

# District Citizens' Oversight Committee Special Meeting (DCOC) Meeting Minutes

<u>Date</u>	<u>Prepared By</u>	<u>Agency</u>	<u>Location</u>
9/30/2011	Laurie Green	LACCD	District

<b>Attended By:</b>	
<b>Committee Members</b>	
Nancy Carson, LAHC Representative, Chair	Elliot Axelband, WLAC Representative, Co-Chair
Marv Hoffman, LACC Representative	Reginald Byron Jones-Sawyer Sr., At-Large Representative
Isa Meksin, Seniors' Representative	Richard Slawson, At-Large Representative
Donna Smith, LAPC Representative	
<b>Other Attendees:</b>	
Nabil Abu-Ghazaleh, WLAC	Adriana Barrera, LACCD
Terri Dillard, LACCD	Trustee Mona Field
Camille Goulet, LACCD	Laura Gutierrez
Thomas Hall, LACCD	Miki Jackson
Laurelyn Johnson, LACCD	Chancellor Daniel J. LaVista, LACCD
Christine Marez, LACCD Inspector General	Grover Trask, Best, Best & Krieger
John Walsh	Daniel Wright

## A. Opening Introductions: 1:06 pm

Nancy Carson, DCOC Chair, called the meeting to order. She stated that Mr. Jaden Ledkins, Student Representative, sent her an email indicating that he is taking care of student-related business in Washington, DC at this time and, therefore, is unable to attend today's meeting. There was not a quorum.

N. Carson reported that she and E. Axelband went with Chancellor LaVista to the Building Program Review Panel (BPRP) meeting to exchange ideas. The BPRP will provide a report to the DCOC when its work has been completed.

E. Axelband stated that the BPRP agreed with the motions that were passed at the last DCOC meeting.

N. Carson stated that the motions that were passed at the last DCOC meeting will be sent to the Board of Trustees.

Self-introductions were made.

N. Carson requested that some of the DCOC members assist her in preparing a handbook for new members so that they will be informed about the purpose of the DCOC and its rules.

## B. Minutes: Postpone minutes of August 26<sup>th</sup> meeting until next regular meeting (Friday, October 28, 2011)

N. Carson stated that approval of the minutes of August 26, 2011 would be postponed until the regular meeting of October 28, 2011.

## C. Public Speakers:

N. Carson stated that the public speakers would be deferred until after the topics have been completed.

## D. Review of Bylaws – Camille Goulet

A document entitled "Recommended Changes to Bylaws" was distributed.

Due to the lack of a quorum, Ms. Goulet recommended that this item be deferred until the next regular DCOC meeting.

#### **E. Opinion Regarding Investigative Reports – Grover Trask of Best, Best & Krieger**

A document entitled “LACCD Investigation Reports and the Public Records Act” was distributed.

Mr. Trask stated that the firm of Best, Best & Krieger represents approximately 350 public agencies throughout California. For the past five years, he has co-chaired the firm’s legal ethics compliance practice group. The firm handles legal analyses for conflicts of interest and related ethics laws under the Political Reform Act. The firm also conducts internal investigations and compliance audits for its public agency clients.

Mr. Trask stated that all reports and materials provided to the DCOC are subject to The Ralph M. Brown Act public forum requirements. He discussed the document with respect to The Ralph M. Brown Act disclosure requirement as it relates to investigative reports that are provided to the DCOC.

Mr. Trask distributed a document entitled “Summary of Disclosure Rules.”

There was discussion regarding the process for requesting and obtaining copies of public records such as investigative reports.

Chancellor LaVista stated that the sole responsibility of the DCOC in terms of communications to the public rests in its minutes and its annual report. He emphasized the importance of the DCOC to work in cooperation with the College Oversight Committees to provide increasingly good information about college activities.

#### **F. Office of Inspector General (OIG) Financial Review of Van de Kamp Innovation Center Project Expenditures**

A document entitled “Van de Kamp Innovation Center Project Expenditure Review” was distributed.

