAS ALREADY BEEN MADE BY THE BOARD? WHAT THEY DID
7 IS THEY TOOK A BOARD REPORT -- THAT WOULD BE LIKE TAKING A
8 BOARD REPORT TO THE BOARD AND SAYING I'M TAKING THIS OUT OF
9 THE GENERAL FUND. THEN WHEN YOU GO AND PAY IT, YOU PAY IT
10 OUT OF TT. NOBODY HERE KNEW IT WAS GOING TO COME OUT OF
11 TT. NOBODY ON THE BOARD KNEW IT WAS COMING OUT OF TT, BUT
12 EVERYBODY APPROVED IT. AND THEN IT ENDED -- IT DOESN'T
13 MAKE SENSE THAT THE FACILITIES DEPARTMENT CAN JUST START
14 MOVING MONEY, BUCKETS OF MONEY AROUND WITHOUT SOMEBODY
15 KNOWING ABOUT IT, AND THAT'S WHAT I WOULD SAY IN THIS
16 REPORT IF I WERE WRITING IT.

17 YOU KNOW WHAT I MEAN? BECAUSE IT DOESN'T MAKE
18 SENSE. IT JUST SEEMS TO ME THERE SHOULD BE SOME KIND OF
19 CHECKS AND BALANCES WHERE IT WOULD GO BACK TO THE BOARD OR
20 AT LEAST THE FACILITIES SUBCOMMITTEE AND SAY, HEY, BY THE
21 WAY, WE KNOW WE ASKED THIS TO COME OUT OF Y, AND WE KNOW
22 YOU APPROVED IT AND THE TT OVERSIGHT COMMITTEE SAW THAT IT
23 WAS COMING OUT OF Y SO THEY DISREGARDED IT WHEN, IN FACT,
24 IT DID GET PAID OUT OF TT, AND THEY SHOULD HAVE SEEN IT AND
25 APPROVED IT, AND THE BOARD SHOULD HAVE SEEN IT AND APPROVED

1 IT. IT SEEMS TO ME I WOULD WANT THE AUDITORS TO SAY
2 SOMETHING ABOUT THAT.

3 MS. KENNE: I'M NOT DISAGREEING WITH ANYTHING YOU
4 SAID, AND I THINK THERE'S A STAFF POINT OF VIEW AND A BOARD
5 POINT OF VIEW. SO FROM ONE POINT OF VIEW, MEASURE Y AND
6 MEASURE TT ARE BOTH CONSTRUCTION BONDS. IT'S NOT THAT IT'S
7 NOT A CONSTRUCTION EXPENSE SO MAYBE IT DOESN'T MATTER. SO
8 THE BOARD SAW IT AS A RATIFICATION OF THE PURCHASE ORDER
9 COMING OUT OF TT WHEN ANYONE --

10 MS. VANCE: DON'T YOU GET A LONG LIST?

11 MS. KENNE: WHETHER ANYONE LOOKED AT THE SIX PAGES OF
12 POS ON IT AND RECOGNIZED THAT WAS SOMETHING THAT IN A
13 PREVIOUS ITERATION HAD COME OUT OF A DIFFERENT IS A
14 WHOLE --

15 MR. CATES: EVERYONE, PLEASE. ONE AT A TIME. THE
16 REPORTER CANNOT RECORD MULTIPLE, SIMULTANEOUS
17 CONVERSATIONS.

18 MS. VANCE: THEY DO SEE IT AS A RATIFICATION OF
19 PURCHASE ORDERS MEANING CHANGE ORDERS? I GUESS THAT WOULD
20 BE DIFFERENT THAN A CHANGE ORDER OR A RATIFICATION.

21 MR. VITALE: THE CHANGE ORDER STARTS THE PROCESS.

22 MS. KENNE: TYPICALLY THE CHANGE ORDERS ON OUR PO LIST
23 ARE CHANGES IN AN AMOUNT OF A GIVEN PURCHASE ORDER. I
24 DON'T KNOW THAT -- I CANNOT REMEMBER WHICH PART OF THE PO
25 LIST THIS WAS ON. I JUST HAPPENED TO BE LOOKING AT IT. IT

1 WAS \$400,000 SO IT WASN'T AN INSIGNIFICANT AMOUNT. WHAT'S
2 THAT? WHAT'S THAT FOR BLAIR? AND WAIT A MINUTE. ISN'T
3 THAT THE -- MAYBE I WENT AND LOOKED IT UP AND SAID WAIT A
4 MINUTE THAT WAS THE LOCKERS AND THAT WAS MEASURE Y. SO AT
5 THE TIME THAT IT WAS APPROVED BY THE BOARD FOR MEASURE Y,
6 THERE WAS FUNDING IN MEASURE Y. I THINK BY THE TIME THE
7 EXPENDITURES HIT, OTHER THINGS HAD GONE THROUGH MEASURE Y,
8 AND THERE WASN'T ENOUGH FUNDS. THEN IT WAS MOVED AND THEN
9 IT LEFT AN AMOUNT IN MEASURE Y TO BE USED HERE. IT WAS
10 PROBABLY JUST PUT INTO THE BLAIR PROJECT UNDER TT.

11 SO MORE TRANSPARENCY WOULD PROBABLY NOT BE AMISS,
12 BUT ON THE OTHER HAND, PEOPLE DO MOVE THINGS, AND UNLESS
13 YOU'RE MOVING SOMETHING TO A RESTRICTED FUND THAT IS BAD,
14 IN GENERAL MOVING THINGS AND SAYING I THOUGHT -- I MEAN,
15 WHEN WE HAVE TITLE ONE MONEY LEFT OVER AT THE END OF THE
16 YEAR, WE CAN'T CARRY IT OVER SO WE TRY TO PUT OTHER
17 EXPENSES TO BE COVERED BY THOSE FUNDS SO MAYBE WHEN THE
18 BOARD APPROVED THEM, THEY WERE SOMEWHERE ELSE. SO IT'S NOT
19 UNCOMMON FOR STAFF TO MOVE THINGS.

20 MR. CATES: IS IT ACCEPTABLE TO THE BOARD THAT IT DO
21 SO?

22 MS. KENNE: THAT'S A DIFFERENT QUESTION.

23 MR. CATES: IT SEEMS TO ME THAT A CHANGE IN FUNDING
24 SOURCE FROM WHAT THE BOARD HAS PREVIOUSLY APPROVED REQUIRES
25 A NEW APPROVAL, BUT I'M NOT A MEMBER OF THE BOARD.

1 MS. KENNE: BUT RATIFYING AND APPROVING THAT PURCHASE
2 ORDER LIST GAVE THAT APPROVAL.

3 MS. VANCE: QUINCY, WE HAVE A NEW LIST FOR YOU TO
4 REVIEW.

5 MR. HOCUTT: ON BR 1253 DID THE BOARD ASK WHY THE
6 AMOUNTS OF MONEY WERE DIFFERENT? IN OTHER WORDS, WE
7 ORIGINALLY HAD LONGFELLOW HEATING AND AIR AT 1.3 MILLION
8 AND NOW IT'S 2.2? DID THAT RAISE AN EYEBROW OR RAISE A
9 QUESTION? IT'S ONLY A 100-PERCENT INCREASE.

10 MS. KENNE: I ASKED THAT QUESTION AT THE 12-7 STUDY
11 SESSION. BECAUSE INITIALLY WE HAD SEEN THE NUMBER ON THE
12 SPEND-OUT PLAN, THE 1.3, AND THAT'S WHERE WE WENT OVER THE
13 SPEND-OUT PLAN, AND I THINK NELSON SAID THE 1.3 WAS AN
14 ESTIMATE, AND NOW IT'S 2.1

15 MR. HOCUTT: WHICH KIND OF BRINGS US BACK TO THAT
16 NORMA COOMBS WHERE DID YOU GET THE NUMBER QUESTION. JUST
17 TO MAKE THAT STATEMENT FOR THE RECORD.

18 MS. KENNE: SO I ASKED AT THE FACILITIES COMMITTEE IS
19 THIS ONE OF THOSE THINGS YOU BID OUT, AND THE ANSWER WAS
20 NO. IT'S NOT A BIDDING-TYPE ISSUE.

21 MR. CAYABYAB: JUST AGAIN TO ELABORATE OUR ESTIMATION
22 PROCESS. WHEN YOU COME UP WITH A PROJECT -- AND, MR.
23 VITALE, YOU CAN CONFIRM THIS WITH YOUR CONSTRUCTION
24 BACKGROUND -- YOU PROVIDE AN ESTIMATE OF WHAT YOU THINK IT
25 WOULD COST YOU TO DO THAT PROJECT.

1 MR. HOCUTT: IS THAT AN ARCHITECT'S ESTIMATE?

2 MR. CAYABYAB: NO. IT'S BOTH ARCHITECT AS WELL AS
3 THE STAFF.

4 MR. VITALE: IT'S A BUDGET ESTIMATE.

5 MR. CAYABYAB: IT'S A BUDGET ESTIMATE. THAT'S ALL IT
6 IS. IT'S CALLED A ROUGH ORDER OF MAGNITUDE. ONCE YOU GO
7 THROUGH THE DESIGN PROCESS AND THE PLANNING AND SO FORTH,
8 AND YOU CONSIDER THE CPI INDEX AND WHEN YOU'RE GOING TO BID
9 THIS PROJECT OUT AND YOU HAVE ESCALATION COSTS, THAT
10 INCLUDES A LOT OF INCREASES. SO THIS AGAIN IS JUST AN
11 ESTIMATE. YOU DON'T REALLY KNOW WHAT THE EXACT NUMBER IS
12 UNTIL YOU ACTUALLY BID THE PROJECT OUT. THAT'S WHEN YOU
13 HAVE TO CATCH UP AND BE ABLE TO DO THIS. THAT'S HOW WE DO
14 PROJECTS. YOU CAN'T BE SPECIFIC AND SAY, OKAY, AT THE
15 BEGINNING -- LIKE, FOR EXAMPLE, NORMA COOMBS. THAT'S FOUR
16 YEARS AGO. SO THAT WAS THE BUDGET AT THAT TIME. REALITY
17 NOW IS 6.5 CONSIDERING ALL THOSE THINGS I JUST MENTIONED.
18 SO YOU CAN'T REALLY STICK TO THAT UNTIL THE ACTUAL BID
19 COSTS COMES UP AND THAT'S WHAT YOU'RE SEEING.

20 MR. VITALE: BUT AT THE SAME TIME I HEARD YOU SAY THAT
21 THIS WAS NOT A BID PROJECT? IS THAT WHAT I HEARD?

22 MR. CAYABYAB: NO. THIS IS A DESIGN BUILD. SO WE
23 ALREADY DID THE BIDDING PROCESS TO SELECT THE DESIGN BUILD
24 FIRMS THAT WE DID, AND THIS IS JUST ONE OF THEM THAT
25 THEY'RE STARTING UP WITH. GUARANTEED MAXIMUM PRICE.

