



MEETING MINUTES

A. CALL TO ORDER

1. Roll Call

Staff conducted Roll Call to establish Quorum:

Committee Members

- Satheesh Madhathil - present
- Ava Chiao - present
- Kate Lee - present; arrived at 1.06 pm
- Marc Kulla - present; arrived at 1.06 pm
- Mary Alarid-Enright - present; arrived at 1.07 pm
- Michelle Herriage - present
- Nick Prychodko - present
- Dan Halabe - absent
- Stuart Rosenberg - present
- Phyllis Vogel - present
- Kimya Shariffi - present
- Shompa Bhattacharya - present
- Omar Batres - present
- Maria Fernandez- present; arrived at 1.08 pm

Staff

- Stacy Yao - present
- Chris Jew- absent
- Tina Bernal - present
- Kavitha Lakshmanan - present

2. Approval of the December 2, 2025 Meeting Agenda

As the committee was not in quorum at the start of the meeting, the agenda was not approved.

B. MINUTES APPROVAL

1. Approval of the September 3, 2025 Meeting Minutes

Motion: Approve the September 3, 2025 regular Budget Advisory Committee meeting minutes

Motion by Phyllis Vogel, second by Marc Kulla

Final Resolution: Motion Carries

Voting:

- Satheesh Madhathil - yes
- Ava Chiao - yes
- Kate Lee - yes
- Marc Kulla - yes
- Mary Alarid-Enright - yes
- Michelle Herriage - yes
- Nick Prychodko - yes
- Dan Halabe - absent
- Stuart Rosenberg - yes
- Kimya Shariffi -yes
- Shompa Bhattacharya - yes
- Omar Batres - yes
- Maria Fernandez- yes

C. INFORMATION/DISCUSSION

1. 2025-26 First Interim Financial Report

Presenters: Stacy Yao, Superintendent and Tina Bernal, Director, Fiscal Services

The Budget Advisory Committee is the first group to review the First Interim Financial Report, which will be presented to the Board at a special meeting next Monday, with approval sought on December 11th to meet the December 15th County deadline. The committee's feedback on the report's clarity and numbers is vital before it is finalized for the Board.

- The First Interim covers expenditures through October 31st and projections through the end of the fiscal year.
- Review First Interim revenues and expenditures, compare them to the adopted budget, and analyze the multi-year projection with the Fiscal Stabilization Plan applied.
- The annual audit's presentation is delayed from December to January 2026 (extension granted due to the Federal Government's OMB not releasing the final compliance supplement). This delay affects all California districts.
- Second Interim will be presented in March 2026, and the 2026-2027 budget will be adopted in June 2026.

Revenue Highlights (slide 4)

- The District is a basic aid district, relying primarily on local property taxes.
- Supplemental Taxes: Revenue from older appeals (when the District was LCFF-funded) is being received but will taper off over the next few years. The projection for this year is \$5.3 million, declining to about \$700,000 by FY 2028.
- Federal Income: Highly uncertain, particularly Title programs (about \$1.2 million,

with over \$400,000 in positions), due to concerns about potential changes that would shift funding entirely to the state level. Total federal funding is over \$13 million.

- State Income: The District received a one-time, \$4 million student support and professional development discretionary block grant, which can be used for any function, including addressing rising costs.

Member clarifying questions and comments:

- Would the projected \$5.3 million in supplemental taxes change the proposed \$8 million in cuts this year?
 - This will be answered later in the presentation once revenue and expenditure projections are compared.
- Have you heard anything regarding federal funding changing around Nutrition or Special Education?
 - No. The federal government got rid of universal meals, but the State of California then stepped up to the plate and picked up the universal meals.

General Fund Revenue (Slide 5)

- The District projects total General Fund revenue for FY 2025-2026 to be \$253.7 million.
- Over 75% of the annual revenue is generated from local Property Taxes.

Member clarifying questions and comments:

- Supplemental Tax Clarification
 - The fiscal year runs from July to June (ending June 2026). Supplemental taxes, which were \$7.4 million last year, are projected to be \$5.3 million this year. This revenue comes from property appeals settled from the years when the District was LCFF-funded, and it is expected to taper off over the next three years. Supplemental taxes are included under the Property Tax category, and the one-time \$4 million block grant is included under State Funding.