Ms. Christine Marez stated that there was a comment from the State Controller’s audit as to the quality of what the work product was intended to be. According to the OIG website, after more than nine months of the OIG was established, there was one financial review—the Van de Kamp (VdK) project expenditure review. She stated that the OIG was requested to perform this financial review. This was not an audit. The OIG does perform some audits under generally accepted government auditing standards (GAGAs), but for the most part, the OIG reviews follow the standards of the Association of Inspectors General. She further stated that if the State Controller’s Office had asked her what was completed, she would have told them that there had been eight investigations completed as well as two audits and two other reviews. She discussed the results of the OIG’s review of the VdK project with respect to the current funds allocated to the VdK project from all fund sources, the total document expenditures, project expenditures, and commitments for unbilled or unpaid services.

A summary of the results is required here and a discoverable reference to the OIG review.

Per Mr. Wright of the VdK coalition, the State Auditor claimed that \$10 million was illegally spent by the LACCD on the VdK project.

There was discussion regarding the VdK Innovation Center Project Expenditure Review.

Chancellor LaVista stated that the key focus on the VdK Innovation Center space at the current time has to do with future uses that will be possible given the District's funding sources.

E. Axelband stated that from the purview of the DCOC, the DCOC's concern is the proper use of bond funds. Therefore, in keeping with that concern, the DCOC would like to make sure that the bond funds that are applied for this "overrun" are proper and, furthermore, that not more bond funds are used than is legally necessary to conserve bond funds.

E. Axelband requested that in the near future, a full discussion be conducted regarding the use of bond funds for the VdK Innovation Center project.

R. Slawson requested that a topic be placed on the agenda of the regular DCOC meeting of October 28, 2011 that the information regarding the funding for the completion of the projects will be transmitted to the DCOC for its review and recommendation to the Board of Trustees.

N. Carson stated that Ms. Marez would be placed on the agenda of the regular DCOC meeting of October 28, 2011 for the purpose of providing additional data regarding the VdK Innovation Center project.

### **Public Speakers:**

Mr. Daniel Wright stated that in the original resolution that was adopted by the Board of Trustees on April 28, 2010, it indicated that the OIG's first responsibility was to determine whether or not the expenditures at VdK were lawful. The report distributed at today's meeting does not address this at all. He further stated that during today's OIG presentation there was no mention of the fact that in the State Controller's Audit, it says that the State Controller believes that \$10 million of VdK was inappropriately spent. He stated that the Los Angeles Unified School District Bond Oversight Committee routinely issues press releases when it sees that something is going wrong. He stated that to the best of his knowledge, there has never been a press release issued on any topic expressing any concern about anything. This is why in the State Controller's audit, it says that the DCOC had been perfunctory and ineffective. This is something that needs to be changed in this institution. He stated that this is why for more than one year he has come to the DCOC meetings and suggested that the DCOC's statutory authority include requiring the District to pay for an independent analyst who can be its eyes and ears. The DCOC has the right to demand the funds to hire its own independent legal counsel on a contract basis and on an as-needed basis when something comes up.

Mr. John Walsh of Hollywoodhighlands.org Democratic Club addressed the DCOC regarding the investigation of the LACCD Inspector General. He stated that members of the VdK Coalition appeared in court and won a case 100 percent. He further stated that Ms. Marez is not an employee; she works for Policy Masters—a contractor that was contracted to perform Inspector General work. He added that Policy Masters did not exist until Ms. Marez got the contract.

With respect to the investigation of the LACCD Inspector General, Ms. Miki Jackson of the VDK coalition stated that the law says that only the things that were specifically prepared for the lawsuit cannot be shown to anyone. She stated that Ms. Goulet has issued an opinion that is far broader and shields information that should be made public under this opinion that is beyond what the law permits. This is why the State Controller is frustrated and wants people with subpoena power to take over the investigation. She stated that there will probably be an FBI investigation also.

Ms. Jackson chided the DCOC for being ineffective and perfunctory as stated by the LA Times, overly guided by the Chancellor and General Counsel Goulet, and urged the DCOC to exercise its right to independent counsel.

Chancellor LaVista stated that he has made a practice of not responding to the public comments during the DCOC meetings. However, he feels that the information that was just received warrants some commentary. He stated that the members of the DCOC have every right to make requests for staff or legal counsel resources. The assertion injurious to their health that the administration is keeping them from those rights is improper. He requested that when the DCOC is fully constituted, it take this up as a body and state in the minutes that this was made aware to them and that they have acted affirmatively that they do not need reminding to ask for these support services.