1 MR. VITALE: RIGHT. BUT YOU ALSO GAVE THEM A SCOPE OF
2 WORK TO DETERMINE THE QUALITY, EXPECTATION OF EQUIPMENT
3 THAT YOU WANT?

4 MR. CAYABYAB: THAT'S CORRECT. SO IT IS A BID
5 PROCESS. WE DID BID THE FIRMS THAT IS GOING TO BE DOING
6 THE DESIGN BUILD OR GUARANTEED MAXIMUM PRICE PROJECTS FOR
7 THE DISTRICT.

8 MS. KENNE: BUT WE DIDN'T DO AN ARCHITECT'S ESTIMATE
9 WITH A NUMBER AND THEN BID IT OUT.

10 MR. VITALE: I KNOW, BUT IN-HOUSE DEVELOPS THE
11 DETERMINATION OR EXPECTED COSTS. I GUESS THE ONLY QUESTION
12 WOULD BE HOW MUCH TIME TRANSPIRED BETWEEN THAT ORIGINAL
13 BUDGET ESTIMATE AND THEN THE FINAL COST?

14 MR. CAYABYAB: PROBABLY ABOUT TWO YEARS.

15 MS. KENNE: IT WAS JUST THAT WE HAD THE 1.3 ON MONDAY
16 AND \$2 MILLION ON THURSDAY. SO IT FELT LIKE A FAST CHANGE.

17 MR. CAYABYAB: IT'S A ROUGH ORDER OF MAGNITUDE, FOLKS.
18 THAT'S WHAT THAT IS.

19 MR. HOCUTT: SO IS THERE ANY POINT IN PROCEEDING TO
20 DISCUSS THESE SINCE THEY ARE APPROVED? THERE SEEM TO BE
21 SOME QUESTIONS HERE THAT I THINK SHOULD HAVE BEEN ASKED.

22 MR. CATES: HAVE ALL OF THESE BEEN APPROVED, KIM?

23 MS. KENNE: EXCEPT THE TWO THAT WERE PULLED. AND I
24 DID ASK A QUESTION ON 1255 AT FACILITIES. I MADE A COMMENT
25 ON 1254.

1 MS. VANCE: I'M CONFUSED ON THE TIMING. I THOUGHT
2 BEFORE WE WERE LOOKING AT THESE EVEN JUST A COUPLE DAYS
3 BEFORE THE BOARD MEETING, AND WHY IS IT NOW THE BOARD
4 MEETING IS APPROVING REPORTS BEFORE WE SEE THEM?

5 MR. COLE: IT WAS A SHIFT FOR THE HOLIDAYS

6 MS. KENNE: NO ONE WAS GOING TO HAVE A BOARD MEETING
7 TOMORROW.

8 MS. VANCE: IT'S JUST THIS MONTH?

9 MR. COLE: YEAH, BECAUSE OF THE HOLIDAYS.

10 MS. VANCE: I GOTCH YA.

11 MR. HOCUTT: SO THE BRS CAN BE PULLED UP SUBSTANTIALLY
12 IF THERE'S A BOARD MEETING, BUT CAN'T BE ISSUED IN A TIMELY
13 MANNER TO THE COC; IS THAT AN UNFAIR STATEMENT?

14 MR. COLE: CORRECT. THAT IS AN UNFAIR STATEMENT

15 MR. CATES: WHY IS THAT UNFAIR?

16 MR. COLE: BECAUSE IT'S A DIFFERENT TIME. THEY HAVE
17 ANOTHER WHOLE WEEK TO WORK ON IT. IF YOU'RE GOING TO GET
18 THAT ANOTHER WHOLE WEEK, THEN YOU TAKE IT. THEY KNEW WHAT
19 THEIR DEADLINE WAS, AND THEIR DEADLINE WAS THE EARLY BOARD
20 MEETING. IN MY OPINION.

21 MR. CATES: WELL, THIS ILLUSTRATES A CONTINUING
22 PROBLEM, AND THAT IS THE INABILITY OF THE COC TO RECEIVE
23 BOARD REPORTS IN SUFFICIENT TIME TO ANALYZE THEM.

24 MS. VANCE: THE ONLY WAY -- THIS IS A MOOT POINT
25 BECAUSE THE ONLY WAY YOU'LL BE ABLE TO SEE THEM IS IF WE

1 CHANGE OUR MEETINGS. WE CANNOT -- I SIT IN THE SAME SEAT
2 AS NELSON AT WORK, AND I WOULD WAIT UNTIL THE VERY LAST
3 MINUTE TO GET MY STUFF. I WOULDN'T GET THEM DONE IN A WEEK
4 BEFORE TO SEND THEM TO YOU GUYS WHEN I WOULD HAVE AN EXTRA
5 WEEK BEFORE I REALLY OFFICIALLY HAVE TO GET THEM TO THE
6 BOARD. SO THE ONLY WAY WE CAN DO THIS IS IF WE MEET -- IF
7 WE CHANGE OUR MEETING, BUT IT STILL -- WHAT IS IT, KIM, 48
8 HOURS? HE HAS -- NO. YOU HAVE TO DO IT BEFORE FACILITIES,
9 BUT YOU MEET ON THE SAME DAY STILL?

10 MR. COLE: RIGHT.

11 MS. KENNE: IF FACILITIES MOVED BACK TO THE THIRD
12 THURSDAY, YOU WOULD HAVE THEM BY MONDAY OR TUESDAY OF THAT
13 WEEK PROBABLY WHICH IS AT LEAST A DAY OR TWO BEFORE YOUR
14 MEETING. THE WAY THINGS STAND NOW THEY DON'T NEED TO GO
15 OUT TO THE PUBLIC UNTIL TWO DAYS AFTER YOUR MEETING.

16 MR. CATES: WELL, HOWEVER IT'S DONE, THIS COMMITTEE
17 NEEDS TO GET INFORMATION IN SUFFICIENT TIME TO BE ABLE TO
18 ANALYZE IT.

19 MS. KENNE: WE HAVE TO FIGURE OUT HOW TO MAKE THOSE
20 MEETINGS SYNC UP.

21 MR. CATES: EXACTLY. NOW, SUCH A SOLUTION PROBABLY
22 WOULDN'T HAVE TAKEN CARE OF THE PROBLEM WE HAD THIS MONTH
23 WHERE THE BOARD MEETING COMES WELL BEFORE.

24 MS. KENNE: WE COULDN'T HAVE DONE IT BECAUSE THE BOARD
25 PUBLISHES THE MEETING SCHEDULE -- WE SCHEDULED THAT MEETING

1 LAST JUNE.

2 MR. CATES: I UNDERSTAND.

3 MS. KENNE: MAY. LAST MAY WE DECIDED OUR MEETING WAS
4 ON DECEMBER 14TH

5 MR. CATES: IN A CASE LIKE THAT WE SHOULD GET THE
6 BOARD REPORTS NO LATER THAN WHEN THE BOARD GETS THE BOARD
7 REPORTS EVEN IF THERE'S NOT A COMMITTEE MEETING IN THE
8 INTERIM. BECAUSE THERE'S SOMEONE --

9 MS. VANCE: YOU CAN EASILY GET THEM. YOU CAN PULL
10 THEM OFF THE INTERNET.

11 MR. COLE: THEY'RE POSTED.

12 MS. KENNE: THEY'RE POSTED ON THE 8TH.

13 MR. HOCUTT: SHOULD WE DO SOME MORE OR MOVE ON TO THE
14 NEXT SUBJECT?

15 MS. KENNE: I WAS GOING TO THE NEXT SUBJECT.

16 MR. HOCUTT: I WANT TO ASK ABOUT 1254. WE HAVE AN
17 ADDITIONAL \$180,000 COST FOR REVISIONS TO THE STORM DRAIN,
18 AND THERE ARE SOME WORDS IN THERE ABOUT UNFORESEEN COSTS.
19 MY QUESTION IS AREN'T THE NEEDS ANALYSIS PERFORMED SO THAT
20 WE WON'T SEE UNFORESEEN COSTS? WAS ONE PERFORMED IN THIS
21 CASE AND WE JUST MISSED SOMETHING, OR DID WE NOT ONE? WE
22 SPEND A LOT OF MONEY FOR NEEDS ANALYSIS TO AVOID --

23 MR. CAYABYAB: NOT ON THIS PARTICULAR SITE. IT WAS
24 NOT DONE.

25 MR. CATES: QUINCY, WHICH ONE?

1 MR. HOCUTT: 1254. THE SECOND ONE ON THE LIST.

2 MR. CAYABYAB: AND WHEN YOU DO A NEEDS ANALYSIS, YOU
3 CAN'T COVER EVERYTHING. THIS IS A SEWER LINE. WE DO
4 POTHOLING ON THE SEWER LINE, BUT THIS SPECIFICALLY UNLESS
5 YOU POTHOLE RIGHT ON TOP OF IT, YOU WOULDN'T KNOW IT.

6 MR. VITALE: WHAT HAPPENED IN THIS CASE WITH THE FIRE
7 WATER LINE? DID THEY RUN INTO IT AND BREAK IT?

8 MR. CAYABYAB: NO. THE FIRE WATER LINE IN THIS
9 PARTICULAR CASE, THE SEWER LINE --

10 MR. CATES: WENT UNDERNEATH IT.

11 MR. CAYABYAB: IT DIDN'T.

12 MR. VITALE: IT WENT OVER THE TOP OF IT WHICH IT'S NOT
13 SUPPOSED TO DO.

14 MR. CAYABYAB: EXACTLY. WE'RE FINDING A LOT OF THAT.

15 MR. VITALE: SURE. IT'S AN OLD CAMPUS.

16 MS. VANCE: EVEN WITH A NEEDS ANALYSIS I DON'T KNOW
17 THAT YOU WOULD KNOW THAT.

18 MR. CAYABYAB: EXACTLY.

19 MR. VITALE: IT'S UNDERGROUND.

20 MR. CATES: I DON'T THINK THERE'S ANY ACTION WE NEED
21 TO TAKE ON THESE BOARD REPORTS.

22 MR. VITALE: THE ONLY THING I HAVE A QUESTION ON IS ON
23 THE SECOND PAGE, 459F, THIS QUESTION ABOUT MEASURE Y. ARE
24 WE IN AGREEMENT THAT NO FUNDS FROM TT ARE GOING TO BE
25 PAYING FOR THAT 255,000? ONLY MEASURE Y AND MEASURE Y IS

1 NOT GOING TO BE REIMBURSED IN SOME WAY BY TT?

2 MR. HOCUTT: THAT'S WHAT IT SAYS.

3 MR. VITALE: THAT'S WHAT IT SAYS.

4 MR. CAYABYAB: IT'S PLANNING FOR THE FUTURE FOR THIS
5 DISTRICT.

6 MR. VITALE: RIGHT.

7 MR. CAYABYAB: IT HAS NOTHING TO DO WITH THE MASTER
8 PLAN FOR TT. SOMEBODY HAS TO PLAN FOR THE FUTURE. NOBODY
9 ELSE SEEMS TO BE INTERESTED.

