



**PASADENA UNIFIED SCHOOL DISTRICT (PUSD)
CITIZENS' OVERSIGHT COMMITTEE (COC) MEETING
Meeting Minutes of October 19, 2016**

Location: Pasadena High School, Room 203, 2925 E. Sierra Madre Blvd. Pasadena, CA 91107
Present: Gretchen Vance, Quincy Hocutt, Willie Ordonez, Clifton Cates, Jen Wang, Geoffrey Commons, Derek Walker, Diana Verdugo, Mikala Rahn, Joelle Morisseau-Phillips, Glen de Veer, and Chris Romero.
Absent: Steven Cole
Pasadena Unified School District (PUSD) Board Member Liaison: Patrick Cahalan
PUSD Staff: Nelson Cayabyab, Chief Facilities Officer; Nadia Zendejas, Executive Secretary; Anson Rane, Project Manager.
Guests: Jimmy Whittington of Nigro & Nigro Accounting

I. CALL TO ORDER

Ms. Vance

The meeting was called to order at 6:34 PM.

Ms. Vance announced the resignations of two Citizens' Oversight Committee (COC) Members: Pam Boxley and Julie Root. Ms. Vance requested the PUSD Board to seek new members for the COC, and Mr. Cates requested COC involvement in the selection process for new members. Mr. Cahalan later said that he thought such involvement was appropriate.

II. PUBLIC COMMENT

There was no public comment.

III. APPROVAL OF JUNE 15 AND SEPTEMBER 21, 2016 MEETING MINUTES

Action: Mr. Cates moved to approve both the June 15 and September 21, 2016 meeting minutes as submitted.

The motion carried by a vote of 11 to 0. Geoffrey Commons abstained.

IV. PERFORMANCE AND FINANCIAL AUDITS

Mr. Whittington

Mr. Whittington presented the committee with a booklet of the Financial and Performance audit of the Measure TT Bond Building Fund for the fiscal year ended June 30, 2016. He briefed the committee on the following topics: scope of the audits, financial statement audit, performance audit, internal control review, and findings.

- Mr. Whittington informed the Committee that the auditors look at procedures of the audit subject and perform tests on a selection, but not all, of the total expenditures to obtain reasonable, but not absolute, assurance that the auditor's opinion is correct. In this case, the audit firm considered more than 50% of the total Measure TT expenditures. A risk

assessment is done to determine where the higher risk areas are in the financial statements regarding compliance and then a test is made of those areas. The auditor has issued a clean opinion stating that for the fiscal year ended June 30, 2016 the financial statements present fairly, in all material respects, the financial position of the Measure TT General Obligation Bond Building Fund of the PUSD and the changes in financial position thereof for the fiscal year then ended in accordance with generally accepted accounting principles. The firm did not provide an opinion on the adequacy of the District's internal controls. The opinion contained a finding that, contrary to established procedures, change orders at Field Elementary exceeded ten percent of the original contract price. The District responded that this work was already completed at the time of the audit and that new management would comply with the rules on future projects.

- Mr. Cates asked Mr. Whittington how he could rely on the District's internal controls for the purpose of rendering a final opinion while expressly disclaiming any opinion on the adequacy of those controls. Mr. Whittington responded that the purpose of the audit is to give an opinion on the financial statements which stand apart from the internal control system. He added that the purpose of the audit is to look at the financial statements making sure they are fairly presented, and it is not to look at internal controls. Mr. Cates was not convinced by this explanation but did not pursue the matter further.
- Mr. Commons was concerned with construction cost overruns and he asked how many samples were tested. Mr. Whittington replied that they select a sample of contracts, and they tested greater than 50% of the total Measure TT expenditures. Mr. Commons requested that for next year's audit, the Committee choose specific areas or contracts that they would like the audit to focus on.
- Mr. Whittington then reviewed and explained each page of the audit report. He added that the District received a clean audit opinion, which is the highest level of opinion that an auditor can give on financial statements.
- Mr. Cates questioned how the auditors determine what portion of District employees' salaries should be charged to Measure TT and what portion should not be so charged and asked what the portion should be. Mr. Whittington replied that they do not make a determination of what salaries should be charged or should not be charged to Measure TT as that is the District's determination. His firm ensures only that that determination is reasonable. He added that most of the employees that they tested were charging 100% to Measure TT. His firm looks at employee job descriptions and they also make sure that there are no teacher or administrator salaries being charged to Measure TT. He added that his firm endeavors to determine that the only salaries being paid out of measure TT are for employees working on the bond program. Mr. Cates added that the Committee must ask the District the basis on which the allocations of employee salaries to Proposition TT funds are made.
- Ms. Wang commented that compared to last year's salary and benefit costs, this year they have doubled and asked if this had triggered any attention. Mr. Whittington replied that this year the District had filled some personnel vacancies, accounting for the increase. Mr. Cayabyab added that he had indeed increased his staff and that there are more construction projects going on this year than last.

