

LOS ANGELES UNIFIED SCHOOL DISTRICT

SCHOOL CONSTRUCTION BOND CITIZENS' OVERSIGHT COMMITTEE

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BREATHE California

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California Taxpayers' Association

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Environmental Justice/Civil
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Joseph P. Buchman – Legal Counsel

Burke, Williams & Sorensen, LLP

Thomas A. Rubin

Oversight Committee Consultant

Gary C. Anderson

Director

Frank Padilla

Administrator

Citizens' Bond Oversight Committee

Regular Meeting

333 S. Beaudry Avenue

Los Angeles, CA 90017

Wednesday October 21, 2009

Committee Members Present:

D. Crippens, E. Bar-El, C. Rice, S. Cunningham, S. Folsom, A. Medina, R. Slawson

Committee Members Absent:

J. Naimo, D. Jenkins, L. Levitan, C. Espinosa,

Agenda Item 1. Call to Order

Mr. Crippens called the meeting to order at 10:05 a.m.

Agenda Item 2. Chair's Remarks

Mr. Crippens welcomed everyone to the October 21, 2009 BOC meeting.

Mr. Crippens reported that two members of the Facilities Services Division would be leaving. He thanked Mr. Fred Smith for his service to the District.

Mr. Crippens stated that there have been changes in the leadership of the Facilities Services Division, including the Chief Facilities Executive position. Since the news broke that Guy Mehula was leaving the District, Mr. Crippens noted that it has been hard to digest. Mr. Crippens stated that it makes him and other BOC members uneasy that Mr. Mehula won't be around as the current program comes to an end.

Mr. Crippens thanked Mr. Mehula for his service to the District. Mr. Mehula joined the District in 2002 to lead the New Construction program. He then moved on to become Chief Facilities Executive. Mr. Crippens read the following statistics:

- Schools on a Concept 6 Calendar
 - 2003-2004: 155

- 2009-2010: 28
- Schools with Involuntary Busing
 - 2003-2004: 110
 - 2009-2010: 12
- Schools on a Multi-Track Calendar
 - 2003-2004: 225
 - 2009-2010: 87
- On the Existing Facilities Side
 - The BB Bond Program is 96% complete
 - Measure K is 57% complete
 - Measure R is 44% complete
 - Measure Y is 26% complete
 - Many existing campuses have received updated fire, life and safety systems, athletic fields, science labs, air conditioning, and many other improvements.
 - The existing facilities bond program includes over 21,000 repair and modernization projects

Mr. Crippens stated that the accomplishments over the last several years have been astonishing. He added that the work could not have been accomplished without the leadership of Guy Mehula. The students of the District are now attending new state of the art facilities and existing campuses that have been repaired and upgraded. Mr. Crippens noted that there is still much work to be done, especially on the existing facilities side and that is why the voters approved Measure Q, which is primarily focused on modernizing and repairing existing campuses. Mr. Crippens presented Mr. Mehula with a plaque on behalf of the BOC.

The BOC members thanked Mr. Mehula for his service to the District.

Mr. Mehula spoke about his experience working at the District.

Mr. Crippens introduced Sylvia Cunningham, the AARP's new representative to the Bond Oversight Committee. Mr. Crippens presented plaques to three BOC members that recently left the committee.

Mr. Crippens commented on BOC Resolution 2009-39 Necessary Contractual Requirements for "New Way" Schools. He stated that the resolution recommended to the Board of Education and the Superintendent "that all applicable constitutional, statutory, regulatory, and contractual requirements that could be applicable to the "New Way" schools be identified, discussed with stakeholders, finalized in substance and in format, included in the terms of the application with external operators of LAUSD schools." Mr. Crippens stated that the BOC wants to make sure that the promises made to the voters and the requirements in the bond language are kept. He added that the Superintendent provided a response to the BOC resolution and later in the meeting there will be an opportunity to ask questions.

Mr. Crippens commented on FSD organization. He stated the BOC continues to monitor the potential operational changes in the FSD. Members of the BOC have met with Superintendent Cortines to discuss BOC concerns that were expressed at the September 30th BOC special meeting. The focus of the BOC is on making sure that the Facilities Services Division is operating efficiently and that the District does not change key components that have been the foundation for their success

Agenda Item 3. Consent Calendar

Mr. Crippens introduced the consent calendar consisting of the August 19, 2009 BOC meeting minutes.

There was a Motion, Second, and vote.

Aye: 7

Nay: 0

Absent: 4

Abstain: 0

The Consent Calendar Passed Unanimously.

