

APPROVED



**SACRAMENTO CITY UNIFIED SCHOOL DISTRICT
BOARD OF EDUCATION**

Agenda Item# 9.1f

Meeting Date: January 22, 2015

Subject: Approve December 18, 2014 Board of Education Meeting Minutes

- Information Item Only
- Approval on Consent Agenda
- Conference (for discussion only)
- Conference/First Reading (Action Anticipated: _____)
- Conference/Action
- Action
- Public Hearing

Division: Superintendent's Office

Recommendation: Approve Minutes of the Board of Education Meeting for December 18, 2014.

Background/Rationale: None

Financial Considerations: None

Documents Attached:

1. December 18, 2014 Board of Education Meeting Minutes

<p>Estimated Time of Presentation: N/A</p> <p>Submitted by: José L. Banda, Superintendent</p> <p>Approved by: N/A</p>
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Putting
Children
First

Sacramento City Unified School District BOARD OF EDUCATION MEETING AND WORKSHOP

Board of Education Members

Darrel Woo, President (Trustee Area 6)
Christina Pritchett, Vice President (Trustee Area 3)
Jay Hansen, Second Vice President (Trustee Area 1)
Ellen Cochrane, (Trustee Area 2)
Gustavo Arroyo, (Trustee Area 4)
Diana Rodriguez, (Trustee Area 5)
Jessie Ryan, (Trustee Area 7)
Asami Saito, Student Member

Thursday, Dec. 18, 2014

4:30 p.m. Closed Session

6:30 p.m. Open Session

Serna Center

Community Conference Rooms
5735 47th Avenue
Sacramento, CA 95824

MINUTES

2014/15-12

1.0 OPEN SESSION / CALL TO ORDER / ROLL CALL

The meeting was called to order at 4:42 p.m. by President Woo, and roll was taken.

Members Present:

President Darrel Woo
Vice President Christina Pritchett
Second Vice President Jay Hansen
Gustavo Arroyo
Ellen Cochrane
Jessie Ryan

Members Absent:

Diana Rodriguez (arrived at 6:30 p.m.)

A quorum was reached.

2.0 ANNOUNCEMENT AND PUBLIC COMMENT REGARDING ITEMS TO BE DISCUSSED IN CLOSED SESSION

No Public Comment was requested on Closed Session items, and the Board retired to Closed Session.

3.0 CLOSED SESSION

While the Brown Act creates broad public access rights to the meetings of the Board of Education, it also recognizes the legitimate need to conduct some of its meetings outside of the public eye. Closed session meetings are specifically defined and limited in scope. They primarily involve personnel issues, pending litigation, labor negotiations, and real property matters.

3.1 *Government Code 54956.9 - Conference with Legal Counsel – Anticipated Litigation:*

- a) *Existing litigation pursuant to subdivision (a) of Government Code section 54956.9: (OAH Case No. 2014040297; SCTA v. SCUSD PERB No. SA-CE-2782-E)*
- b) *Significant exposure to litigation pursuant to subdivision (d)(2) of Government Code section 54956.9*
- c) *Initiation of litigation pursuant to subdivision (d)(4) of Government Code section 54956.9*

3.2 *Government Code 54957.6 (a) and (b) Negotiations/Collective Bargaining CSA, SCTA, SEIU, Teamsters, UPE, Unrepresented Management*

3.3 *Government Code 54957- Public Employee Discipline/Dismissal/Release/Reassignment*

3.4 *Government Code 54957 - Public Employee Performance Evaluation:*

- a) *Superintendent*

3.5 *Government Code 54957 – Public Employee Appointment*

- a. *Principal, New Joseph Bonnheim Charter School*

4.0 CALL BACK TO ORDER/PLEDGE OF ALLEGIANCE

The meeting was called back to order at 6:43 p.m. by President Woo.

Members Present:

*President Darrel Woo
Vice President Christina Pritchett
Second Vice President Jay Hansen
Gustavo Arroyo
Ellen Cochran
Diana Rodriguez
Jessie Ryan
Student Member Asami Saito*

The Pledge of Allegiance was led by Nina Saferstein, a Twelfth grade student from George Washington Carver, School of Arts and Sciences, High School. A Certificate of Appreciation was presented by Vice President Christina Pritchett.