**G. Discussion of Audits: State Controller’s Audit, KPMG Financial Audit—Year End 6/30/10, Moss-Adams Performance Audit—Fiscal Year ended June 30, 2010**

The following documents were distributed:

Los Angeles Community College District Audit Report Proposition A/AA and Measure J Bond Expenditures July 1, 2001 through December 31, 2010 – John Chiang, California State Controller – August 2011

Los Angeles Community College District Audit Report Proposition A/AA and Measure J Bond Expenditures Audit – Controller John Chiang, California State Controller’s Office

Chancellor’s Report – Response to the Findings of the State Chancellor – August 17, 2011

Summary of Agreed Recommendations

Los Angeles Community College District Report on Audited Basic Financial Statements – June 30, 2010

Los Angeles Community College District Proposition A/AA and Measure J Bond Program Performance Audit Report Fiscal Year Ended June 30, 2010 – Moss-Adams LLP – January 4, 2011

Chancellor LaVista presented opening comments regarding the audits. He discussed the document entitled “Summary of Agreed Recommendations.” He stated that the President of the Board of Trustees formed an ad hoc committee to review the disputed recommendations. The Board of Trustees reached a decision to seek an independent review and selected the City Controller to conduct this review. At the Board meeting of October 5, 2011, there will be an announcement of a movement to engage the review. This review will address only Finding 3 in the study, which has to do with the Inspector General selection process and the qualifications for the Inspector General and the OIG staff. He further stated that the Board of Trustees will issue a series of resolutions one of which has to do with charging him toward a timely recruitment to fill the vacancies on the DCOC, to formally present the DCOC Annual Report to the Board of Trustees, and to arrange for the Board of Trustees and the DCOC to meet on a quarterly basis. He stated that the Building Program Review Panel (BPRP) is concluding its work. The BPRP will present its final report in November 2011.

Mr. Tom Hall stated that the District has undergone intense scrutiny during the past several months. The goal is to make necessary corrections and adjustments to the bond program.

Trustee Mona Field recommended that the DCOC members go to the LACCD website to look at the agenda for the upcoming Board of Trustees meeting including the resolutions that will be presented for action.

I. Meksin stated that there needs to be a representative from Northeast Los Angeles appointed to the DCOC.

E. Axelband inquired as to who is responsible for responding to the question of whether the expenditure of bond funds that has been made is legal.

Chancellor LaVista responded that it is a combination of sources—the LACCD General Counsel’s review of the law, the benefit of bond counsel, adjudication of differences among and between those members and the Board of Trustees, guidance from the California Community Colleges Chancellor’s Office. Ultimately, it is himself, Mr. Hall, the Chief Financial Officer, and the General Counsel who have this responsibility. He stated that he and the other individuals could make a presentation to the DCOC regarding the legality of the expenditure of bond funds.

E. Axelband requested that this presentation be placed on the agenda for the next regular DCOC meeting.

N. Carson stated that for the agenda of the next regular DCOC meeting, she would request a report from each college representative on the DCOC.

Ms. Camille Goulet stated that in March 2010, the bond counsel made a presentation to the Board of Trustees in which she identified a number of areas that she considered questionable expenditures. She will provide a copy of this report to the DCOC.

Chancellor LaVista stated that he and Mr. Hall are working with the College Presidents regarding the content and the frequency of the college reports that are provided to the DCOC.

**Public Speakers (continued):**

Ms. Laura Gutierrez stated that at a recent meeting with the auditors, one of the auditors said that the right for public information on the website was extremely lacking. She further stated that the DCOC is now putting the recordings of its meetings on the website. She indicated that the DCOC minutes have not been posted on the website since April 2011 and requested that this be updated. She stated that the Board of Trustees is making a motion to send Proposition 39 to the Attorney General’s Office to make sure that the guidelines are being followed effectively. She stated that Ms. Greuel as a public employee should not be paid for the investigation she is undertaking on behalf of the Board of Trustees.

**H. Adjournment:**

There being no objection, the special meeting was adjourned at 3:14 p.m.

The next regular meeting will be Friday October 28, 2011, starting at 12:00 p.m.