Agenda Item 4. Monthly Program Status Report – Existing Facilities

Presenter: Terry Dillon, Deputy Chief Facilities Executive, Existing Facilities

Mr. Dillon provided an update on the Repair and Modernization Program.

Mr. Dillon provided information on lessons learned. Mr. Dillon invited Mr. Hovatter to speak about costs associated with ignoring maintenance needs.

Ms. Rice asked how much money is needed to perform the required maintenance. Ms. Rice requested early warning of staff leaving the FSD. She requested BOC staff to perform exit interviews.

Mr. Slawson asked how much money was needed to perform all required deferred maintenance. Mr. Hovatter responded that there is \$7 billion worth of work to be performed.

Agenda Item 5. Monthly Program Status Report – New Construction

Presenter: Neil Gamble, Deputy Chief Facilities Executive, New Construction

Mr. Gamble provided an update on the New Construction Program.

The current program consists of 438 total projects. Seventy-eight percent of these projects have been completed and 12 percent are currently under construction. The remaining 10 percent are pending approval.

There are a total of 131 new school projects. Eighty schools have been completed and 51 remain. Of the 51, 33 are in construction and 16 are pending contract award.

Mr. Gamble reviewed the upcoming ground breaking and ribbon cutting events.

Ms. Bar-El reported that many people are saying everything in New Construction is in the pipeline. She asked Mr. Gamble if his perception was that everything was fine and on autopilot. Mr. Gamble responded that he would never say autopilot. He added that there are a lot of challenges that will occur in the next year because there will be 20 schools opening in September 2010. Mr. Gamble stated that it was a day to day challenge to make sure the construction stays on schedule and that the schools get open.

Agenda Item 6. Monthly Program Status Report – Planning and Development

Presenter: John Creer, Director, Planning and Development Branch

Mr. Creer provided an update on the Planning and Development Branch.

Mr. Creer provided an update on joint use and innovation developments.

Mr. Creer reported that \$50 million in Proposition 1D became available. There are several charter schools that are pursuing some rehabilitation grants. This funding will help support approximately 6,000 students.

Mr. Creer reviewed the workforce housing initiative.

Mr. Crippens requested a more detailed presentation at a future meeting.

Mr. Medina asked Mr. Creer to share both the successes and challenges that have been experienced in joint use operations. Mr. Creer responded that one of the biggest partners with LAUSD is the City of Los Angeles. He noted that they are experiencing severe budget cuts. Many of the municipalities that the District partners with are struggling with their budgets to support these partnerships. Mr. Creer noted that another challenge is finding partners that have the staying power to act like owners.

Agenda Item 7. Existing Facilities SEP Amendment – A&I and Board Member Funded Projects

Presenter: Terry Dillon, Deputy Chief Facilities Executive, Existing Facilities

Resolution 2009-40

This SEP Amendment is for 16 projects valued at \$545,911.00.

Mr. Folsom noted that there were a couple of projects that provided landscaping. He expressed concern about adding plants that will require maintenance since the maintenance program is experiencing severe reductions in workforce. Mr. Folsom wanted to make clear that the maintenance and operation workload was being increased at the same time as their budget is being reduced.

Ms. Rice suggested having a maintenance impact statement for these types of projects. It would include the cost of performing the maintenance for a project.

Mr. Slawson noted that the BOC has always asked if the District was going to provide the necessary maintenance funds to maintain all District facilities and the answer has always been yes. He would expect the District to continue to respond with a yes and find a way to provide the funding otherwise the District would not be fulfilling their commitment to the general public and the voters.

There was a Motion, Second, and vote.

Aye: 7

Nay: 0

Absent: 4

Abstain: 0

Resolution 2009-40 Passed Unanimously

Agenda Item 8. Existing Facilities SEP Amendment – Essential A/C Projects (Phase 1B)

Presenter: Terry Dillon, Deputy Chief Facilities Executive, Existing Facilities

Resolution 2009-41

This SEP Amendment is for projects to provide air conditioning to non-air conditioned spaces. Air conditioning will be provided to 62 classrooms and main data frame rooms.

Ms. Bar-El asked if the money for these projects came from savings from other projects. Mr. Dillon responded that this money was set aside for completion of the air conditioning program. Ms. Bar-El asked if the projects were in locations where students were located or where equipment needed to be kept cool. Mr. Dillon responded that the air conditioning will be provided for students and equipment that need to be kept cool.

There was a Motion, Second, and vote.