5.0 ANNOUNCEMENT OF ACTION TAKEN IN CLOSED SESSION

The Board approved OAH case No. 2014040297 with six yes votes and Member Rodriguez absent.

6.0 AGENDA ADOPTION

President Woo asked for a motion to adopt the agenda. A motion was made to approve by Second Vice

President Pritchett and seconded by Second Vice President Hansen. The Board voted unanimously to adopt the agenda.

7.0 SPECIAL PRESENTATION

7.1 Recognition of the Parent Teacher Home Visit Program for Achieving The 2014 CSBA Golden Bell Award (Christina Pritchett)

Recognition of the program and description of the award was presented by Vice President Christina Pritchett. She had originally nominated the program which was eventually chosen to win the Golden Bell along with four other programs. Over 250 total nominees were submitted. Program coordinator Lisa Levasseur spoke and showed the bell trophy. She thanked Vice President Pritchett, Superintendent Banda, Tu Moua, principals, and teachers for their support. The program started in 1998 at eight schools in our District and is now in 17 states. The program is currently in 38 District schools. She also thanked SCTA, Nikki Milevsky, David Fischer, founding parents, and Executive Director Carrie Rose.

Member Arroyo thanked everyone that is involved in the program and Vice President Pritchett for nominating the program.

7.2 The Ceremonial Oath of Office Given to New Board Members

*The Ceremonial Oath of Office was given to new Board Members as follows:
Ellen Cochrane by Pat Lynch; Jay Hansen by Jesse Kaplan;
Jessie Ryan by her Mother, Amber Kathleen Ryan; Darrel Woo by
California Supreme Court Chief Justice Tani Cantil-Sakauye*

7.3 Celebration of Newly Elected Board Members (Darrel Woo)

A celebration of newly elected Board Members was held with refreshments in the Bistro adjacent to the Community Rooms.

7.4 Annual Organization Meeting of the Board of Education (Darrel Woo)

Election of Officers:

The Board shall elect a President, Vice President, and Second Vice President

President Woo turned the meeting over to Board Secretary Superintendent Banda. Superintendent Banda asked if there were any nominations for the office of President.

Vice President Pritchett moved that the current slate of officers, which have been in office only four months since Patrick Kennedy left the Board, stay the same: President Darrel Woo, Vice President Christina Pritchett, and Second Vice President Jay Hansen. The motion was seconded by Member Arroyo and passed unanimously.

8.0 PUBLIC COMMENT

15 minutes

Members of the public may address the Board on non-agenda items that are within the subject matter jurisdiction of the Board. Please fill out a yellow card available at the entrance. Speakers may be called in the order that requests are received, or grouped by subject area. We ask that comments are limited to two (2) minutes with no more than 15 minutes per single topic so that as many people as possible may be heard. By law, the Board is allowed to take action only on items on the agenda. The Board may, at its discretion, refer a matter to district staff or calendar the issue for future discussion.

Nikki Milevsky, President of the Sacramento City Teachers' Association, again expressed disappointment in District leadership's decision to change the healthcare offerings and was concerned after a meeting with the Superintendent that no intervention was planned. She said it took over a month to get the District to meet and explain the healthcare plan changes. Yet the District still cannot explain, among other things, a default plan for retirees who are out of area, how retirees that cannot afford the initial month's payment will be able to enroll, the reimbursement process for any person that has experienced a higher cost for services than the plans that were negotiated, and the process for participants who cannot afford to pay the upfront cost for services including lifesaving prescriptions. Also she again mentioned the extreme difficulty active and retired employees have had in getting phone calls returned and questions answered. Finally, she also stated that there is no existing District analysis that justifies how the purported six million dollars in savings will be generated. It was further learned that six million dollars in savings was a number that was provided orally by Keenan and Associates. There is no written analysis on their part to back up their claim. No one in the District or Keenan has appeared to have attempted to quantify the enormous financial exposure the District faces based on its hold harmless promise or the potential law suits the District will inevitably face by anyone harmed by the District's inability to access healthcare services that were previously provided. And no one denies that the money purportedly generated from the savings is being used to boost the take home pay for administrators. She feels it is outrageous to have benefit cuts for the teachers to provide wage increases for administrators. She stated that at this late date Health Net still remains available and so the healthcare changes to teachers can be stopped, but the District has refused to even look into that suggestion. The District has also rejected SCTA's offer to arbitrate the dispute immediately. The District also failed to appear at the informal settlement conference required by Public Employees Relations Board (PERB) on December 15th and notified PERB that the District was not available for the remainder of the month. SCTA has asked PERB for an injunction in the unlawful health care changes.

