

MINUTES OF THE CBOC MEETING:

January 24, 2007
135 Van Ness Avenue, Room 209

Facilitator: Jim Quadra

Committee Members Present: Patricia Crawford Craig Issod
Christine Leishman Nan McGuire
Jim Quadra

Committee Members Not Present: Tom Moore

Interested Parties Present: Joe Grazioli Bruce Hart
Miguel Marquez Leonard Tom
Tom Brewer Joyce Peters

Minutes prepared by: Susan Ortega-Resurreccion

1. Jim Quadra presided over the meeting.

2. Roll call.

3. Approval of Minutes of October 9, 2006 meeting.

- Amendment on Committee members not present - Jim Dierke is no longer a member of the CBOC. Minutes of October 9, 2006 meeting were unanimously accepted as amended.

4. Public Comments:

NONE.

5. What CBOC would like to see tested and the threshold in the next audit.

Tom Brewer and Joyce Peters, the district and bond auditors from VTD were introduced to the Committee members. Tom Brewer started out by informing the Committee members that, based on the agreed upon report 80% of expenditures were tested last year. The process was intended to be the same this year, but upon reviewing procedures, 74% of the expenditures with the transaction of \$30K and above, Tom approached Joe Grazioli and informed him that it will take a great deal more time before they would hit 80% of the expenditures. Joe had agreed to stop at 74% of the dollar value. They will use this as a draft report. In case there was some disagreement, they could pick up the remainder.

Craig Issod asked if there are customary ranges of dollar value transactions on the report. Tom indicated that there are no customary dollar value transactions on the District. The State never put out a guideline based upon proposition 39. The State did not want to overstep on the will of the voters. He had approached the author of Prop 39 and asked him about the performance audits. He indicated that there is no clarity on purpose and regulations. It has to be approached district by district.

Craig Issod asked if they could pull out a number of additional transactions with varying level of expenditures. Tom replied that they do and started out with high \$100K with threshold down to the lowest \$30K. Craig asked if they go down to \$1K. Tom replied that they normally do not, but will do so if the Committee requested this.

Tom informed the Committee that the auditors are verifying if the charges are real and the calculations are correct by looking at invoices and its supporting documents. They are not doing any internal control.

A Committee member asked if there are potential errors that can occur with lower dollar level compare to the higher dollar. Tom replied that they are obligated to report 80% of expenditures and will not expand beyond, but will report on details of error. The same member asked if it is relevant to have hybrid of dollar and sampling. Tom responded that it is. Tom suggested that the Committee should decide on a dollar level of transaction and sampling of transaction below this.

Another member asked if it is legal or ethical to accept less than 80%. Miguel replied that there is no standard on this; it will be up to the Committee's judgment. He asked for input recommendation from the Committee. A member asked how much do additional transactions cost. Tom replied that it averages \$50-\$75/transaction. A member asked for Joe Grazioli's input on this. Joe aired his concerns are more on allocation of salaries as this was the main problem with the Bond 1997. Craig Issod stated that Prop 39 was not to pay administrative salaries, but State Attorney General reversed this. Administrative salaries can be paid as long as the personnel are working directly on the bond.

Discussion continued on setting up a guideline for the threshold on auditing. It was concluded by the Committee members to continue up to 80%, for transactions \$30K and below, 100% of salaries, and sampling to include \$1,500 and below. The Committee gave to Joe Grazioli the decision on the number of statistical samples. These samplings will be audited for accuracy and compliance with the district procedures.

6. Program Status Reports from:

➤ Chair, Vice Chair comments

Jim Quadra reported to the members that the CBOC report to the Board of Education members were well received and that the Board members appreciated the work of the Committee. He suggested that the Committee should make another presentation to the Board after the audit is completed.

➤ Chief of Facilities

NONE

➤ Bond Program Manager

Leonard reported that the Prop A 2006 passed which is good news for the district. He stated that the Board also passed on January a resolution that this CBOC will also be the same CBOC for the Prop A 2006 Bond. He informed the Committee that the sale of 2006 Bond is initiated for March for \$100M. Staffing for Prop A 2006 has started. An RFQ for the Primary Executive Architect for the 2006 Bond was released and only one proposal was submitted, from Kwan-Henmi/3DI-Parsons.

Leonard informed the Committee that the process for an RFQ for 2nd tier Architects is initiated. He indicated that there are 62 projects involved on Prop A 2006 and deadlines for these are 2010 and 2012. He and the staff are reviewing at what was accomplished in Prop A 2003 and applied this to the new bond to minimize problems. These sites are fulfilling the Lopez case Groups 2 and 3. Prop A 2003 was to fulfill Group 1.

He informed the Committee of his appearance with the Federal judge on Lopez case. The judge's concern is that the district will not be able to comply with June 30, 2007 deadline for all "Group 1" projects. Leonard had informed the judge that 15 of the 28 projects in Group 1 will be completed by June 30, 2007 deadline. Four of the 13 delayed projects will be completed by August, 2007. The remaining 9 projects are primarily middle schools and high schools. These will be completed by 2007, 2008 and Lincoln by 2009.

Difficulties on phasing and staffing were some of the problems encountered. PLA is still not applied on any of the projects out to bid. Currently, 5 projects, which are mainly high schools, are out to bid. 29 projects have been submitted to DSA and 27 have been approved. State funding is now free and clear, expecting @\$17M state funding within next couple of months. 23 sites have current construction on-going or completed. Bryant and Gloria Davis are completed. As of last night, the Board had approved \$152M contract.

➤ **Greening Program**

Nan reported that Lori had handed her a comprehensive report on Greening. Nan can provide a copy to the members if they want one. She mentioned of a clause omitted from Prop A 2006 in relation with the Greening program. She had requested from a couple of the Board members for a resolution to make this correction.

➤ **Community Outreach**

Leonard had indicated that he is looking at a similar outreach for Prop A 2006 provided by 3DI for Prop A 2003.

7. Follow up on discussion on Rosa Parks/JBBP merger.

Miguel reported on update of this discussion. He indicated that the issue was on the constitution and the dollar amount. He came up on his research that there is a language in Prop A that will give some flexibility on spending the bond funds. With the scope of work for this merger, funding will come from Prop A and state funding. It was suggested by the Committee member to have discussion continued on the next meeting.

8. Proposed Agenda for next meeting

1. Continuation of discussion on Rosa Parks/JBBP merger.
2. Follow up discussion with the auditors on threshold of audits.
3. Recommendation from the Committee to the board on greening program.

Next meeting will be on February, 2007. The Bond Program Department will coordinate the scheduling of this meeting.

Meeting was adjourned.