Expenditure Highlights (slide 6)

- The 2% salary increases negotiated with bargaining units are currently being processed but were already included and planned for in the adopted budget.
- Currently working on updates related to health and welfare costs following the start of the open enrollment period in November with employees selecting new plans, adding or changing beneficiaries. This activity makes it very hard to project the final cost changes for the First Interim. The District eliminated one of its most expensive health plan options, which had low enrollment. More solid and concrete financial information regarding health and welfare costs will be available at Second Interim once all enrollment data is finalized.
- Continue to see price increases across all utilities: sewer, water, garbage, and especially electricity. While the District budgeted for an 80% reduction in electricity expenditures this year due to solar energy generation, these expected

savings are being eaten up by rate increases from PG&E. The District does not anticipate realizing the full utility savings originally planned due to these external rate hikes.

- The First Interim data only covers July through October, requiring projections for the rest of the year. More accurate estimates will be available at the Second Interim.
- Vacant Positions: At the time of the First Interim report, the District removed the budget dollars for all currently vacant positions (totaling \$1.6 million as of now) with the assumption that they would not be filled for the remainder of the year. This allows management to assess the need for each vacant position. If a position is deemed essential, it remains open and will be budgeted for and filled. If a position is deemed unnecessary (e.g., redundant or long-term vacant), it will be closed and removed permanently.

Member clarifying questions and comments:

- Are the positions frozen?
 - The positions are not currently frozen; they are being assessed individually. They remain posted and visible unless management decides to close them.
- By removing the money for all vacancies, is the assumption that none will be filled until the end of the year?
 - The removal accounts for the savings accrued during the first five months (since July 1st) when they were vacant. The \$1.6 million savings is likely an over-estimation, as some positions may be filled later.
- If a vacant position is deemed unnecessary and closed, would that require a formal layoff process (especially for classified staff)?
 - Yes, under CSEA rules, even a vacant position still requires a layoff process to formally close it. For certificated staff, the position is simply closed.
- If a position is formally laid off and closed, can it be reopened?
 - No. Once a position is laid off, it is permanently removed from the books and would have to be brought back with a new position number.
- Given the need for cuts, what is the process for determining which positions are necessary?
 - Site-level positions involve conversations with principals; district-level decisions are made by Executive Council (EC).
- Will the unions be contacted when decisions are made to close positions?
 - The intent is to keep the unions informed early in the process. While management makes the decision on layoffs, the unions have the right to bargain the effects of the layoffs. The early timing of this discussion is intended to increase clarity and awareness.
- Many positions, particularly Instructional Assistant positions, are currently vacant.
 - They remain posted, but no one is applying or being hired. The money for these vacant, unfilled positions is currently encumbered (set aside) in the budget. By removing the money (\$1.6 million savings) for the remainder of the year, the funds can be brought back into the General Fund. Even if

all currently vacant positions were filled immediately, the District has already accrued savings from the months they were empty. The District is being tight on budgeting, recognizing that some positions are chronically difficult to fill (e.g., struggling to hire 10 Behavior Intervention (BI) positions with only one applicant). We are encumbering the money for 10 positions that are sitting there vacant for months and months. And so, instead of floating that many positions, we could just float three positions and help to get them filled. For positions that cannot be filled, especially in Special Education, the District often contracts with outside organizations, which is significantly more expensive than hiring a direct employee.

- The complexity of layoffs was noted, referencing a previous Board presentation where identifying an employee for layoff does not guarantee that person is laid off due to bumping rights. The District has been meeting with the three union presidents from the beginning of the year to ensure transparency and early awareness of the process, particularly regarding the effects of any potential layoffs.
- There is a risk of losing good people through the Early Retirement Incentive.
 - If a retiring person is replaced, the intent is to bring someone in at a lower salary. The core budget issue is that the District is currently overstaffed. The long-term goal is to reduce staffing numbers, which could potentially free up more money for salary increases for a smaller workforce.
- The District's benefit of offering 100% health care coverage for employees is a significant incentive used to attract talent, especially when competing for salaries. However, some job seekers might prioritize salary over healthcare if they have coverage through a spouse.
- Past taxes that are in appeals, how much is that? Aren't appeals typically to lower property taxes? Why wouldn't it be a negative impact on the district?
 - It can be. The projected supplemental tax revenue comes from property taxes that were put into appeal during the years the District was funded under the Local Control Funding Formula (LCFF). When the County Assessor's Office resolves these appeals, they check if the property was part of the District and if the District was LCFF-funded during the appeal period. If both are true (e.g., appeals from 2023), the District is eligible for the supplemental taxes. Once the District transitioned to Basic Aid (starting in 2024-2025), it is no longer eligible for supplemental taxes from new appeals. While property tax appeals can sometimes result in a negative impact (like the example of a large corporation receiving a reduction), the County Assessor's projection for the current appeals expected to be settled indicates that the resulting revenue will still be positive for the District.