10 MR. HOCUTT: ISN'T IT REALLY JUST A TEMPLATE THAT
11 THEY'RE PUTTING TOGETHER? JUST SORT OF THE FRAMEWORK?

12 MR. CAYABYAB: YEAH, IT'S THE FRAMEWORK OF HOW WE'RE
13 GOING TO MARKET IT, AND WHAT IT IS IS THAT IT TAKES THE
14 EDUCATIONAL MASTER PLAN AND KIND OF MOVES FORWARD WITH AND
15 PUTS A FACILITY MASTER PLAN TOGETHER AND ALSO IT STOPS
16 WHERE MEASURE TT ENDS. SO ALL THE WORK THAT WAS DONE
17 THROUGH MEASURE TT IT WILL BE IDENTIFIED THERE AND THEN IT
18 WILL CONTINUE ON FOR WHAT THE DISTRICT NEEDS, FOR WHAT THE
19 EDUCATIONAL MASTER PLAN PROGRAM THAT PARTICULAR SITE TO BE.
20 BE IT, YOU KNOW, AN IT SCHOOL, STEM LAB, OR WHATEVER. IT'S
21 OUR MEANS FOR US TO JUSTIFY TO THE PUBLIC THAT WE SPEND ALL
22 THIS MONEY ON MEASURE TT. THIS IS WHERE IT ENDED. HERE IS
23 WHAT IS GOING TO BE NEEDED TO DO THAT PARTICULAR SITE, AND
24 THAT'S -- AND THEN WE'RE GOING TO BUDGET FOR IT. BUT THIS
25 TIME IF YOU READ THE THING, INSTEAD OF PIECE MEALING LIKE

1 IT WAS IN MEASURE TT, IT'S GOING TO BE THE WHOLE SYSTEM
2 APPROACH OF IT. SO WE'RE GOING TO LOOK AT WHAT NEEDS TO BE
3 DONE. WE'RE GOING TO ITEMIZE WHAT NEEDS TO GET DONE IN
4 EVERY SINGLE IT SYSTEMS, HVAC SYSTEMS, NEW BUILDINGS IF
5 IT'S NEEDED, ADA, AND ALL THAT STUFF, BUT WE'RE ALSO GOING
6 TO BE PAYING ATTENTION TO WHERE IT FITS INTO THE TIME LINE
7 BECAUSE WE HAVE TO ALLOCATE FOR ESCALATION. FOR EXAMPLE,
8 IF THE BOND GETS DONE IN 2018, IF WE DECIDE TO DO THIS
9 PARTICULAR SCHOOL IN 2020 OR 2022, WE WANT TO MAKE SURE WE
10 ALLOCATE MONEY AND FUNDS FOR THAT ACCORDINGLY. WE ARE NOT
11 GOING TO DEPEND ON STATE FUNDING SO THAT WE DON'T HAVE TO
12 GO BACK LIKE WITH MEASURE TT AND CUT 20 PERCENT OFF THE
13 THING WITHOUT LOOKING AT IT AND WHAT THE IMPACT WOULD BE.

14 MR. VITALE: BUT YOUR BUDGETARY NUMBERS WILL ADDRESS
15 THE FACT THIS IS OVER A GIVEN PERIOD OF TIME, LET'S SAY SIX
16 YEARS, AND WHAT THE MONEY BUYS YEAR ONE IS NOT WHAT IT WILL
17 BUY IN YEAR SIX.

18 MR. CAYABYAB: WE'RE GOING TO ACCOUNT FOR THAT. AND
19 UNDER THE EDUCATIONAL MASTER PLAN, WE'RE GOING TO BE SENSITIVE
20 TO THE FACT THAT WE HAVE TO KEEP OUR KIDS. SO WE'RE GOING
21 TO HAVE A FEEDER PATTERN FOR THEM TO GO FROM KINDER TO
22 MIDDLE SCHOOL TO HIGH SCHOOL, AND ALSO WE'RE GOING TO BE
23 SENSITIVE TO THE FACT IF WE DO CONSTRUCTION ON ONE
24 PARTICULAR KINDERGARTEN SCHOOL, WE WANT TOO MAKE SURE WE'RE
25 NOT DOING CONSTRUCTION WHEN THESE KIDS GO UP TO THE MIDDLE

1 SCHOOL AND HIGH SCHOOL. ALL OF THAT IS BEING IS
2 CONSIDERED, AND THAT'S HOW WE'RE GOING TO MARKET IT.

3 MS. WANG: I HAVE AN UNRELATED -- NEVER MIND.

4 MR. CATES: KIM

5 MS. KENNE: SO, NELSON, I'M JUST REREADING THIS
6 PROPOSAL. AM I CORRECT IN UNDERSTANDING THAT IT'S FOR 13
7 SCHOOLS? THAT IT COVERS 13 SCHOOLS?

8 MR. CAYABYAB: YES. BECAUSE IT'S WHAT IS LEFT
9 OVER -- REMEMBER ALL THE FEASIBILITY STUDIES THAT WE DID ON
10 SOME OF THE OTHER SITES? WE'RE GOING TO USE THOSE
11 ARCHITECTS TO BE ABLE TO USE THIS AS A TEMPLATE TO COVER
12 THOSE SCHOOLS THAT THEY'VE ALREADY COVERED.

13 MS. KENNE: SO THE OTHER 13 SCHOOLS THAT AREN'T HERE
14 WILL THEY BE PART OF THE FINAL PLAN?

15 MR. CAYABYAB: YES, THEY WILL BE.

16 MS. KENNE: SO LIKE ROOSEVELT AND PHS AND MCKINLEY?

17 MR. CAYABYAB: THAT'S CORRECT. WHAT WE'RE DOING DO,
18 MS. KENNE, IS WE ARE GOING TO DIVVY UP THE SCHOOLS IN TIER
19 ONE, TIER TWO, TIER THREE, FOR EXAMPLE. FOR EXAMPLE,
20 SIERRA MADRE MIDDLE SCHOOL -- I'M SORRY, GRETCHEN -- IS
21 PROBABLY GOING TO BE ON THE BOTTOM OF THE TOTEM POLE AS FAR
22 AS WHAT'S NEEDED BECAUSE IT JUST GOT BUILT.

23 MS. VANCE: MAKE SURE IT'S ON THE LIST BECAUSE THEN
24 YOU COVER EVERYTHING. LIKE ONE OF THE THINGS THEY DID
25 RIGHT ABOUT TT IS THEY LISTED EVERY SINGLE ONE OF YOUR

1 SITES. SO IT'S REALLY IMPORTANT THAT WHEN YOU GUYS GO TO
2 PROMOTE THE NEXT BOND, THAT ALL OF THE SCHOOL SITES ARE
3 LISTED.

4 MS. KENNE: I'M JUST TRYING TO UNDERSTAND THE SCOPE OF
5 THIS CONTRACT, AND IT TALKS ABOUT 13 SCHOOLS. BUT THE
6 OTHER 13 --

7 MR. CAYABYAB: THOSE FEASIBILITIES HAVE ALREADY BEEN
8 DONE.

9 MS. KENNE: THEY'RE NOT IN THE TEMPLATE? WHO IS GOING
10 TO PUT THEM IN THE TEMPLATE?

11 MR. CAYABYAB: NO. WE'RE GOING TO MEET WITH THEM
12 PROBABLY IN FEBRUARY WITH ALL THE OTHER 13 SCHOOLS, AND
13 THIS IS A TEMPLATE THAT THEY CAN USE TO SAY, OKAY, USE THIS
14 TEMPLATE TO BE ABLE TO LOOK AT YOUR SCHOOL FROM THE
15 FEASIBILITY STUDY YOU DID AT THOSE PARTICULAR SCHOOLS,
16 YOU'RE GOING TO USE THIS TEMPLATE, AND WE'RE ALL GOING TO
17 GET TOGETHER TO MAKE SURE WE COVER ALL THE SCHOOLS WHEN WE
18 START MARKETING THE BOND MEASURE. THE ANSWER TO YOUR
19 QUESTION IS THAT FOR SWIFT LEE, THEY'RE GOING TO
20 CONCENTRATE ON THAT, AND ALSO THE OTHER ARCHITECTS THEY'RE
21 GOING TO CONCENTRATE ON THE FEASIBILITY STUDY THAT HAD BEEN
22 DONE USING THAT TEMPLATE THAT SWIFT LEE IS MOVING FORWARD.

23 MS. KENNE: SO SWIFT LEE IS GOING TO DO ALTADENA,
24 WILLARD AND MARSHALL, THEN IT'S GOING TO USE THE OTHER 5
25 CONSULTING FIRMS THAT PREVIOUSLY COMPLETED A FACILITIES

1 ASSESSMENT ON THE OTHER 10 CAMPUSES. SO I GET TO THE FIRST
2 13. IT'S THE OTHER 13 TO GET TO THE TOTAL OF 26, THAT'S MY
3 QUESTION. WHO IS DOING THE OTHER 13 THAT'S NOT COVERED IN
4 THIS DOCUMENT THAT ONLY TALKS ABOUT 13 TO GET US TO 26
5 SCHOOLS?

6 MR. CAYABYAB: THE PEOPLE -- REMEMBER WHEN WE DID THE
7 ASSESSMENT STUDY WE ASSIGNED SPECIFIC SCHOOLS TO THESE
8 ARCHITECTS?

9 MS. KENNE: SAN RAFAEL, LINDA VISTA, WASHINGTON.
10 THEY'RE IN THIS 13. THEY'RE NOT THE OTHER 13. I'M TALKING
11 ABOUT PHS AND HAMILTON AND JEFFERSON.

12 MR. CAYABYAB: YES.

13 MS. KENNE: THOSE ARE NOT THE ONES WE DID FEASIBILITY
14 STUDIES FOR.

15 MR. CAYABYAB: THAT'S CORRECT. IT WILL BE COVERED.

16 MS. KENNE: THE OTHER 13 WILL BE COVERED BY SOMETHING
17 ELSE?

18 MR. CAYABYAB: NO. THAT'S A TEMPLATE WE'RE TRYING TO
19 PUSH FORWARD. THE OTHER SCHOOLS ARE GOING TO BE COVERED.
20 THIS IS A TEMPLATE THAT WE'RE MOVING FORWARD WITH.

21 MS. KENNE: I UNDERSTAND. IT TALKS ABOUT HOW THEY'RE
22 GOING TO FILL IT OUT FOR 13 SCHOOLS. I JUST WANT TO HAVE
23 26 AT THE END.

24 MS. VANCE: IT'S TAKING ALL THE REST OF THE MEASURE Y
25 MONEY; RIGHT?

1 MR. CAYABYAB: THAT'S IT.

2 MR. CATES: DO I UNDERSTAND YOU TO SAY THIS EXHAUSTS
3 THE MEASURE Y FUNDS THAT REMAIN?

4 MR. CAYABYAB: PRETTY MUCH. ON THE SAME TOKEN TOO
5 WE'VE EXHAUSTED, YOU KNOW, THE LEGAL SUPPORT, THE
6 STENOGRAPHER FEES AND ALL THAT. THAT'S WHY IN THE FUTURE
7 MASTER PLAN I'VE ALLOCATED \$300,000 OUT OF MEASURE TT EVEN
8 THOUGH I KNOW IT'S WRONG, BUT THERE'S NO OTHER PLACE FOR
9 THAT MONEY TO COME FROM.