Angie Sutherland, a parent at Hollywood Park Elementary School, congratulated the elected Board members and returning Board members. She also thanked them for their service to the District. She just finished the office of Family and Community Engagement Parent Leadership Pathway Tier Two on Wednesday with a group of other parents at Hollywood Park. She thanked facilitator Cathy Morrison and Terri Sheffield who runs the parent resource center at the school site. She has had a very positive experience at this school.

Grace Trujillo spoke on middle schools. She had a chance to visit all middle schools in the District. She spoke on Sam Brannan and California Middle Schools. She stated that Sutter Middle School has a large enrollment due to years of parent involvement. However she feels parents also need to look at other middle schools as they also provide good programs and resources. Smaller enrollment also has its advantages. The Academic Progress Rate (APR) scores are similar to Sutter Middle School.

9.0 CONSENT AGENDA

2 minutes

Generally routine items are approved by one motion without discussion. The Superintendent or a Board member may request an item be pulled from the consent agenda and voted upon separately.

9.1 Items Subject or Not Subject to Closed Session:

- 9.1a *Approve Grants, Entitlements and Other Income Agreements, Ratification of Other Agreements, Approval of Bid Awards, Change Notices and Notices of Completion (Gerardo Castillo, CPA)*
- 9.1b *Approve Personnel Transactions (Cancy McArn)*
- 9.1c *Approve Business and Financial Report: Warrants and Checks Issued for the Period of November, 2014 (Gerardo Castillo, CPA)*
- 9.1d *Approve Revised Board Bylaw 9270: Conflict of Interest (Raoul Bozio)*
- 9.1e *Approve C. K. McClatchy Field Trip to the Gonzaga Debate Tournament in Spokane, Washington from January 8 - 11, 2015. (Lisa Allen)*
- 9.1f *Approve Minutes of the November 20, 2014 Board of Education Meeting (José L. Banda)*

Public Comment:

Ralph Merletti commented on Items 9.1e and 9.1f. He recommended that C. K. McClatchy High School students and those accompanying them on the debate tournament field trip make sure to look out the windows during the flight from Sacramento to Spokane. The area is rather deserted, but they will pass over part of the Great Basin and the Columbia Basin to the North. Regarding Item 9.1f, minutes of the November 20, 2014 Board meeting, it was mentioned that Mr. Merletti was in the process of gathering reports and photos from Earl Warren Elementary School, Sutter Middle School, and George Washington Carver High School. However, he does not have anything further to report at present. A collage of the solar eclipse and report was provided to the Board. The eclipse reported on was his 27th solar eclipse since 1954.

Board Member Comments:

None

President Woo asked for a motion to approve the Consent Agenda. A motion was made by Vice President Pritchett and seconded by Second Vice President Hansen. The motion was unanimously approved.

10.0 BOARD WORKSHOP/STRATEGIC PLAN AND OTHER INITIATIVES

- 10.1 *Approve 2015-2016 Budget Calendar (Gerardo Castillo, CPA)*

Conference/Action

Interim Chief Business Officer Gerardo Castillo presented the 2015-2016 Budget Calendar. He explained that the process of developing a school district budget is an on-going process that must be approved by the Board throughout the school year, and in order to effectively develop a fiscal document that reflects the goals and objectives of the District the budget process must include a well-defined budget calendar outlining when specific activities will be completed. Mr. Castillo went over steps covered in the

timeline and next steps.

Public Comment:

None

Board Member Comments:

None

President Woo asked if there was a motion to move the Item from Conference to Action. A motion was made by Member Arroyo and seconded by Vice President Pritchett. The motion carried unanimously. President Woo then asked if there was a motion to approve the calendar. A motion was made Vice President Pritchett which was seconded by Member Arroyo. The motion passed unanimously.