Action: Ms. Wang will put together a list of questions for PUSD staff regarding the change in salary increases compared to last year's employee salaries.

- Mr. Cates asked Mr. Whittington that, beginning with the fiscal year ending June 30, 2017, financial statements show both current year and preceding year income statement and balance sheet items to facilitate a comparison between the two years. Mr. Whittington agreed and acknowledged that because there is no additional work for Nigro & Nigro there would be no additional costs.
- After the audit presentation, the COC took a brief tour to observe the condition of the student restrooms in the G building of Pasadena High School. Complaints had been received regarding unacceptable conditions in these bathrooms. The tour revealed no adverse conditions, but members questioned why these rooms were kept locked during the day without letting the students have access.

V. PENDING BUSINESS

A. Preparation of COC Meeting Minutes

Ms. Wang and Mr. Hocutt

I. Continuing Problems:

- Mrs. Wang expressed concern about not receiving the initial rough draft of the COC meeting minutes from District staff in a timely manner.

II. Review of the schedule for production of the minutes previously approved by the Committee and the District and ensuring adherence thereto:

- The District and the COC Minutes Subcommittee agreed that District staff will provide the COC with rough draft minutes seven (7) business days after the COC meeting.

III. Continuing need for satisfactory transcription software:

- The *Dragon* transcription software proved not to be satisfactory for transcribing multiple voices, and the software has been returned for a refund.
- As a written transcription is still a necessity, Mr. Hocutt suggested reimbursing either a PUSD employee or a temporary employee to transcribe the minutes utilizing the recording. Mr. Cayabyab will consider paying an individual on an hourly basis to transcribe the meeting minutes and will report the results of his efforts at the next meeting.

B. Independent counsel analyses and recommendations

Mr. Cates

- Mr. Cates reported he had posed two questions to independent counsel regarding paying PUSD employees out of TT funds. Counsel replied that salaries of District staff may be paid with proceeds of the Measure TT bonds if the work performed by staff is essentially equivalent work that would have been performed by a contractor or vendor and the cost is capitalized by the District. If the cost is expensed it would be an indication that the District is merely shifting general fund expenditures to Measure TT funds. This issue was considered to be something of a gray area, and the District does need to demonstrate that the work completed by staff would otherwise be completed by a contractor or vendor and that the work constitutes a capital expenditure.
- Mr. Cates requested that the Committee receive from the District a reasonable allocation basis for expenditures that are shared between general funds and Measure TT funds.

- Mr. Cayabyab stated that in the future he will inform the Committee of proposed bond expenditures before they are vetted by the Facilities Committee so as to give the COC an opportunity to provide their recommendation for utilizing Measure TT funds, or not, on new proposed projects.

C. Action taken on proposed Measure TT expenditures previously reviewed by the Committee

Mr. Cayabyab

- Mr. Cayabyab informed the Committee that the Board Reports that the Committee recommended for approval were approved by the Board of Education at the Board's meeting. The Board Reports that were not recommended by the COC were pulled by Mr. Cayabyab and were not submitted for Board approval. He added that Committee meetings are timed so that the Committee may review the proposed Proposition TT expenditures (Board Reports) and provide their recommendation before the Board Reports are submitted for Board of Education approval.

D. Member photographs for the COC website

Ms. Vance / Mr. Hocutt

- Mr. Hocutt informed the COC that three members have not yet had their photograph taken for the COC website. Photographs of two of the members were obtained at the conclusion of the meeting and one member abstained.

E. Updating school site council representative information

Ms. Vance and Mr. Hocutt

- Mr. Cayabyab commented that the Board approved the Educational Master Plan and Facilities is moving forward with the feasibility studies on the sites with no on-going construction and verifying that as-built conditions reflect existing plans. He advised the Committee to get involved in the feasibility studies to be informed on future work on these sites.
- Mr. Hocutt will work with Mr. Cayabyab to update the school site council list to confirm which school sites have construction in process and which do not.

F. COC Website

Messrs. Cates and Hocutt

- Mr. Cates and Mr. Hocutt reported they had met with Project Manager Kris Zazirski regarding the Committee portion of the District's website, that he was very cooperative and has now completed the changes requested to date by the Committee. There was one change needed to the main PUSD website which will be pursued via the PUSD webmaster, Beth Leyden.