10 MR. CATES: I DON'T WANT TO GET INTO AN ARGUMENT. I
11 SUGGEST THAT YOU SHOULD RECONSIDER THAT APPROACH.

12 MR. CAYABYAB: WE HAVE TO PAY IT. WHERE ELSE ARE WE
13 GOING TO GET THE MONEY?

14 MR. CATES: NELSON, THIS IS A FUNDAMENTAL DISAGREEMENT
15 THAT YOU HAVE WITH THIS COMMITTEE.

16 MS. KENNE: HE KNOWS IT'S WRONG HE SAID. HE'S TELLING
17 YOU HE'S DOING IT ANYWAY, BUT THAT'S ANOTHER TOPIC.

18 MR. CATES: I DON'T BELIEVE WE NEED TO TAKE ANY ACTION
19 ON THESE BOARD REPORTS SINCE WE'VE BEEN PREEMPTED BY THE
20 BOARD. ANY FURTHER COMMENT ON THESE BOARD REPORTS?

21 NEXT ITEM, IV.F. MEMBER PARTICIPATION AND SCHOOL
22 SITE COUNCILS. I WAS GOING TO ASK DIANA TO REPORT ON THAT,
23 BUT SHE HAD TO LEAVE. SHE IS NOT WELL. SO I'M IN NO
24 POSITION TO SAY ANYTHING ABOUT MEMBER PARTICIPATION OTHER
25 THAN I HOPE THAT EVERYONE IS SIGNED UP FOR AT LEAST ONE

1 SITE COUNCIL, AND IF YOU HAVEN'T, PLEASE DO SO.

2 MS. VANCE: I'M THE CHAIR AT PHS, AND I'D LIKE TO SAY
3 THAT THE PARENTS AT PHS ARE VERY HAPPY TO BE BACK ON THE
4 LIST.

5 MR. CATES: I'M SORRY?

6 MS. VANCE: THE BEAUTIFICATION FOR PHS GOT PUT BACK ON
7 THE LIST OF PRIORITIES BY THE BOARD.

8 MS. KENNE: IDENTITY.

9 MS. VANCE: I'M SORRY. IDENTITY AND BEAUTIFICATION.
10 IT REALLY IS MORE IDENTITY THAN IT IS BEAUTIFICATION. SO
11 THE PARENTS ARE VERY HAPPY THAT WE GOT PUT BACK ON THE LIST
12 OF MEASURE TT PRIORITIES BECAUSE WE WERE REMOVED AT ONE
13 POINT, AND AT THE LAST MEETING IN NOVEMBER WE GOT PUT BACK
14 ON.

15 MR. HOCUTT: QUESTION. YOU WERE PASSING AROUND A LIST
16 FOR US TO SIGN UP. I NEVER SAW THAT LIST.

17 MS. VANCE: I DON'T HAVE IT. I DON'T KNOW WHERE IT
18 WENT.

19 MR. HOCUTT: HE'S ASKING US TO SIGN UP, AND I HAVEN'T
20 SEEN IT.

21 MS. VANCE: I THINK DIANA TOOK IT.

22 MR. CATES: YES. DIANA HAS THE LIST. I JUST DON'T
23 KNOW WHAT THE CURRENT STATUS IS.

24 MS. VANCE: WE'LL SKIP IT.

25 MR. CATES: WE'LL TAKE THIS UP AT THE NEXT MEETING.

1 IV.G. PRELIMINARY CONSIDERATION OF ELECTION OF
2 OFFICERS FOR TERMS BEGINNING MARCH 1, 2018. PLEASE THINK
3 ABOUT IT. I WILL BE LEAVING THE COMMITTEE NEXT MARCH 1.
4 SO WILL GRETCHEN. WE'RE TERMED OUT. YOU WILL NEED A NEW
5 CHAIR AND A VICE CHAIR. TO DO THE JOB, TO DO BOTH OF THESE
6 JOBS RIGHT TAKES A LOT OF EFFORT, BUT IT'S REWARDING TOO.
7 ANYWAY, THINK ABOUT IT.

8 KIM.

9 MS. KENNE: SO I DON'T KNOW IF JEN AND GLENN HAVE
10 DECIDED WHETHER THEY WANT TO CONTINUE BECAUSE YOUR TERM IS
11 UP, BUT EVEN IF YOU GUYS BOTH WANT TO STAY AFTER MARCH 1 --

12 MS. VANCE: YOU HAVE TO ASK TO BE RE-ELECTED.

13 MS. KENNE: RIGHT. YOU HAVE TO ASK TO BE REAPPOINTED.

14 MS. VANCE: CAN IT JUST BE AN EMAIL?

15 MR. CATES: YES.

16 MS. KENNE: I THINK IT SAYS IN WRITING.

17 BUT EVEN IF BOTH AND YOU GLENN, DO WE'RE DOWN TWO
18 PEOPLE NOW, AND WHEN CLIFF AND GRETCHEN LEAVE, WE'RE DOWN
19 TO 11 PEOPLE, AND THEN WE NEED APPLICATIONS, AND SINCE WE
20 WOULD WANT THOSE NEW PEOPLE TO START THE MONTH OF, MARCH
21 THAT MEETING, PROBABLY SOON -- IT'S TOO BAD WE DIDN'T
22 ANNOUNCE IT.

23 MR. COLE: DIDN'T THE BOARD APPROVE THE LAST NEW
24 MEMBERS. WHEN DID THEY APPROVE IT?

25 MS. KENNE: HERE ON MY HANDY DANDY LIST, I CAN TELL IT

1 WAS ON JUNE 22ND. SO EVERYONE EITHER HAS A CURRENT TERM
2 EXPIRING ON MARCH 1ST OF '19 OR MARCH 1ST OF '18. SO
3 IT HAS WHETHER YOU'RE FIRST, SECOND, OR THIRD TERM. WE DO
4 WANT TO START AN APPLICATION PROCESS IN JANUARY, AND I
5 DON'T KNOW IF STAFF ANNOUNCES THAT THERE ARE OPENINGS? IS
6 THAT THE PROCESS?

7 MR. CATES: THAT'S WHAT HAS BEEN DONE IN THE PAST.
8 THE FACILITIES DEPARTMENT PUTS OUT AN AD.

9 MS. KENNE: ALL RIGHT. SO WE'LL WANT TO DO THAT IN
10 JANUARY.

11 MS. VANCE: CLIFF, DOES IT SAY ANYTHING IN THE
12 EDUCATION CODE ABOUT HAVING TWO BONDS AT THE SAME TIME? SO
13 WOULD HE HAVE TO HAVE A MEASURE TT BOND COMMITTEES THAT
14 FINISHES OUT THE MONEY, AND THEN IF HE GETS A BOND IN 2018,
15 ANOTHER BOND COMMITTEE THAT WOULD BE THAT BOND? I DON'T
16 KNOW WHAT YOU'RE GOING TO CALL IT, BUT WOULD YOU HAVE TWO?

17 MR. CATES: I THINK SO. I DON'T THINK THERE'S ANY
18 PROHIBITION AGAINST MULTIPLE SIMULTANEOUS SCHOOL
19 CONSTRUCTION BONDS, BUT I'M NOT SURE.

20 MS. KENNE: ONE COMMITTEE OR MULTIPLE COMMITTEES?

21 MR. CATES: ONE COMMITTEE FOR EACH ISSUE.

22 MS. KENNE: WHY?

23 MS. VANCE: FOR THE SAME REASON WE COULDN'T SAY
24 ANYTHING ABOUT THE MEASURE Y MONEY.

25 MR. COLE: YES. TWO DIFFERENT BONDS.

1 MS. KENNE: BUT, AGAIN, WHY DO YOU NEED TWO COMMITTEES
2 AND HAVE TO MAINTAIN -- DO YOU SEE WHAT I MEAN? BECAUSE I
3 THOUGHT IT WAS INTERESTING WHEN I READ THE BYLAWS THAT SAY
4 BOND OVERSIGHT COMMITTEE BYLAWS. THEY DON'T SAY MEASURE TT
5 OVERSIGHT COMMITTEE.

6 MR. CATES: THERE'S AN EASY WAY TO SETTLE THIS.
7 ASSUME YOU NEED A SEPARATE COMMITTEE FOR EACH BOND. THE
8 BOARD SIMPLY APPOINTS THE SAME INDIVIDUALS TO EACH
9 COMMITTEE, AND THEY CONDUCT THE MEETINGS SIMULTANEOUSLY.

10 MS. VANCE: JUST CURIOUS. I DON'T WANT TO PROLONG THE
11 MEETING.

12 MS. KENNE: GRETCHEN, JUST RETIRE.

13 MS. VANCE: I'M DONE. BUT MAYBE I WANT TO GET REHIRED
14 ON THE NEXT BOND. JUST KIDDING.

15 MR. COLE: JUST MAKE A CAREER OUT OF IT.

16 MS. VANCE: NO, THANK YOU.

17 MR. CATES: TO ANSWER YOUR QUESTION FROM A MOMENT AGO,
18 KIM. UNDER THE BYLAWS AN EXISTING MEMBER OF THE COMMITTEE
19 WHO WISHES TO BE APPOINTED SHALL REQUIRE ONLY THE WRITTEN
20 REQUEST FOR REAPPOINTMENT AND WRITTEN INCLUDES EMAILING.
21 SO JUST ANYTHING, BUT AN ORAL REQUEST. SKY WRITING COUNTS.
22 IF YOU'RE GOING TO GO THE SKY WRITING ROUTE, TAKE A PHOTO
23 AND SEND IT. ALL RIGHT.

24 MOVING A RIGHT ALONG. REPORT BY THE CHIEF OF
25 FACILITIES.

1 MR. CAYABYAB: THE PRESENTATION THAT MIGUEL USUALLY
2 DOES, YOU HAVE COPIES OF IT, AND WHAT WE'VE DONE ALSO FOR A
3 COUPLE OF MONTHS NOW IS FOR EVERY MINUTES AND EVERY
4 CONSTRUCTION REPORT THAT HE DOES IS POSTED ON THE
5 FACILITIES WEBSITE. THAT'S HOW WE UPDATE THE PROGRESS OF
6 THE EXISTING PROJECTS THAT ARE GOING ON.