*10.2 Independent Audit Report for the Fiscal Year Ended
June 30, 2014, Submitted by Crowe Horwath LLP (Gerardo Castillo, CPA)*

Information

Before presentation of the 2013-14 Audit Report, Interim Chief Business Officer Gerardo Castillo publicly thanked Director of Accounting Amari Watkins and Interim Director of Budget Michael Smith and their staffs for their hard work in getting the audit report completed. Mr. Castillo then introduced Lisa Sav, Senior Manager with Crow Horwath. She presented the 2013-14 Audit Report.

Public Comment:

Karen Swett of Making Cents Work stated that her organization is more interested in trends than projections. She has concerns about CalSTRS and also Annual Measurable Objectives. Fifty percent of students are not proficient in English, and approximately 40 percent are not proficient in Math. She feels that if there is a manageable ending fund balance, as it appears there is, then we don't need to continue to put money into that, but rather spend more money on students.

Nikki Milevsky, President of the Sacramento City Teachers' Association (SCTA), asked that attention be drawn to page 48, number 10, Plan Description, which talks about the cost of retiree health benefits. "District teachers qualify for these benefits after attaining age 55 with at least five years of consecutive service to the District, age 50 with 30 years of service (if a member prior to January 1, 2013), or approved disability retirement with five years of service." Ms. Milevsky stated that SCTA is deeply concerned about the inaccuracies of this statement. It does reflect any contract to her knowledge that has ever existed with SCTA. Their prior long-standing contract had been age 55 with 10 years of service. In 2010 that requirement was drastically changed for vesting and lifetime benefits for twenty years at age 55 and a sliding scale so one could retire at age 60 with 15 years of service. She stated that if the unfunded liabilities are being calculated on this information, it is incorrect.

Grace Trujillo has concerns about the unfunded liabilities and feels that it is a problem nationwide for which all need to prepare. She asks that all work together for the common sake of students and our future.

Board Member Comments:

Second Vice President Hansen asked what changes to expect next year due to GASB 68. Ms. Sav directed the Board to page 33 which explains that governments providing defined benefit pensions will need to recognize their long-term obligation for pension benefits as a liability for the first time, and to more comprehensively and comparably measure the annual costs of pension benefits. It will not affect fund financials; it will be reported in the balance sheet. It is similar to how OPEB was functioning; they will be sending information out to the districts showing this is your percentage, this is our unfunded liability, calculate what your liability is. Member

Hansen asked if this will be just for pensions and not for unfunded healthcare costs. Ms. Sav replied that the unfunded healthcare costs would not be included in this amount. Member Hansen asked if unfunded healthcare is listed in the financials now. Mr. Castillo replied that the OPEB is listed in the financials as a footnote, specifically footnote 10 under GASB 45. This is a similar idea, but with CalSTRS and CalPERS, the District will be record it's full proportionate share. The amount is \$611 million while the OPEB amount is \$182 million. These are liabilities going forward which include current employees and retirees.