General Fun Projected Expenditures (slide 7)

- The projected total expenditures for FY 2025-2026 at First Interim are \$267.8 million.
- The majority of the budget is consumed by personnel costs and benefits.
- Contract Services account for about 8%.

- Supplies account for about 4%.
- Capital Outlay is about 1%.
- Personnel Breakdown
 - Certificated Management: \$11.5 million (approx. 10% of certificated salaries).
 - Classified Management: \$4.6 million (approx. 9.5% of classified salaries).
 - Total Management Salaries: \$16.1 million (approx. 10% of overall salaries).
- The District's projected revenue is \$253.7 million, while its projected expenditures are \$267.8 million. This difference clearly illustrates the deficit spending that the Fiscal Stabilization Plan is designed to address.
- Services and operations includes utilities, professional services and contracts, Legal costs, including settlements, non-public school expenses. A more detailed breakdown is available in a future slide.

Member clarifying question:

- Does the benefits category on the expenditure chart includes mandatory costs like STRS (State Teachers' Retirement System) and PERS (Public Employees' Retirement System)?
 - Yes
- Since we can't control the STRS and PERS \$ amounts, we want to see the benefits separated as that is something we can control.

Fiscal Stabilization Plan (slide 8)

- Goals of the plan, which the Board has been developing for several months, aims to eliminate deficit spending, increase District reserves, establish a clear path to fiscal stability, recognize and value staff.
- For the current fiscal year (2025-2026), the figures are Total Revenue: \$253 million, Total Expenditures: \$267 million, Resulting Deficit Spend: Approximately \$14 million. The immediate goal of the Fiscal Stabilization Plan is to eliminate this deficit, as spending significantly more than the revenue generated is fiscally unsustainable.

MYP (slide 9)

- Current Deficit (2025-2026): The current deficit spend is approximately \$14 million. With the FSP fully implemented, the deficit is immediately minimized in FY 2026-2027. Following the first year of FSP, the projections show revenues increasing over expenditures, moving the District into a sustainable financial position. The difference between the 2025-2026 deficit and the projected surplus in 2026-2027 is due to the reductions and changes that will be detailed later.
- The current reserve is projected at 4.4%, which is well below the desired 6% minimum and the 10% target. 2026-2027: Reserves are projected to immediately exceed the 6% minimum, reaching 7.94%. 2028-2029: Reserves are projected to hit the Board's desired 10% target. These positive results are contingent upon all components of the Fiscal Stabilization Plan being approved and implemented.

- Once the 10% reserve is reached, anything above and beyond that amount is in the Unassigned Fund Balance. 2028-2029: Approximately \$800,000 is shown in the Unassigned Fund Balance. 2029-2030: Approximately \$12 million is shown in the Unassigned Fund Balance. The surplus funds are available for future board decisions rather than adding to the mandated reserve percentage.
- Initial Slow Growth (25-26 to 26-27): The revenue growth appears small (approx. 0.5%) because the District is losing significant one-time funding in FY 2026-2027:
 - Loss of State Grant: -\$4 million (one-time Student Support Grant).
 - Loss of Federal Funds: -\$8.3 million (one-time federal IRA money).
 - Net Effect: The growth in property taxes is mostly absorbed by the loss of this \$12 million in one-time funds, making the net revenue growth look small.
 - Future Growth (28-29 onwards): Revenue growth appears higher in future years because the one-time funding has rolled off, leaving the budget to reflect the steady projected 5% growth in property taxes.
- Expenditure and Staffing Challenges:
 - The MYP accounts for projected declining enrollment (losing 100-120 students per year), which will naturally lead to a reduction in certificated staffing based on staffing ratios.
 - The MYP projections do not include any salary increases for FY 2026-2027 and beyond. This is why aggressive stabilization is needed now—to create room for necessary future salary increases.
 - The \$8 million parcel tax expired in 2024-2025 but the approximately 76 positions it funded were never eliminated, leaving the \$8 million cost embedded in the General Fund.
 - This is the last year the District has any remaining COVID (ESSER) funds. This money was explicitly required to be spent on staffing, but now the money is gone while the staffing remains in the system.