G. Participation in Committee activities by *all* members

Ms. Vance / Mr. Hocutt

- Ms. Vance tabled this item for next month's meeting.

VI. NEW BUSINESS

- A. The District will propose the expenditure of Measure TT funds for water testing costs for all school sites and historical surveys for the Linda Vista and San Rafael sites.

- Mr. Cayabyab informed the Committee that both of the noted items had not yet been submitted for Board approval. The Committee deferred consideration of those two items until such time as they are formally proposed in Board Reports.

B. Preparation by the District of a comprehensive report showing what projects are in progress, their current status, expected completion dates, and cost. *Mr. Hocutt*

- Mr. Hocutt requested that this item be tabled until next month's meeting as a proposal is currently in work.

C. Appointment of a new COC Project Finance Monitor to be responsible for presenting the budget report. *Ms. Vance*

- Ms. Jen Wang was appointed as the new COC Project Finance Monitor, replacing Pam Boxley who has resigned from the committee.

D. Election of a new Vice Chair *Ms. Vance*

- Ms. Vance suggested that Mr. Cates be selected as the new Vice Chair.
Action: Mr. Commons moved to elect Mr. Cates as the new Vice Chair and Mr. Hocutt seconded. The motion was carried unanimously. Vote: 11 to 0

E. Timely implementation of decisions of the Committee *Ms. Vance and Mr. Hocutt*

- Mr. Hocutt reminded the Committee to respond to e-mails in a timely manner when their input is being requested. It is a fundamental duty of the Committee members to keep work in process between Committee meetings.

F. Expectation that *all* COC members will participate in the Committee's work
Ms. Vance and Mr. Hocutt

- Ms. Vance requested that all committee members volunteer and actively participate to complete their individual responsibilities.

G. Revisions of Site Council guidelines *Messrs. Hocutt and Cates*

- Ms. Vance tabled this item until next month's meeting. Mr. Cates will prepare a revision of the existing guidelines.
- Diana Verdugo updated the Committee on the following School Site Council and District Advisory Council (DAC) meetings that she attended:
- DAC (District Advisory Council) November 7. 6:00PM
An Open Enrollment and Priority Registration discussion was presented.
Dr. Esther Salinas discussed the duties and responsibilities of the Ombudsman Office wherein emphasis is given to problem solving. A guide was given on procedures to be followed. The next DAC meeting is on December 5 at the Hudson street headquarters.

- Roosevelt School Site Council, Nov. 30
Construction is still scheduled for the summer of 2017. There will be no more winter construction as this would make parent traffic too difficult . All construction will be in the summer and summer school traffic will be rerouted. There will be NO meeting in December.
- Washington School Site Council, Nov. 8
There was ongoing discussion on the new gym. Activities are substantially completed pending final tests. There appears to be an ongoing issue with the contractor with regard to these tests. There also was a problem with erosion caused by rain water filling the excavation. Three dates will be set to finalize school site plan revisions. Discussion also centered on student truancy and attendance problems along with possible solutions. The next meeting is set for December 13

H. Removal of members who miss 3 consecutive meetings

Ms. Vance

- The by-laws of the committee allow for removal of a member who misses three consecutive meetings. No action was required at this time due to the resignation of an affected member.

I. Preparation of a COC Handbook for new members.

Mr. Hocutt

- Mr. Hocutt discussed the need to create a COC member handbook for new and future members. The establishment of the new COC website will make much of this material readily available.

J. Annual Report to the Board for fiscal year ended 6-30-16

Ms. Vance

- Ms. Vance will prepare a draft of the Annual Report to circulate to the Committee at the time the agenda for next month's meeting is distributed. She asked everyone in advance to review it and if they have any comments or suggestions to bring them to the next meeting. This report will be a topic of discussion at next month's meeting.

VII. Report by Chief of Facilities

- Mr. Cayabyab provided the COC with the updated project status report. Ms. Vance mentioned that Mr. Cayabyab had added to the report information the COC members had requested. This information provides the name of the project manager who is overseeing each project.

VIII. Report by Board of Education Liaison

- The Facilities Committee meeting will take place on October 20, 2016.
- Mr. Walker will attend the Facilities Committee standing in for Mr. Cole who will be unable to attend.

IX. Report by COC Liaison to Facilities Committee

Mr. Cole

- Mr. Cole was not present at this meeting due to work related issues and no report was made.

X. Future Meeting Agenda Items, Dates, and Locations

Ms. Vance

- The next COC meeting will be held on November 16, 2016 at the District Headquarters Office on Hudson Avenue in Conference Room 229.

XI. Adjournment

Ms. Vance

- The meeting was adjourned at 8:39 PM.