7 BUT AS FAR AS ON MY END, AT THE LAST BOARD
8 MEETING OR FACILITIES COMMITTEE MEETING, I THINK WE HAVE
9 NARROWED DOWN THE MEASURE TT SLASH MASTER PLAN FOR THE
10 REMAINING OF THE BOND MEASURE EXPENDITURE, AND IT'S GOING
11 TO BE MOVING FORWARD FOR ANOTHER DISCUSSION IN JANUARY AND
12 HOPEFULLY FOR APPROVAL, AND I'LL SEND THAT TO YOU ONCE I
13 PUT IT TOGETHER, THE SAME TIME I SEND IT OUT TO THE REST OF
14 THE BOARD THE MEMBERS, PROBABLY BEFORE THE HOLIDAYS SO THAT
15 YOU ALL CAN TAKE A LOOK AT IT.

16 WHAT IT HAS IS THAT IT IDENTIFIES ALL THE UPPER 9
17 PROJECTS, 1 THROUGH 9. THERE'S A TOTAL OF ABOUT 16 THERE
18 THAT HAVE ALREADY BEEN APPROVED, AND UNDERNEATH THAT WE'LL
19 BE CONSIDERING SOME OF THE SITE IMMEDIATE NEEDS -- HVAC,
20 BLAIR PHASE TWO -- NOT BLAIR. DON BENITO PHASE TWO HVAC,
21 JACKSON, AND SOME OF THE OTHER THINGS, AND THEN UNDERNEATH
22 THAT WILL BE THE NEEDS OF THE LOWER PRIORITY WHICH ARE
23 PLAYGROUND, GREENERY OR SPACE LANDSCAPING FOR THE FRONT OF
24 THE SCHOOL. SO I'LL HAVE ALL OF THAT DONE. AT THE SAME
25 TIME IT WILL TALLY HOW MUCH WE SPEND OR WHAT IS THE

1 PROPOSED ROUGH ORDER OF MAGNITUDE. THE ONLY ONES I'M SURE
2 OF ARE THE ONES THAT ARE CONTRACTED ON THE FIRST 9 PRIORITY
3 LIST. THOSE WILL CHANGE ONCE WE CONTRACT IT OUT. SO IT
4 WILL TALLY HOW MUCH IS REMAINING. THAT INCLUDES THE 9
5 PERCENT CONTINGENCY FOR ALL THE PROJECTS. IT ALSO INCLUDES
6 THE ADMINISTRATION FEE THAT WE HAVE TO KEEP MY STAFF GOING
7 FOR THE NEXT TWO TO THREE YEARS SO THAT WE CAN FINISH OUT
8 THE MEASURE TT PROJECTS. SO ALL THAT WILL BE THERE.

9 THE REASON WHY THIS IS GOING TO BE IN PRIORITY
10 ORDER IS IT'S EXACTLY IN THAT PRIORITY. WE'LL MANAGE THE
11 ONES THAT HAVE BEEN CONTRACTED OUT. WE'LL SEE WHERE WE ARE
12 WITH THAT. IF WE NEED TO HAVE ADDITIONAL CHANGE ORDERS OR
13 WHATEVER THAT COMES THROUGH, WE'LL HAVE TO GO THROUGH A
14 RESOLUTION. IF WE DON'T HAVE ENOUGH MONEY TO SUPPORT THOSE
15 UPPER PROJECTS, WE TAKE THE BOTTOM ONE ON THE LIST. THIS
16 IS ABOUT A TWO TO THREE YEAR PROCESS THAT WE'RE GOING TO
17 HAVE, BUT THAT'S PRETTY MUCH IT AS FAR AS THE REMAINING OF
18 THE MEASURE TT.

19 MR. VITALE: DO YOU HAVE TARGET DATES FOR BIDDING FOR
20 THESE REMAINING PROJECTS?

21 MR. CAYABYAB: WE DO. IT ALL DEPENDS ON WHEN THEY'RE
22 GOING TO COME OUT OF DSA AND THE PLANS ARE APPROVED AND SO
23 FORTH.

24 MR. VITALE: ARE THEY ALL IN DSA AT THIS POINT?

25 MR. CAYABYAB: THE THREE THAT ARE MOVING FORWARD, YES,

1 ARE IN DSA. THE LAST ONE WHICH IS APPROVED IS THE -- THE
2 LONGFELLOW HVAC THAT WAS JUST APPROVED LAST BOARD MEETING.
3 ALL THESE THINGS WE'RE TRYING TO DO THIS SUMMER SO THAT WE
4 CAN SHUT THE SCHOOLS DOWN. SO THAT'S COMING AND HOPEFULLY
5 IT WILL BE A LOT EASIER FOR US TO MANAGE COME JANUARY WHEN
6 THE PRIORITY LIST IS APPROVED. AS YOU KNOW, I'VE BEEN
7 TRYING TO GET A PRIORITY LIST CONCRETE APPROVED SINCE
8 APRIL, AND EVERY TIME THAT WE MEET, IT KEEPS CHANGING AND
9 CHANGING.

10 SO THAT'S SORT OF THE PLAN. THEN FROM THAT ONCE
11 WE GET ALL THOSE THINGS, WE'RE GOING TO ZERO OUT OR CLOSE
12 OUT A LOT OF THE EXISTING PROJECTS IN THE BUDGET WHICH
13 MEANS WE'RE NOT GOING TO SPEND -- THE MONEY THAT IS LEFT
14 OVER, BE IT SOFT COSTS OR HARD COSTS, WE'LL PUT IT INTO THE
15 CONTINGENCY TO USE FOR THE APPROVED ONES. ALSO REALIZE
16 THAT THE CLOSER WE GET TO COMPLETION OF THESE PROJECTS,
17 PROBABLY ABOUT 80, 90 PERCENT, WE'LL KNOW HOW MUCH WE HAVE
18 LEFT OVER IN THE CONTINGENCY, BUT I PUT THE WORD OUT TO THE
19 BOARD THAT THIS IS OUR ONLY CHANCE FOR US TO FIX A LOT OF
20 OTHER THINGS ON A PARTICULAR SITE. FOR EXAMPLE, THERE'S A
21 LOT OF SITE NEEDS RIGHT NOW THAT IS NOT COVERED UNDER MUIR.
22 THERE ARE A LOT OF SITE NEEDS NOT COVERED AT PHS. SO IF I
23 CAN, I'M GOING TO MAXIMIZE THAT 10 PERCENT THAT I HAVE LEFT
24 OVER TO COVER A LOT OF THOSE OTHER NEEDS THAT IS NEEDED FOR
25 THAT PARTICULAR SITE. SO I'M GOING TO GET UP TO 10 PERCENT

1 MAXIMUM.

2 MR. VITALE: ARE THOSE THAT YOU'RE IDENTIFYING AS
3 NEEDS M AND O NEEDS OR CAPITAL NEEDS?

4 MR. CAYABYAB: CAPITAL NEEDS. A LOT OF THEM ARE
5 CAPITAL NEEDS. ONE THING THAT I WAS GOING TO -- WE WERE
6 TRYING TO PUSH TREE REMOVAL AND STUFF, BUT YOUR LIAISON
7 SAID, NO, THAT'S NOT A PROPER TT USE SO WE TOOK THAT OFF.

8 MR. COLE: SEE, I DO TALK.

9 MR. CAYABYAB: MY THING WAS IT'S UNDER THE WORD OF
10 SAFETY. A KID, A TREE BRANCH FELL ON TOP OF A KID, AND SO
11 THAT WAS IMPORTANT TO ME. THAT'S WHY I WAS TRYING TO PUSH
12 IT, BUT, YOU KNOW, SO WE CANCELED THAT. BUT, ANYWAY,
13 THAT'S MY REPORT.

14 THE EXISTING PROJECTS ARE GOING VERY WELL. AS A
15 MATTER OF FACT, I THINK BLAIR IS AHEAD OF SCHEDULE, AND
16 NORMA COOMBS IS ALSO AHEAD OF SCHEDULE.

17 PHS THE ADDITIONAL WORK AND THE SCOPE OF THE WORK
18 THAT IS BEING ADDED ON, THE PERFECT EXAMPLE IS THE POOL FIX
19 THAT WE HAD TO DO THIS SUMMER. THAT CAME OUT OF THE 10
20 PERCENT, AND THAT CAME OUT OF THE ALLOWANCES THAT WE HAD
21 FOR THAT SITE. IT WAS NOT NEVER PART OF THE ORIGINAL
22 CONTRACT.

23 SO THAT'S GOING TO BE HOW I'M GOING TO HANDLE
24 THIS TRYING TO MAXIMIZE THE 10 PERCENT. SO IF IT COMES
25 BACK TO YOU, YOU'RE REACHING 10 PERCENT, THAT'S THE REASON

1 WHY. I'M TRYING TO GET ALL THESE THINGS DONE WHILE THE
2 PROJECT IS THERE SO WE THAT CAN GET IT FINISHED AND THEN
3 MOVE ON TO THE NEXT SITE.

4 MR. VITALE: WE NO LONGER HAVE ANY OPEN ISSUES WITH
5 REGARDS TO LEGAL ISSUES ASSOCIATED WITH THE OTHER PROJECTS?
6 THOSE HAVE ALL BEEN CLEARED?

7 MR. CAYABYAB: NOT YET. WE'RE STILL CLOSING OUT
8 SIERRA MADRE MIDDLE SCHOOL, BUT WE'RE DOWN TO ABOUT A
9 SETTLEMENT OF ABOUT 300K AS OPPOSED TO 1.2 THAT THEY WERE
10 CLAIMING, AND MCKINLEY I THINK WE ARE DOWN TO ABOUT 800K OR
11 SO AS OPPOSED TO 2.2 THAT THEY WERE TRYING TO DO. WE'RE
12 STILL STRUGGLING WITH -- MY FAVORITE PROJECT -- WASHINGTON
13 ACCELERATED. THE SURETY HAS TAKEN OVER THAT PROJECT FOR A
14 WHILE. WE ARE REACHING CLOSE TO THE 10 PERCENT, SO WE'RE
15 GOING TO BE PUTTING FORWARD SOME RESOLUTIONS TO THAT MOVING
16 FORWARD. THE THING THAT IS HOLDING US UP BELIEVE IT OR NOT
17 FOR OPENING UP THE KITCHEN AND THAT PART OF THE WASHINGTON
18 IS THAT WE'VE BEEN TRYING TO GET PWP FROM THE CITY TO
19 HOOKUP GAS FROM ACROSS THE STREET FOR THE PAST YEAR NOW,
20 AND THEY HAVEN'T BEEN GETTING US ON A SCHEDULE. I ALREADY
21 TALKED TO THE CITY MANAGER TO DO THAT. BUT ONCE WE
22 GET GAS -- WE CAN'T COOK WITHOUT GAS. ONCE WE GET THAT SET
23 UP, WE SHOULD BE ABLE TO TURN ON THE KITCHEN AND THAT AREA
24 TO THE SITE, AND WE'RE STILL LOOKING GOOD AS FAR AS
25 COMPLETING THE 13 CLASS ROOMS AT WASHINGTON ACCELERATED

1 HERE IN PROBABLY MARCH, APRIL TIME FRAME. BUT THAT'S A BIG
2 LEGAL NIGHTMARE THAT WE ARE TRYING TO GET THROUGH RIGHT
3 NOW, BUT THEY'RE BEING HANDLED BY THE SURETY. THEY'RE
4 DOING OKAY. THAT'S THE RESULT OF -- FOR ALL OF YOU, THE
5 PERFORMANCE OF THAT PARTICULAR CONTRACTOR WAS SUBSTANDARD,
6 AND SO WE WENT TO THE SURETY AND GAVE THEM AN OPTION.
7 EITHER YOU HANDLE THIS OR WE'RE GOING TO FIRE THIS
8 PARTICULAR CONTRACTOR, BUT BECAUSE OF THE PERFORMANCE BOND,
9 WE CALLED THEM UP ON IT, AND THEY CHOSE TO KEEP THE GENERAL
10 CONTRACTOR ON BOARD, BUT NOW THEY HAVE THEIR OWN PEOPLE
11 MANAGING THE JOB. THAT'S WHAT YOU DO WHEN YOU CALL UP THE
12 PERFORMANCE BOND.