Member clarifying questions and comments:

- We should include a small percentage in presumed negotiated raises so that we can get a bit more realistic picture, say 2%.
- How many vacant positions?
 - At the time the First Interim was prepared (covering up to October 31st), there were approximately 45 vacant positions being assessed.
 - The committee requested a list detailing the types of these 45 vacant positions (without employee names).
 - The \$1.6 million savings figure for vacant positions represents the cost of those salaries only from November 1st to the end of the fiscal year. The savings from the first part of the year (July to October) had already been accounted for.
 - The District typically discusses staffing numbers in terms of Full-Time Equivalents (FTEs), which is based on an eight-hour position. Not all employees work eight hours; therefore, one FTE might represent one full-time employee or multiple part-time employees.
- Maybe include a line which represents the "reason" for the loss of revenue.
- Maybe instead of total revenue, we have subsections like revenue from property

taxes, one-time funds and then the total revenue.

Property Tax Update (slide 11)

- Property tax is the District's primary revenue source.
 - Adopted Budget (May 2025): Budgeted at \$160 million.
 - September Update: Increased to \$165.7 million after meeting with the Assessor's Office and including \$5.3 million in supplemental taxes from old appeals.
 - November Update (First Interim): Increased slightly to \$165.9 million
- The final, actual revenue figure is not known until the end of the year after the money has been spent. Projections can change up or down, making a close relationship with the Assessor's Office critical for monitoring.
- A significant portion of the total revenue (about \$90 million) comes from sources other than property tax, including state grants (\$30 million), federal funds (\$13 million), and other local sources.
- As a Basic Aid district, the final property tax payment is adjusted based on actual collections. The final payment would be lower if the actual revenue falls short of the projection.
- The District is currently projecting a 5% growth rate for property taxes in the multi-year projections. This 5% figure is considered a "conservative and very reasonable" average based on historical revenue growth trends. Early pre-assessment rolls for the next fiscal year (2026-2027) already show a 4% growth in the property role, suggesting the 5% projection remains realistic.

Enrolled Students and Staff FTE (slide 12)

- Drop in enrollment, but staffing does not proportionately decrease.
- Year 2021-2022 there was a drop in enrollment, but the influx of COVID-related funding allowed for the hiring of additional staff members. This increase in staffing was specifically used to support mental health services, including interventions and counseling.

Member comment

- It would be useful to see the Staff FTE being broken down into management and other and that would be useful to see where staff could be.
 - We have that in the next slide.

Historical Position Data (slide 13)

- CEA
 - The number of CEA staff was initially reduced due to declining enrollment, as staffing is tied to enrollment numbers through contractual class assignment (e.g., losing 100 students means losing about four teachers).
 - COVID Impact (2020-2021): Little change occurred in 2020-2021 since COVID hit in March.
 - CEA numbers have increased slightly in recent years (e.g., seeing 22:1,

29:1 ratios) due to the implementation of class size reduction initiatives, which naturally requires more teachers. The staffing is still not at the peak enrollment numbers.

- CSEA
 - CSEA staffing has grown considerably, even exceeding the numbers from the largest enrollment peak.
 - This increase is attributed to one-time COVID money and other one-time state funds used to provide interventions and supports.
 - The reported CSEA number is based on Full-Time Equivalents (FTEs). The actual number of CSEA members (headcount) is higher (around 592) because this unit has more part-time employees than other units.
- SEIU
 - Staffing for SEIU (Service Employees International Union) has remained relatively stable as custodial and other needs have not significantly fluctuated.
- Management
 - Management positions initially decreased, then began to increase in 2021-2022 to bring in roles like a health coordinator (due to mental health needs) and staff for new programs like ELOP (a state program). The district plans to reduce management staff going forward by shifting work to school sites, as less district office support is needed now that the programs are established.