Aye: 7

Nay: 0

Absent: 4

Abstain: 0

Resolution 2009-41 Passed Unanimously

Agenda Item 9. Reports To The Bond Oversight Committee Regarding Current Matters And Projects of Special Concern To The BOC

9A. Facilities Services Division Organization and Compensation Status

Presenter: James Sohn, Interim Chief Facilities Executive

Mr. Rubin stated that the second two-year requirement was coming up for the District Board of Education to certify that it is in compliance with the FSD management compensation requirements that are found in Measures Y and Q. He reported that the District did not meet the requirement the first time around and that there was a specific finding by the

BOC that it did not. The current survey is being performed by the Personnel Commission and a comprehensive report is expected for the November 18th BOC meeting.

Mr. Rubin reported that Superintendent Cortines has agreed that the FSD legal team will stay on the 23rd floor for the time being.

Mr. Sohn provided a brief update on the FSD organization and consolidation. Mr. Sohn reported that the organizational changes and refinements have been planned for approximately six months to a year. Over the course of the next month the FSD will be consolidated into the Beaudry Building. In conjunction with that, Existing Facilities and New Construction will be combined into a unified construction group. In accordance with the staffing plan, over next 12-18 months, as projects are completed and phases of work are completed, contract professionals and District staff will be reduced. In FY10 and FY11, Mr. Sohn reported that maintenance and operations will have to absorb budget reductions. Mr. Sohn will report back at a later date.

Ms. Rice requested a cost benefit for FSD administrative decisions. For example, is the move from Bixel Street into Beaudry going to save the bond program money or is it going to cost the bond program money. For the cost benefit, Ms. Rice would like to know the rationale for the decision as well as who made the decision. She also would like to know the impact on the smooth operation of the FSD. Ms. Rice asked if the FSD pays rent to the District for moving into the Beaudry Bldg. Mr. Sohn will follow-up later.

9B. BOC Organization Task Force Progress

Presenter: Tom Rubin, BOC Consultant

Mr. Rubin reported that there is a full task force and anticipates a report to the BOC in November or December.

Ms. Bar-El spoke to the current vacancies on the BOC. She noted that the vacant parent position needed to be filled and asked Mr. Rubin if there were any updates. Mr. Rubin responded that he didn't have an update on the parent position. He added that as seats become empty the appointing authorities are notified. In the case of the parent positions, the Board of Education selects the representatives. Ms. Bar-El invited parents to contact Board President Garcia's office if they are interested in the position.

9C. Recent Bond Sales and Debt Service Status

Presenter: Eric Blum, Director, Facilities Program Management

Mr. Blum provided an update on the District's recent bond issuance.

Regarding the State issuance of bond funds, Mr. Folsom noted that other school districts will receive funds and asked if these school districts had more pressing needs than the LAUSD. Mr. Blum responded that these school districts had real apportionments prior to last December and therefore higher on the list. Mr. Folsom also asked what the impact to the taxpayers would be if COPs were pursued in 2011. Mr. Folsom requested a one page response.

Ms. Rice asked what representations were made to the rating agencies regarding the management of the FSD. She asked if that plays a role. Mr. Blum responded that in the rating agency presentation there is a general review of the District's organization. He added that Mr. Mehula participated in the trips.

9D. Public School Choice: A New Way at LAUSD – LAUSD Response to BOC Resolution 2009-39

Presenter: Tom Rubin, BOC Consultant

Mr. Rubin noted that the BOC had a number of concerns regarding the Public School Choice: A New Way at LAUSD resolution (New Way) as it concerned the bond funded program. These concerns were put into a BOC resolution and presented to the BOE and Superintendent. Mr. Rubin reported that a formal written response to the BOC resolution was provided and included in the meeting material. Mr. Rubin reported that BOC staff has been invited to the internal FSD meetings.

As the District figures out how to roll out the New Way resolution, Ms. Rice would like to see the District comply with all consent decrees (Williams, Chanda Smith). She had a copy of a letter from the Office of the Independent Monitor to the Superintendent that talked about how the plans for New Way are not compliant. Mr. Rubin stated that there was

potentially a legal challenge that may come from UTLA. He added that one of their potential courses of action would be the improper use of bond funds.

Don Davis, Deputy General Counsel, stated that the plan preparation process for the New Way applications is an ongoing work in progress. Regarding the concerns of the Independent Monitor, Mr. Davis stated that there has been a meeting with him and language has been drafted and inserted into the application process template, which covers in great detail all the concerns he had about what needed to be in the application. Mr. Davis described the process that will be used.

Mr. Crippens stated that the BOC will be vigilant in this current phase of the bond program.

Mr. Crippens adjourned the meeting at 11:55 a.m.

Minutes of October 21, 2009 Approved per Bond
Oversight Committee on November 18, 2009

John Naimo

John Naimo, Secretary