13 ANY QUESTIONS? THAT'S PRETTY MUCH ALL I HAVE.

14 MR. CATES: THANK YOU.

15 MS. KENNE: A QUESTION. YOU SAID THE HVAC AT
16 LONGFELLOW AND DON BENITO WE WERE GOING TO TRY DO THOSE
17 OVER THE SUMMER OR NO?

18 MR. CAYABYAB: THE HVAC FOR LONGFELLOW, YES, OVER THE
19 SUMMER. WHAT WAS THE OTHER QUESTION?

20 MS. KENNE: DON BENITO.

21 MR. CAYABYAB: DON BENITO WON'T BE READY AT ALL. WE
22 STILL HAVEN'T GOTTEN THE PLANS INTO DSA. THE PLANS ARE IN
23 DSA, BUT WE HAVE TO REVISIT THAT NOW SINCE WE REMOVED PHASE
24 ONE AND PHASE TWO.

25 MS. KENNE: I'M JUST REFLECTING THAT BY THE END OF THE

1 SUMMER BLAIR AND NORMA COOMBS WILL BE THE TWO MAJOR
2 CONSTRUCTIONS THAT WOULD STILL BE GOING ON BUT WILL BE DONE
3 BY THE END OF THE YEAR. YOU MIGHT HAVE DON BENITO, PHS --
4 IN OTHER WORDS, NEXT YEAR AUGUST ON FORWARD THERE'S GOING
5 TO BE A COUPLE PROJECTS, AND THEN BY NEXT SPRING IT WILL BE
6 JUST MOSTLY --

7 MR. CAYABYAB: MY JOB IS DONE.

8 MS. KENNE: JUST REFLECTING ON HOW MANY PROJECT
9 MANAGERS WE NEED TO HIRE IN JULY.

10 MR. CATES: THANK YOU, NELSON.

11 KIM, REPORT BY OUR BOARD LIAISON.

12 MS. KENNE: SO NELSON KIND OF ALREADY TALKED ABOUT THE
13 PRIORITIZATION OF THE REMAINING TT FUNDS. SO WE HELD OUR
14 STUDY SESSION ON DECEMBER 7TH. THERE'S ABOUT 11 MILLION
15 LEFT TO PRIORITIZE. I THINK PEOPLE HAD KIND OF TALKED
16 ABOUT HOW DON BENITO, LONGFELLOW, AND ROOSEVELT WERE THE
17 NEXT THREE PROJECTS. WE PUT ROOSEVELT ON HOLD, AND THE
18 LONGFELLOW CONSTRUCTION IS ON HOLD. WE'RE GOING FORWARD
19 WITH THE HVAC BUT NOT THE AUDITORIUM AND THE KITCHEN. AND
20 DON BENITO HAD A PHASE ONE, TWO, AND THREE THAT WERE ALL
21 PART OF IT. WE'RE JUST DOING PHASE TWO.

22 MS. VANCE: WHICH IS PHASE TWO? DOES THAT HAVE THE
23 THEIR PLAYGROUND?

24 MS. KENNE: THE PLAYGROUND MIGHT BE DONE UNDER THE
25 OTHER IMMEDIATE NEEDS THAT NEED TO BE DONE. IT'S JUST THE

1 HVAC FOR THEIR MULTI-PURPOSE ROOM. KIDS GATHER THERE.
2 THEY HAVE PERFORMANCES THERE. AND THEN ALSO WITH JACKSON
3 GETTING THE THREE NEW PORTABLES WITH THE RELOCATED DROP-OFF
4 LOCATION, BUT I KNOW AT THE LAST FACILITIES MEETING WE
5 TALKED ABOUT BOTH, YES, HAVING A PARKING LOT AND NO, NOT
6 HAVING A PARKING LOT. IT ADDED SOMEWHERE BETWEEN 7 AND
7 800K TO ADD THE PARKING LOT

8 MR. COLE: IT WAS 900.

9 MS. KENNE: THE REMAINING FUNDS WILL BE USED FOR
10 IMMEDIATE NEEDS LIKE PLAYGROUND REPAIRS, HVAC, IRRIGATION,
11 THAT KIND OF STUFF. SO AS NELSON SAID, WE WENT FORWARD,
12 AND YOU CAN SEE THAT LONGFELLOW HVAC WE APPROVED THAT
13 MOVING FORWARD.

14 WE HAVEN'T HEARD BACK IF THERE'S ANY OTHER
15 PROGRESS ON REFINANCING SOMETHING THAT WE TALKED ABOUT BACK
16 IN SEPTEMBER. I THOUGHT I READ, AND I COULD BE WRONG, BUT
17 THE NEW TAX PLAN BY THE FEDS STOPS SCHOOL DISTRICTS FROM
18 REFINANCING, BUT I DON'T KNOW IF I READ THAT CORRECTLY.

19 MS. WANG: I READ THAT TOO.

20 MS. KENNE: I THOUGHT I READ IT.

21 MR. CAYABYAB: WE WON'T BE ABLE TO REFINANCE ANYMORE
22 AS OF JANUARY 1 ON ANY BOND. THE REASONS WHY WE DECIDED
23 NOT TO MOVE FORWARD WITH THIS ONE, NUMBER ONE, IT'S TOO
24 SHORT TO GET IT IN BEFORE JANUARY 1ST, AND BECAUSE OF OUR
25 CREDIT REFERENCE, OUR CREDIT RATING AND STUFF LIKE THAT,

1 IT'S IN JEOPARDY SO WE JUST DECIDED NOT TO REFINANCE THE
2 REMAINDER OF THE BOND. BUT WE WERE SUCCESSFUL IN
3 REFINANCING THE PREVIOUS ONE SO WE SAVED TAXPAYERS \$12
4 MILLION.

5 MS. WANG: MOST OF CALIFORNIA CANNOT BE REFINANCED.

6 MS. KENNE: THE SCHOOL BOND RECONSOLIDATION COMMITTEE
7 I BELIEVE HAD THEIR FINAL MEETING ON 12-14, AND I THINK
8 THEY HAVE TRIED TO PUT TOGETHER A LIST OF SUGGESTIONS. NOT
9 JUST ONE SUGGESTION. MIKALA WAS SAYING SHE THINKS THAT IS
10 COMING TO THE BOARD AT OUR JANUARY 25TH MEETING.

11 MR. CAYABYAB: IT IS.

12 MS. KENNE: SO AT THE FINANCE MEETING WHEN WE TALKED
13 ABOUT THIS SWIFT LEE ITEM WITH THE TEMPLATE FOR FACILITIES
14 MASTER PLAN FOR THE NEEDS, I ASKED NELSON ABOUT THE
15 CONTRACT THAT WE HAD PREVIOUSLY WITH WLC TO DO THE
16 EDUCATION MASTER PLAN AND THE FACILITIES MASTER PLAN, AND
17 ARE WE GETTING A WORK PRODUCT THAT LOOKS LIKE A FACILITIES
18 MASTER PLAN, AND I THINK, IF I REMEMBER CORRECTLY, NELSON
19 SAID, NO, WE WEREN'T GETTING ANY OTHER WORK PRODUCT FROM
20 WLC. THEY GAVE US THAT CAPACITY STUDY. I STILL FEEL THAT
21 WE DON'T HAVE A FACILITIES MASTER PLAN, AND, AGAIN, AS I
22 SAID, I'M WORRIED THAT THIS HAS 13 SCHOOLS. I DON'T KNOW
23 HOW WE'RE DOING THE FULL THING, AND I WOULD SAY THAT WE
24 STILL SOMEHOW NEED TO INCORPORATE DEMOGRAPHICS, AND I WOULD
25 SAY REDO OUR PROGRAM LISTING BASED ON WHAT COMES OUT OF

1 CONSOLIDATION. BECAUSE I DON'T -- OUR FACILITIES MASTER
2 PLAN GOING FORWARD WHICH WE SHOULD HAVE ONE. I WOULD SAY
3 WE HAVEN'T HAD ONE SINCE 2008, BUT LET'S SAY THAT 2012 WAS
4 ONE, WE DO NEED ONE ISSUED AROUND NOW THAT LOOKS FORWARD
5 FOR FIVE YEARS, AND IT'S NOT CLEAR TO ME THAT WE'RE KEEPING
6 ALL OF OUR SCHOOLS OPEN OVER THOSE NEXT FIVE YEARS, AND I
7 DON'T KNOW THAT EVEN THE EDUCATION MASTER PLAN FROM A YEAR
8 OR SO GO THAT THE PROGRAMS WILL CONTINUE AT WHATEVER
9 SCHOOLS THEY ARE BECAUSE WE MIGHT BE CLOSING SOME OF THOSE
10 SCHOOLS, AND I WOULD WANT ANY FORWARD THINKING FACILITIES
11 MASTER PLAN TO BE LOOKING AT THE CHANGING DEMOGRAPHICS, THE
12 CHANGE OF THE NUMBER OF SCHOOLS THAT ARE OPEN, AND THE
13 CHANGE IN WHAT PROGRAMS ARE AT WHAT SCHOOLS. SO I'M STILL
14 WAITING FOR SOMETHING THAT LOOKS LIKE SOMETHING THAT TIES
15 THAT INFORMATION INTO A NEAT BOW.

16 MS. VANCE: IS THE FACILITIES COMMITTEE GOING TO BRING
17 THAT ALTOGETHER? ARE THEY GOING TO LOOK AT WHAT IS BROUGHT
18 UP FROM THE SCHOOL CLOSURE COMMITTEE AND NELSON STUDIES AND
19 THE CAPACITY STUDIES AND COME TOGETHER AND FIGURE IT ALL
20 OUT AND THEN ALSO YOUR PROGRAM?

