

NATOMAS UNIFIED SCHOOL DISTRICT
Citizens' Bond Oversight Committee Meeting

Board Room
Education Center
1901 Arena Boulevard

Monday, August 29, 2011, 6:30 p.m.

AGENDA

- I. ROLL CALL

- II. COMMUNICATIONS
 - A. Welcome/Introduction

- III. INFORMATION ITEMS
 - A. Measure M & D Projects – Update – Mike Cannon
 - B. Bannon Creek Conversion – Project Inspections & Phases

- IV. PUBLIC COMMENTS

- V. ACTION ITEMS
 - A. Approve April 26, 2011 and May 24, 2011 Citizens' Bond Oversight Committee Meeting Minutes
 - B. Approve Project Audit Sub-Committee Reports
 - Project M-18 Natomas Charter School Theater – Bill Stanglin
 - Project D-18 Westlake Charter Site Relocation – Phase II – Jennifer Slay

- VI. NEW BUSINESS
 - A. Performance Audit
 - B. Bylaws

- VII. FUTURE COMMITTEE AGENDA ITEMS
 - A. Future Meeting Date(s) – October 25, 2011, January 31, 2012, April 24, 2012

- VIII. ADJOURNMENT

Note: Assistance for the Disabled: Please contact the Assistant Superintendent's Office at (916) 567-5457 at least 24 hours before the scheduled Citizens' Bond Oversight Committee meeting to request disability-related accommodations in order to participate in the public Citizens' Bond Oversight Committee meeting at the Education Center.

NATOMAS UNIFIED SCHOOL DISTRICT
Citizens' Bond Oversight Committee

Education Center, Board Room
1901 Arena Boulevard, Sacramento

Monday, August 29, 2011 - 6:30 p.m.

MINUTES

I. ROLL CALL

Present:	<u>Committee Members</u>		<u>Staff</u>
	Michael Bratman	Scott Dosick	Douglas Crancer
	Brett Hopkins	Ken Le	Mike Cannon
	Dianne Mattar	Jennifer Slay	Sherry Duschka
	William Stanglin		Brenda Monson

II. COMMUNICATIONS

Scott Dosick, Committee Chair, called the meeting to order at 6:33 p.m.

A. Welcome/Introductions

- Chairman Dosick introduced the District's new Chief Financial Officer, Douglas Crancer and noted that Interim Superintendent Dr. Walt Hanline was unable to attend the meeting.
- Committee members introduced themselves and welcomed Mr. Crancer.
- Mr. Crancer shared highlights from his employment background and thanked the committee for service to this very important committee.

Chairman Dosick announced that Item VI. A. "Performance Audit" under New Business on the agenda will be moved and discussed before Information Items. This will allow representatives here from Total School Solutions (TSS) to participate in the discussion; and the remainder of committee business on the agenda will follow.

VI.A Performance Audit

Mr. Crancer explained that he compared the cost of the Performance Audit fees being charged to the current financial audit firm's proposal & reviewed the results with Dr. Hanline. As a result, concern was expressed that the \$34,000 fee for the 2010-11 Performance Audit contracted with Total School Solutions (TSS) was significantly higher than the \$9,000 fee proposed by the current year's financial auditor (Perry Smith). He added that as a committee representing the community, emphasizing the importance of transparency and financial oversight, committee discussion and input is essential. He introduced Tahir Ahad, President of TSS and Solveig Monson, Director with TSS who were present to answer questions. An example of a Performance Audit prepared by Perry Smith was provided for committee review and followed by discussion. Solveig Monson explained that the former CBOC committee member team selected them as the successful firm to prepare the Performance Audits based upon a desire to select a program that would provide a more comprehensive performance audit as compared to previous accounting firms whose main emphasis was on the financial piece of the program. The prior CBOC were seeking a Bond Performance Audit team whose expertise included a review of school business officials, facilities planners and construction project management. She added that the Performance Audits performed by TSS included a larger scope of services, delving deeper into the facilities program in its entirety; and was designed specifically to meet the requests of the CBOC team at that time. Committee discussion followed as copies of the Sacramento City Performance Audit report was distributed for review. Mr. Ahad explained that the Performance Audits conducted by TSS are unique and designed to assist districts in meeting the full intent and letter of the Proposition 39 measures, and were not comparable to the audit reports prepared by accountancy firms. Ms. Monson from TSS gave everyone a handout with specific requirements for performance audits.

In response to committee questions about the volume of ‘project activity’ for the 2010-11 school year compared to previous years, Mike Cannon explained that the building moratorium has halted many of the facilities projects. He noted that projects being audited annually for the Performance Audit are not limited to completed projects. He also concurred with Solveig Monson as to reasons the past CBOC team selected TSS. Chairman Dosick added that for the annual audit, all projects regardless of what stage of completion they are in would be audited; this includes projects whose funding comes from other non-operating district funds (in addition to Bond Funds); as a result, the list of projects to be audited are not limited to just those *completed* during 2010-11.