Member Questions and Comments

- What is the ratio in a healthy District?
 - The district's overall student-to-total-staffing ratio is currently 1:9.
 - This ratio is considered a significant concern because the district is simultaneously running a \$14 million deficit. It infers that 1:9 is likely not an acceptable or healthy number from a financial perspective.
- The ratio is hard to interpret without comparable data from other "healthy" districts to determine an optimal target (e.g., should it be 1:7 or 1:12?).
 - The ratio is difficult to change without huge systematic changes, such as the contractual class size reduction (which moved the ratio to 1:10) and the implementation of Transitional Kindergarten (TK) (ratio of 1:10), which moved the overall ratio to 1:9.
- Maybe the class size ratio is a more direct indicator of student benefit than the overall staff-to-student ratio, which merely reflects total staffing overheads.
- The District has started working on determining operational efficiencies for CSEA and SEIU staffing (like how many secretaries or custodians a school should have based on site needs) to ensure equity across schools. This process will help the district better understand staffing needs beyond CEA's contractual requirements and determine if the current ratios are effective in the long term, especially given the financial deficit.

First Interim/Budget Adoption—Revenues (slide 14)

- The district previously budgeted zero for donations and school-connected

organization (SCO) activities due to the difficulty in prediction. The office will begin forecasting these revenues to reduce large, unsettling variances (currently an unexpected \$1 million increase).

- SCO funds come in two ways:
 - Funding Positions: SCOs pay the district, and the district hires the employees.
 - Funding Activities: SCOs donate money to the school, and the district/school then schedules and leads the educational activity (e.g., field trips, assemblies). This new process is being implemented to clearly separate educational activities as a district responsibility.
 - Parent Community Contribution: Forecasting this revenue highlights the significant financial contribution and support from the community and parents.
- Fund 21 Transfer Reduction (Transfers In)
 - The district planned a one-time transfer of \$3.5 million from Fund 21 (Building Fund) to the General Fund. Fund 21 contains revenue from facility leases and covers the \$8 million in ongoing routine restricted maintenance for the General Fund.
 - The transfer was reduced to \$1.6 million (a \$1.7 million variance) because the leasing of two closed properties (Meyerholz and Finch) was delayed.
 - After the transfer, the intent is to leave \$1 million in Fund 21 to cover security deposits and ensure the ongoing \$8 million maintenance obligation is met. Proceeds from any future sale or exchange of properties like Finch would also go into Fund 21.

Member Question:

- So the Other Local number represents just the money that the parent organizations give to the District, not how much the parent organizations are raising.
 - That's correct. It's difficult to forecast revenue from parent organizations, even though they might raise significant amounts (e.g., \$3 million). The parent organization may then give us only a portion of their total funds to the District at any given time for specific activities. They may reserve funds for future expenditures or activities later in the year. Because the district has to forecast both the revenue (donation) and the corresponding expenditure (activity cost), the unpredictable timing and amount of these transfers make accurate forecasting a very challenging task.
- Does that include when there are donations, like, for example, the music program or other elective programs where parents are sending them directly to the site?
 - Yes. That's included in that. It also includes donations that come to the schools, general donations for electives or classrooms etc. That's also in that local revenues. Basically, parents and community money. CEEF money is also in there.
- You're going to leave the one million to cover deposits and things like that, but also the 8 million?
 - Yes, The Building Fund (Fund 21) is intended to cover two major financial

obligations before residual funds can be transferred to the General Fund:

- \$1 Million: Will be kept in Fund 21 to cover deposits and related expenses for leased properties.
- \$8 Million: The Building Fund now covers 100% of the cost for routine restricted maintenance, a change from the prior practice where this cost was split between the General Fund and the Building Fund.
- Therefore, the Building Fund must cover a total of approximately \$9 million for these designated purposes. The lease funds will now be moved to the General Fund more regularly.

First Interim/Budget Adoption—Expenditures (slide 15)

- The district is projecting a total expenditure of \$267 million at First Interim, an increase of \$8 million compared to the Adopted Budget of \$259.5 million. This leads to a projected spending deficit of \$14 million.
- Beginning Fund Balance, started better than planned by about \$6 million, which helped offset some increased costs.
- Despite the increased deficit, the ending reserve balance is projected to be 4.47% (up from the budgeted 3.96%), maintaining the required 3% minimum reserve plus additional board reserves.
- Services:
 - Special Education Costs (NPS/NPA): These costs are a significant, uncontrollable expense, often exceeding \$200,000 per student. The district is actively reviewing its special education programs and legal strategy for settlements to mitigate rising litigation costs, which can include attorney fees if the district loses any part of a filing.
 - The \$4 million increase in Services includes non-bond eligible daily operating costs (like pest control or cutting lawns). The district has analyzed all costs to ensure only non-eligible items remain in the General Fund. Legal costs are also a significant, difficult-to-predict expense.
 - The district is working to impose better financial management guidelines on schools to prevent them from carrying over large amounts of donation money, which should ideally be spent on students in the year it is received.