Member Rodriguez noted the new section in the report regarding free and reduced lunch students. There was an adjustment of 441 students, translating into \$278,000. Member Rodriguez asked what triggered the adjustment. Mr. Castillo replied that this is a case where the Federal and State law do not agree. Free and reduced counts have been done for many years based on Federal law. However LCFF rules are still being clarified. Under Federal law, students that were free and reduced in the prior year were automatically rolled over, and the District had 30 days to change the number for reporting in early October. It took some time to clarify the new State rules which resulted in the adjustment for this year. There is a process in place for next year however. Member Rodriguez asked if there is a different threshold now to qualify for free and reduced lunch. Mr. Castillo answered that the threshold is the same, but the reporting for Federal and State is done differently. Member Rodriguez how the LCFF number will be calculated next year. Mr. Castillo explained the calculation. Member Rodriguez asked what the plan is going forward regarding Associated Student Body (ASB) accounts. Ms. Sav replied that new sites are chosen each year to audit. If there were findings in a prior year for sites, they are not tested again in the subsequent year. She went on to say that it is rare to not have an ASB finding as ASB deals with cash handling. The District has provided training in this area. Member Rodriguez asked if Ms. Sav thought ASB findings could ever be material. Ms. Sav replied that these funds are put in with other non-major, meaning that the materiality threshold is very high, so no. An instant in which it would become material is if records were completely missing and nothing could be verified. Member Rodriguez directed attention to the auditors' report on internal control on page 81. She verified that ASB was audited regarding internal controls, and asked at what point would the auditors consider something material enough on which to report. Ms. Sav responded that material weakness is driven by materiality. A material weakness is found if the auditors believe there is a potential risk that, with controls failing, the result would be material. The material weakness would have to have the potential of reaching a material level. Member Rodriguez asked about the total net position shown on the Statement of Net Position. Ms. Sav directed the Board to page 45, summary of long-term debt, which shows a significant amount of bonds. This money will be invested into building capital assets, so as that debt starts dropping the District will be building up assets. Buildings, modernization of sites, and technology all show up in capital assets. This will help off-set and build up the net position. However, there is the net OPEB liability that keeps increasing and will keep increasing. Also, that entire liability will need to be reported very soon. And in addition to that liability, the District will need to start posting CalSTRS and CalPERS liability next year. Member Rodriguez asked how this affects the District in the market in terms of bond sales. Ms. Sav responded that it can give the funding agencies concern when there is a negative net position. However, with GASB 68 coming out, it must be kept in mind that every State agency is going to have this issue. Therefore, risk assessment rules may change. Member Rodriguez stated that she found the last paragraph regarding declining enrollment on page 12 intriguing, asked Ms. Sav to read the paragraph, and suggested that the Board have a broader discussion on the subject if anyone had concerns. Ms. Sav read the paragraph and stated that any discussion would be management's. Member Rodriguez stated that it basically states the District is still on the verge of fiscal distress and there is no room for error in judgment by the Board regarding fiscality; she asked what else the Board should be considering concerning this statement and the audit in its totality. Ms. Sav replied that question takes her outside of the scope of what she is hired to do and doesn't feel comfortable giving a statement as it could be construed as advice. Member Rodriguez asked why the 41.5 million dollar general fund balance amount is significant. Ms. Sav replied that the District would want to consider the fact that it has only an unassigned fund balance of about almost 18 million dollars and comparing that to the amount of payroll required, consideration should be given to how much is needed for payroll if something did go wrong. Mr. Castillo stated that the amount does not cover half of payroll for a month. This is one of the reasons that the

District has become positive for 2014-15 and increased the fund balance. We can project for the next couple of years that the District will be able to make it.

11.0 BUSINESS AND FINANCIAL INFORMATION/REPORTS

Receive Information

11.1 Business and Financial Information:

- *Purchase Order Board Report for the Period of October 15, 2014 through November 14, 2014*

Public Comments:

None

Board Member Comments:

None

11.2 Head Start/Early Head Start Reports

Public Comments:

None

Board Member Comments:

None

12.0 FUTURE BOARD MEETING DATES / LOCATIONS

- ✓ *January 8, 2015 4:30 p.m. Closed Session; 6:30 p.m. Open Session; Serna Center, 5735 47th Avenue, Community Room; Regular Workshop Meeting*
- ✓ *January 22, 2015 4:30 p.m. Closed Session; 6:30 p.m. Open Session; Serna Center, 5735 47th Avenue, Community Room; Regular Workshop Meeting*

13.0 ADJOURNMENT

Before adjournment President Woo congratulated the new Board members and encouraged Members Cochrane and Ryan to reach out to any and all of the veteran Board members as long as it is not in violation of the Brown Act. He also wished everyone present and watching happy holidays.

Student Member Asami Saito asked for a moment of silence for Principal Antonio Medrano of Cesar Chavez Elementary School who recently passed away.

President Woo asked for a motion to adjourn the meeting; a motion was made by student member Asami Saito and seconded by President Woo. The motion was passed unanimously, and the meeting was adjourned at 8:45 p.m.



José L. Banda, Superintendent and Board Secretary

NOTE: The Sacramento City Unified School District encourages those with disabilities to participate fully in the public meeting process. If you need a disability-related modification or accommodation, including auxiliary aids or services, to participate in the public meeting, please contact the Board of Education Office at (916) 643-9314 at least 48 hours before the scheduled Board of Education meeting so that we may make every reasonable effort to accommodate you. [Government Code § 54953.2; Americans with Disabilities Act of 1990, § 202 (42 U.S.C. §12132)] Any public records distributed to the Board of Education less than 72 hours in advance of the meeting and relating to an open session item are available for public inspection at 5735 47th Avenue at the Front Desk Counter and on the District's website at www.scusd.edu