In regards to the status of the audit, Ms. Monson indicated she would check with other team members, but believes that roughly two thirds of the work on the 2010-11 Performance Audit has been completed. Mr. Ahad was concerned that the committee was prepared to take action to terminate the current contract and questioned the professionalism of such a decision. Chairman Dosick explained that under the Brown Act, committee discussion must be conducted in a publically held forum, and this item on the agenda allows for such discussion to take place. Discussion followed. Ms. Monson acknowledged that levels of current activity are less than when the contract was entered into and thus there is less to test, but the actual scope remains the same. Chairman Dosick summarized committee comments to express the need to take into consideration the reduced activity due to the unforeseeable building moratorium. Mr. Ahad requested an opportunity to meet with district staff to discuss the matter in more detail, and emphasized the importance of providing the community an audit report that provides a comprehensive audit examining all aspects of the facilities program and projects. Chairman Dosick thanked TSS and encouraged them to meet with Mr. Crancer indicating the subject would be revisited at the next meeting of the CBOC.

TSS representatives left the meeting and committee discussion continued. Dianne Mattar questioned whether the Performance Audit is commonly read or referred to. Mr. Cannon and Chairman Dosick explained that responses are different in every community and the NUSD residents, businesses and staff have in the past paid close attention to the reports. Further, it is the committee’s responsibility to follow up on the findings and see that all requirements are being met. Mr. Cannon emphasized the importance of providing a comprehensive report to contractors and city officials who read these closely. Chairman Dosick recommended the item be brought back to the next meeting having noted the committee’s desire to find a middle ground audit program that meets the performance audit needs, is more comprehensive than the example provided by Perry Smith and less expensive than the TSS audit report. He added that short term contracts would better serve the district given the fluctuation in project activity as dictated by the building moratorium.

III. INFORMATION ITEMS

A. Measures M & D Project Update – (Mike Cannon)

- Mike Cannon reported on:

- **Bannon Creek K-8 Conversion (Project D-13)**

- Mr. Cannon reported that after careful consultation with staff and the project’s architect, it is evident that due to the decline in stick building construction costs vs. costs of modular’s (currently in the design) warrants a change in methodology to redesign the classroom wings to accommodate a more cost-effective method. He added that a decision on the change is forthcoming. He reported Notice of Completion was approved by the Board for Phase 1A; phase 1B (preconstruction services) continues; and for Phase 2 he reported the plans are still under review at DSA (Division of the State Architect).

- **EXTRON (computer driven projection system) (Project D-2)**

- Mr. Cannon reported that the Board approved the purchase and installation of the Extron computer-linked projector in classrooms at ALE, BCE, JE, TRE, NPE DHS and NHS (7 sites) all of which do not currently have the system. Original approval by the Board was based on funding from E-rate dollars which may take up to 6 months and are not guaranteed. He indicated the project went out to bid and was awarded to River City Communications (having met all the RFP requirements); the second part of the project is electrical and the RFQ interviews were conducted today. By approval to incorporate the Extron project as part of Project D-2, the original 10-year length of the project will be shortened to 7 ½ years. Ms. Mattar reported that the last project audit report was conducted in July of

2009 and Sherry Duschka suggested future reports coincide with phases of the project. Ms. Duschka reported that although it has been several years, there has been little activity. Staff will report back on identifying phases. Ms. Mattar will contact Mike Cannon's office and David Stone from the technology department to make arrangements for an audit.

○ **Purchase of 2 busses for Special Education students (Project D-12)**

Mr. Cannon reported that 2 buses for transporting special education students have been ordered and a portion of the funding (\$136,155) will come out of Project D-12 funds.

IV. PUBLIC COMMENTS

None

V. ACTION ITEMS

A. Approve the April 26, 2011 and May 24, 2011 CBOC Meeting Minutes.

Brett Hopkins moved to approve the April 26, 2011 and May 24, 2011 Citizen's Bond Oversight Committee Meeting Minutes with an amendment to the May 24, 2011 minutes to identify Dosick as the abstaining vote in item V.B. Election of Officers. Motion seconded by Michael Bratman. Motion passed 7 – 0.

B. Approve Project Audit Sub-Committee Reports

- Project M-18 Natomas Charter School Theater – Bill Stanglin

Michael Bratman moved to approve the Project M-18 audit report as submitted. Motion seconded by Ken Le. Motion passed 7-0.

- Project D-18 Westlake Charter Site Relocation (Phase II) – Jennifer Slay

Bill Stanglin moved to approve the Project M-18 audit report as submitted. Motion seconded by Ken Le. Motion passed 7-0.

VI. NEW BUSINESS

- A. Performance Audit *Item was moved to the beginning of the meeting. See above.*

B. Bylaws

Chairman Dosick explained that the Mr. Le had to leave for another commitment. The committee will walk through the Bylaws, engage in discussion and determine if any revisions may be necessary; if substantial changes are warranted, a subcommittee will be formed to research revisions and bring recommendations back to the committee. Discussion and review followed. In conclusion, it was agreed that no changes will be recommended at this time. Chairman Dosick recommended the addition of a signature line & date of review for tracking purposes.

VII. FUTURE COMMITTEE AGENDA ITEMS

Discussion and staff recommendation on 2011-12 Performance Audit; discussion on ways to keep committee informed, committee member recruitment and keeping level of interest; update on Project D-13 phase 1B; project audit report on D-2; approve Bylaws as reviewed.

VIII. ADJOURNMENT

Chairman Dosick adjourned the meeting at 8:08 p.m.

Future Meeting Date(s): October 25, 2011, January 31, 2012, April 24, 2012

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