Member comments:

- Would like to see a breakdown of expenditures in Services, like items paid by Bond.
- We need to audit SpED.

Target Net Change (slide 17)

- The district has an \$8 million stabilization target to address deficit spending and boost reserves. These reductions are already built into the First Interim projections.
- Early Retirement \$1.0 million (for 5 years)—Based on 20-25% participation. More participation/unfilled positions could increase savings in the following year.
- Middle School Electives- \$2.2 million- a proposed reduction by making second

elective optional for 7th/8th grade; 6th grade reduced to one elective. 18 Certified FTEs, this is a hard decision.

- Management reductions- \$2.4 million, 9 positions, a deep cut aimed at increasing site-level work and reducing district office support.
- CEA reduction- \$150,000, 1 position.
- SEIU reductions- \$500,000, 6 FTE
- CSEA reductions- \$1.5 million, 8 FTE plus reduction in hours.

Member questions:

- What was the early retirement number for last year?
 - Between \$650,000-\$700,000, a low take on retirement, maybe because the age limit was 60 years. We have a more robust grouping this year.
- The number of reductions in head count FTEs is less than the number of open positions that you have?
 - Yes, some people will have to be let go and some of those positions will have to be open.
- Are the 1.6 million vacant positions outside this number?
 - Yes.
- Would the vacant positions replace some of the cuts you have made?
 - It would not. It's a possible additional.
- The 18 certified Middle school FTE, what will likely happen?
 - Those are 18 staff members. Every year we hire between 50 and 60 new teachers and, in all likelihood, those staff will be absorbed because we're not necessarily saying there's 18 elective teachers being reduced. It's 18 FTEs with people retiring with people leaving there will be some switching. Somebody might have to switch to a middle school, but I would project that they are all going to have positions for next year. They just may be at a different site.

Fiscal Stabilization Changes (slides 18–20)

- Debt Service Refinance (Solar Project) — to cover a large \$10+ million balloon payment for the solar project, the district refinanced the Certificate of Participation (COP).
- 2026-2027: A \$8.4 million transfer from the Bond Fund will cover the debt service costs. The General Fund officially assumes the debt service payments.
- 2027-2028: A final \$3.3 million transfer from the Bond Fund will cover costs. Thereafter, the General Fund carries 100% of the COP debt service.
- Further reductions in supplies and continued analysis of Special Education and Routine Restricted Maintenance costs are planned for 2026-2027 and beyond to find additional savings.

Member Questions:

- Eliminations of positions that are one-time money paid, funded positions. Do we know what those positions are? Do you have a list of those positions?
 - We do. There's about \$400,000 worth of positions in there. We have a

list of those positions that we are looking at. Not to say that every one of them would be noticed because maybe we can replace them with some in another area in the general fund, but for the most part, those types of areas would be the ones that are receiving notices.

D. FOLLOW UP ITEMS

Follow Up items requested by the committee have been updated in the document with links.

E. AGENDA SETTING/FUTURE MEETINGS

Going back to September 3, 2025, minutes approval as the committee is in quorum.

Motion: Approve September 3, 2025 Budget Advisory Committee regular meeting minutes.

Motion made by: Phyllis Vogel

Motion seconded by: Marc Kulla

Voting:

- Satheesh Madhathil - yes
- Ava Chiao - yes
- Kate Lee - yes
- Marc Kulla - yes
- Mary Alarid-Enright - yes
- Michelle Herriage - yes
- Nick Prychodko - yes
- Dan Halabe - absent
- Stuart Rosenberg - yes
- Kimya Shariffi -yes
- Shompa Bhattacharya - yes
- Omar Batres - yes
- Maria Fernandez- yes

F. ADJOURNMENT

Meeting adjourned at 3:02 pm.