21 MS. KENNE: SO I WAS STILL WORKING ON THE IMPRESSION
22 THAT WLC WAS GETTING US A FACILITIES MASTER PLAN BY
23 DECEMBER 2017 BECAUSE WHEN I LOOKED AT THEIR MOST RECENT
24 CONTRACT, THAT'S SEEMS TO BE WHAT WE CONTRACTED WITH THEM
25 FOR, AND I DON'T KNOW. IT FEELS LIKE WE'VE PAID THEM FOR

1 EVERYTHING WE CONTRACTED.

2 MS. VANCE: BUT NELSON SAID IT WAS JUST AN
3 EDUCATIONAL PLAN.

4 MS. KENNE: I'M LOOKING AT THE AMENDMENT NO. 2 FROM
5 FEBRUARY 2016 THAT TALKS ABOUT FACILITY MASTER PLAN. SO
6 THIS IS THE WLC MONEY THAT CAME OUT OF MEASURE TT
7 ADMINISTRATION, AND THIS MONEY GOES BACK TO 2011 BECAUSE
8 OUR FIRST CONTRACT WITH THEM --

9 MS. VANCE: WHAT'S THE TOTAL?

10 MS. KENNE: 542,000.

11 MS. VANCE: SO HALF A MILLION BUCKS TO COME UP WITH A
12 PLAN.

13 MS. KENNE: AND AT THE BEGINNING THEY MAY HAVE BEEN
14 DOING SOME PLANNING FOR MEASURE TT. THE EDUCATIONAL MASTER
15 PLAN WE ADDED TO THEIR CONTRACT, 290,000 IN 2015 AND JUST
16 UNDER 50,000 AT THE BEGINNING OF 2016.

17 MS. VANCE: WERE THERE ANY DELIVERABLES WITH THAT,
18 NELSON, BESIDES THE EDUCATIONAL MASTER PLAN?

19 MR. CAYABYAB: YES. AND AT THAT TIME ALL IT WAS WAS
20 IT IDENTIFIES A CLASSROOM WITH A BUNCH OF BLANKS FOR EACH
21 PARTICULAR SCHOOL, AND THEY LOOK AT THE EXISTING PROGRAMS
22 THAT WERE THERE AND TRYING TO PROCEED MOVING FORWARD, BUT
23 WE DIDN'T HAVE AN EDUCATIONAL MASTER PLAN AT THAT TIME SO
24 AT THAT POINT THAT CONTRACT WAS A NOT-TO-EXCEED AMOUNT. I
25 SAID THIS IS USELESS TO ME SO I KIND OF STOPPED THEM IN

1 MID-TRACK AND SAID LET ME PAY YOU TO WHAT YOU HAVE EXISTING
2 UNDER THE CONTRACT, AND THEN THAT'S WHEN WE MOVED FORWARD
3 WITH THE EDUCATIONAL MASTER PLAN, THE CAPACITY STUDY.

4 MS. VANCE: BUT DIDN'T THEY DO ALL THAT TOO?

5 MR. CAYABYAB: THEY DID, BUT IT WASN'T TO THE DEGREE
6 THAT IS NEEDED. IT DIDN'T LOOK AT FUTURE PROGRAMMING.
7 THEY DIDN'T CONSIDER FEEDER PATTERNS FOR PARTICULAR
8 SCHOOLS. THEY ONLY LOOKED AT THE EXISTING PROGRAMS AND
9 THAT DIDN'T MAKE SENSE. SO I PUT A STOP TO THAT, AND YOU
10 ARE -- I DIDN'T SPEND THE ENTIRE MONEY THAT IT WAS
11 CONTRACTED FOR AT THAT PARTICULAR TIME, AND AS FAR AS THE
12 REMAINING OF THE MASTER PLAN FOR MEASURE TT, WE ARE DOING
13 EXACTLY WHAT WAS DONE IN 2008 AND 2012. I SENT YOU ALL AN
14 UPDATE OF WHAT WAS COMPLETED, AND THE REASON WHY DO WE NEED
15 A MASTER PLAN NOW WHEN WE ARE -- WE'VE GOT A MEASURE TT
16 PRIORITY LIST TO SPEND THE REMAINDER OF THE EXPENDITURES
17 THAT WE HAVE LEFT IN MEASURE TT. IT DOESN'T MAKE -- TO ME
18 IT WAS A MOOT POINT. SO WE NEED TO MOVE FORWARD NOW WITH
19 THE MASTER PLAN FOR THE NEXT BOND AND SO FORTH, AND THAT'S
20 WHEN THIS SWIFT LEE THING IS ALL ABOUT.

21 MR. CATES: NELSON, HOW WILL YOU PAY FOR THE MASTER
22 PLAN FOR THE NEXT BOND?

23 MR. CAYABYAB: IT'S OUT OF MEASURE Y RIGHT NOW. THIS
24 IS JUST A TEMPLATE THAT WE'RE GOING TO USE.

25 MR. CATES: I'M SORRY. I THOUGHT YOU SAID THAT

1 MEASURE Y WOULD BE EXHAUSTED?

2 MS. VANCE: NO. SO THE SWIFT LEE AGREEMENT HE JUST
3 GOT APPROVED.

4 MR. CAYABYAB: THAT'S A TEMPLATE. ONCE WE SELL AND
5 THE BOND GETS MOVING FORWARD, THEN THAT'S WHEN WE GET THE
6 ARCHITECTS TO MOVE IN AND ASSIGN THE ARCHITECTS FOR THESE
7 PARTICULAR SCHOOLS AND ACCORDING TO THAT MARKETING PROGRAM
8 AND THE SCHEDULE AND THE CONSTRUCTION THAT WE HAVE TO HAVE,
9 THEN WE START THE PROCESS OF THE DESIGN OF THOSE PARTICULAR
10 SCHOOLS WITH THE NEW BOND.

11 MR. CATES: BUT YOU DO HAVE THE PRESENT ABILITY TO PAY
12 FOR WHAT I'LL CALL THE NEXT BOND MASTER PLAN?

13 MR. CAYABYAB: THAT'S CORRECT.

14 MR. CATES: OUT OF BONDS THAT ARE NOT TT FUNDS?

15 MR. CAYABYAB: THIS IS THE MEASURE Y. THIS IS WHAT
16 WE'RE TALKING ABOUT.

17 MR. CATES: AND THIS PAYMENT WILL EXHAUST MEASURE Y?

18 MR. CAYABYAB: THAT'S CORRECT

19 MS. KENNE: SO THIS DISTRICT THROUGH OUR -- THAT'S WHY
20 I HAD THE BOARD POLICY AND FACILITY MASTER PLANS UP. THIS
21 DISTRICT'S REQUIREMENT IS THAT WE HAVE A FACILITIES MASTER
22 PLAN AT ALL TIMES AND UPDATED EVERY FIVE YEARS WHETHER WE
23 HAVE BONDS OR NOT. I'M LOOKING AT THIS A DIFFERENT WAY.
24 THE FACILITIES MASTER PLAN IS NOT A PLAN FOR THE BOND.
25 IT'S A PLAN FOR THE NEXT FIVE YEARS OF THIS DISTRICT WHICH

1 MAY OR MAY NOT HAVE A BOND IN IT, BUT SOMEWHERE I WANT TO
2 SEE REFLECTED WE ONLY HAVE TO MAINTAIN THESE 20 BUILDINGS
3 BECAUSE WE'RE CLOSING THE OTHER 6, AND IT'S BECAUSE OF OUR
4 DEMOGRAPHICS, AND THIS IS HOW WE'VE REARRANGED THE
5 PROGRAMS, AND, THEREFORE, THIS IS WHAT WE NEED FROM A
6 FACILITIES STANDPOINT. SO THAT'S MY FACILITIES MASTER PLAN
7 SOAP BOX.

8 MR. VITALE: WHAT HAPPENS WITH THE CLOSED SCHOOLS AS
9 FAR AS MAINTENANCE OF THOSE SITES OR ARE THEY GOING TO BE
10 LEASED OUT TO CHARTER SCHOOLS?

11 MS. KENNE: REMAINS TO BE SEEN. WE HAVEN'T CLOSED ANY
12 AT THIS POINT YET.

13 THE DISTRICT FILED A NEGATIVE BUDGET
14 CERTIFICATION AT OUR DECEMBER 14TH MEETING WHICH MEANS THAT
15 WE CANNOT MEET OUR FISCAL RESPONSIBILITIES IN THE CURRENT
16 YEAR. SO WE HAVE TO FIND \$6 MILLION IN CUTS FOR THE
17 CURRENT YEAR SO WE CAN START MEETING OUR MINIMUM RESERVE,
18 AND AT LEAST ANOTHER 15 MILLION IN NEXT YEAR, AND IT'S JUST
19 HARD TO FIND CURRENT YEAR CUTS BECAUSE CERTIFICATED STAFF
20 IS PROTECTED BY LAW WHICH MEANS WE TEND TO LOOK AT
21 CLASSIFIED STAFF WHO STILL HAVE A 60-DAY NOTICE.

22 MS. VANCE: THAT WILL BE A NICE CHRISTMAS PRESENT.

23 MR. CAYABYAB: ONE MORE THING JUST TO REITERATE. IT'S
24 IMPORTANT THAT WE GET OUT OF THIS BUDGET CRISIS, THE
25 DISTRICT DOES, BECAUSE IT IMPACTS OUR CREDIT RATING. IT

1 IMPACTS HOW WE'RE GOING TO BE ABLE TO APPLY FOR A BOND.
2 YES, THE VOTERS CAN APPROVE THE BOND, BUT YOUR UNDERWRITERS
3 ARE GOING TO TELL YOU AT A VERY HIGH INTEREST RATE WHICH IS
4 NOT WORTH IT. THAT'S THE CONNECTION ON WHY WE HAVE TO
5 MAINTAIN SOLVENCY ON THIS, AND IT'S ALL PREDICATED ON
6 WHETHER WE CAN GO FOR THE NEXT BOND. IF WE DON'T SOLVE
7 THIS, WE WON'T BE ABLE TO.

8 MR. HOCUTT: KIM, DO YOU HAVE ENOUGH CLASSIFIED STAFF
9 THAT YOU CAN CUT TO GET 6 TO 15 MILLION DOLLARS OUT OF IT?

10 MS. KENNE: SO THE CLASSIFIEDS FOR THIS YEAR PROBABLY
11 NOT. SO I KNOW THAT PEOPLE ARE --

12 MR. HOCUTT: LET'S SAY NEXT YEAR.

13 MS. KENNE: WE NEED TO CUT \$15 MILLION BY NEXT YEAR.
14 AND THE QUESTION IS WHERE, AND, AGAIN, WE THINK WE'RE GOING
15 TO START TALKING ABOUT THIS AT OUR JANUARY 25TH MEETING
16 WHERE WE'RE ALSO DOING ALL THESE OTHER THINGS. THAT'S WHY
17 IT WILL BE LENGTHY

18 MR. HOCUTT: WERE THERE TWO PEOPLE ON THAT VIDEO THAT
19 I WATCHED KIND OF THREATENING A POTENTIAL STATE TAKE OVER
20 IF THE DISTRICT CAN'T RESOLVE THIS PROBLEM?

21 MS. KENNE: THAT IS WHAT HAPPENS. WHEN THAT HAPPENS,
22 THE BOARD DOESN'T MAKE DECISIONS ANYMORE. THE STATE COMES
23 IN. YOUR COLLECTIVE BARGAINING AGREEMENTS WITH ALL THE
24 UNIONS GO OUT THE WINDOW. I DON'T KNOW QUITE HOW MUCH
25 LEEWAY YOU HAVE TO DO -- THE STATE HAS TO DO WHATEVER THEY

1 WANT. SOMEONE WAS ASKING ME HOW -- WHAT'S THE TRIGGER FOR
2 THE STATE TO COME IN BECAUSE I DON'T KNOW IF WE'RE QUITE
3 THERE YET AND I'M NOT EXACTLY SURE. SO I THINK WE FILE
4 ANOTHER INTERIM REPORT. WE FILED ONE IN DECEMBER AS OF THE
5 END OF THE OCTOBER. WE'LL FILE ANOTHER ONE IN MARCH
6 REFLECTING THE END OF JANUARY. IF WE HAVEN'T MADE THE
7 NUMBERS LOOK BETTER BY THE END OF JANUARY WHEN WE REPORT ON
8 THEM IN MARCH, I DON'T KNOW IF THAT'S THE TRIGGER. FUN
9 TIMES.

10 CAN YOU PUT SARCASM IN THERE? ALL DONE.

11 MR. CATES: THANK YOU.

12 DIANA ISN'T HERE SO WE'RE GOING TO HAVE TO SKIP
13 VII, REPORT BY THE PUBLIC OUTREACH SUBCOMMITTEE WHICH TAKES
14 US TO THE REPORT BY OUR LIAISON TO FACILITIES COMMITTEE.

15 STEVE.

16 MR. COLE: WHICH AS USUALLY HAS PRETTY MUCH BEEN
17 COVERED BY THEIR TWO REPORTS. THERE'S NOT MUCH ELSE TO
18 REPORT OUT OF IT. I DID SHOW UP FOR ALL OF THE FACILITIES
19 COMMITTEES IN BETWEEN INCLUDING THE EARLY ONE THIS WEEK
20 ALTHOUGH I DID NOT GO TO THE PLANNING MEETING.

21 MR. CATES: STEVE, HOW LONG DO THOSE MEETINGS
22 TYPICALLY CLASS.

23 MR. COLE: THIS LAST ONE WAS NICE. IT STARTED EARLIER
24 AT 2:30, AND IT WENT FOR WHAT? TWO AND A HALF HOURS?

25 MS. KENNE: WE WERE DONE BY 4:00.

1 MR. COLE: SO AN HOUR AND A HALF. NORMALLY THEY RUN
2 ABOUT A HALF HOUR TO 45 MINUTES.

3 MR. HOCUTT: IN THIS LAST ONE DID THEY ACTUALLY VET
4 THESE BOARDS REPORTS?

5 MR. COLE: YES.

6 MR. HOCUTT: ANY IDEA HOW LONG THAT DISCUSSION TOOK TO
7 VET THOSE REPORTS?

8 MR. COLE: PRETTY MUCH THE WHOLE TIME. WE DID HAVE
9 JACKSON AND THAT WAS FOR ABOUT AN HALF AN HOUR.

10 MR. CAYABYAB: COULD I ADD ONE THING TO THE FACILITIES
11 REPORT? I TALKED ABOUT -- I'M SURE MR. VITALE WILL AGREE
12 WITH ME THAT IF THERE'S SOMETHING YOU NEED TO PUT ON YOUR
13 RADAR, I THINK AS THE INDECISIONS THAT ARE MADE BY THE
14 SITE, THE FACILITIES COMMITTEE, AND THIS DISTRICT,
15 INDECISIONS IN SUCH A WAY THAT THEY APPROVE A PROJECT
16 MOVING FORWARD. I GO THROUGH ALL THE DSA APPROVAL PROCESS,
17 SOFT COSTS AND THEN BEFORE IT MOVES FORWARDS AGAIN, MINE
18 HAS CHANGED. SO YOU GO THROUGH THAT SEVERAL ITERATIONS,
19 YOU WASTE A LOT OF MONEY ON SOFT COSTS. IF YOU'RE GOING TO
20 PUT ANYTHING ON YOUR RADAR, PLEASE LOOK AT THAT AS A
21 MONITORING BECAUSE TO ME THAT IS THE BIGGEST WASTE OF MONEY
22 NOT MOVING FORWARD WITH WHAT WE DECIDE TO DO WHEN YOU'VE
23 ALREADY SPEND ALL THE SOFT COSTS ASSOCIATED WITH THAT
24 PROJECT.

25 MS. KENNE: TO ADD TO THAT I THINK WE JUST NEED A

1 PROCESS THAT ENSURES THAT THE DECISIONMAKING IS KIND OF
2 HAPPENING IN A VERY STRUCTURED WAY. BECAUSE, YOU KNOW,
3 PART OF IT I THINK HAS BEEN THAT -- I KNOW THAT SITE
4 COUNCILS ARE NOT ELECTED BY A BROAD SWATH OF PEOPLE AND ARE
5 NOT THE ONES WHO SHOULD BE HELD RESPONSIBLE FOR MAKING
6 THESE DECISIONS. NEITHER ARE PRINCIPALS. WE HAVE TO MAKE
7 SURE THAT THE STRUCTURE OF WHO MAKES THE DECISIONS AND THE
8 CHANGES. IT'S ALL WELL AND GOOD TO GO TO SCHOOLS AND SAY
9 WHAT DO YOU WANT, BUT WE CAN'T LET THE SCHOOLS DICTATE. SO
10 WE HAVE TO MAKE SURE THERE'S A STRUCTURE THERE SO IF THEY
11 SAY WE WANT THESE 20 THINGS, SOMEONE OFFICIALLY -- MEANING
12 THE BOARD -- HAS TO SAY YES OR NO, AND WHEN THEY COME BACK
13 AND SAY NOW WE CHANGED OUR MIND AND WE WANT 10 NEW THINGS
14 AND ONLY 10 OF THE PREVIOUS ONES WE GAVE YOU, WE SAY STOP
15 IT.

16 MR. HOCUTT: IS THAT THE INDECISION YOU'RE REFERRING
17 TO ON THE PART OF SITE COUNCILS CHANGING THEIR MINDS?

18 MR. CAYABYAB: PRETTY MUCH.

19 MR. HOCUTT: IT'S NOT INDECISION ON THE PART OF THE
20 BOARD?

21 MR. CAYABYAB: NO. EVERY TIME I PROVIDE OR SUBMIT
22 PLANS TO OR ANY KIND OF, YOU KNOW, THE ARCHITECTURAL
23 SERVICES, I GET BOARD APPROVAL TO DO THAT TO DO A SPECIFIC
24 PROCESS. THE BOARD HAS THE DECISIONS ON THAT. ONCE IT
25 GETS OUT OF DSA, I GO OUT TO REBID THESE CONTRACTS, AND

1 THEN THE BOARD AGAIN HAS THE OPPORTUNITY TO YEA OR NAY ON
2 THESE THINGS. BUT PERFECT EXAMPLE, ONE OF THE PARTICULAR
3 SITES, YOU BUILD A TWO-STORY BUILDING AND YOU GO THROUGH
4 DSA AND YOU GET SOMEWHAT INTO THAT PROCESS. NO, NOW YOU
5 WANT A PARKING LOT. YOU WANT PORTABLES IMMEDIATELY. THAT
6 KIND OF THING. SO THAT GOES AWAY, AND NOW YOU WANT THIS,
7 YOU WANT THAT, SO THAT GOES AWAY. SO ALL THE MONEY YOU
8 SPENT ON SOFT COSTS TRYING TO GET DSA APPROVAL IS WASTED.

9 MR. HOCUTT: BUT THIS IS THE SITE COUNCIL CAUSING ALL
10 OF THIS?

11 MR. CAYABYAB: KIND OF BOTH. SITE COUNCIL, PRINCIPAL.
12 I TRY TO APPEASE WHAT THE PUBLIC WANTS OR THE SITE COUNCIL
13 WANTS AND THEN I GO TO THE BOARD TO APPROVE FOR THESE
14 SERVICES, AND THEN ONCE THAT THING IS COMPLETED OR DONE,
15 THE MINDS ARE CHANGED AGAIN. BECAUSE NOW BE IT MORE
16 STUDENTS OR WHATEVER YOU NEED TO DO OR MORE THIS OR SOME
17 REASON OR THE OTHER, BUT THE FACT IS WE'VE ALREADY GONE
18 THROUGH AND SPENT THAT MONEY ON SOFT COSTS, AND IT'S JUST
19 WASTED.

20 MR. HOCUTT: YOU'RE SAYING THE POLITICAL PROCESS IS
21 MESSY BASICALLY?

22 MR. CAYABYAB: MS. KENNE IS RIGHT. WE HAVE TO
23 ESTABLISH -- FOR THE NEW BOND FOR THESE PROJECTS THIS IS
24 WHAT YOU'RE GOING TO DO. THIS IS THE PROCESS YOU'RE GOING
25 TO FOLLOW, AND ONCE A PROJECT IS APPROVED BY THE BOARD AND

1 IS OUT OF DSA, YOU'RE IT. WE'RE GOING TO MOVE FORWARD WITH
2 IT TYPE OF A THING. THAT'S WHAT I WOULD LIKE TO SEE
3 INSTEAD OF SO MANY CHANGING OF MINDS.

4 MR. HOCUTT: BUT THE BOARD IS SUBJECT TO POLITICAL
5 OPINION FROM THE PEOPLE AT THE SCHOOLS, FOR EXAMPLE,
6 IDENTIFICATION OF PHS.

7 MR. CAYABYAB: I UNDERSTAND.

8 MR. VITALE: UNTIL THEY GET THEIR FINANCIAL HOUSE IN
9 ORDER, THEY'RE NOT GOING TO BE ABLE TO DO A LOT OF THIS FOR
10 THE NEXT COUPLE OF YEARS, SO POLITICS ARE GOING TO GO OUT
11 THE WINDOW IN DEFERENCE TO ABILITY TO PAY AND ABILITY TO
12 OPERATE THE SCHOOLS OR NOT.

13 MR. CAYABYAB: THANK YOU. IT'S BEEN FUN.

14 MR. CATES: DOES ANYONE HAVE ANYMORE BUSINESS?

15 ALL RIGHT. BEFORE WE CLOSE I'D LIKE TO WISH ALL
16 OF YOU A VERY MERRY CHRISTMAS AND A HAPPY NEW YEAR. I WILL
17 BE SITTING GLUED TO MY SCREEN WAITING TO GET ALL OF YOUR
18 COMMENTS. NEXT MEETING JANUARY 17TH. YOU KNOW, SOME OF
19 THE ITEMS WE'LL BE DISCUSSING, PARTICULARLY APPROVAL OF THE
20 ANNUAL REPORT, AND I HEREBY DECLARE THE MEETING ADJOURNED
21 AT 9:20 P.M.

22 (THE MEETING ADJOURNED AT 9:20 P.M.)

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