

MINUTES
CLARK COUNTY SCHOOL DISTRICT
SPECIAL MEETING OF THE BOARD OF SCHOOL TRUSTEES
ADMINISTRATIVE CENTER, 4TH FLOOR EXECUTIVE CONFERENCE ROOM 466
5100 W. SAHARA AVENUE, LAS VEGAS, NV 89146

WORK SESSION

Monday, October 15, 2007

10:09 a.m.

Roll Call: Members Present

Ruth L. Johnson, President
Terri Janison, Vice President
Mary Beth Scow, Clerk
Shirley Barber, Member
Sheila Moulton, Member

Members Absent

Larry P. Mason, Member

Dr. Walt Rulffes, Superintendent

Also present were: Mary-Anne Miller, Board Counsel, District Attorney's Office; Bill Hoffman, General Counsel, Legal Department; Dr. Lauren Kohut-Rost, Deputy Superintendent, Instruction Unit; Dr. Craig Kadlub, Chief of Staff; Jeffrey K. Weiler, Chief Financial Officer, Finance and Operations Division; Cynthia Sell, Director, Communications Office; Maureen Fox, Director, Office of the Superintendent; Dave Molinaro, Manager, Vegas PBS; Dan Wray, Technical Resources, Vegas PBS; Cindy Krohn, Executive Assistant, Board Office; Lisa Chrapcynski, Administrative Secretary II, Board Office; and Francesca Haak, Transcriber/Recording Secretary, Board Office.

ADOPT AGENDA

Adopt agenda.

Motion: Edwards Second: Moulton Vote: Unanimous

BOARD MEMBER ARRIVED

Mrs. Johnson arrived at the Board meeting at 10:12 a.m.

PUBLIC HEARINGS ON NON-AGENDA ITEMS/RESPONSE TO PUBLIC COMMENT

Audit Committee; Land Acquisition – Karen Gray

Ms. Gray asked if the Board has access to the appraisals prior to vote and does the Board look at appraisals. Regarding land acquisitions, she asked why the method indicated in the back-up material to do the appraisal was chosen if the property would not be used to generate income. She also stated she requested a copy of the third appraisal done in 2006 and it was not available but that she would still like to obtain a copy of it. She stated she wants to be a member of the audit committee and feels she is qualified.

APPROVE PROPOSED AUDIT COMMITTEE

Approval to develop an audit committee of the Board and to establish a timeline for the organization of the committee, as recommended in Reference 3.01.

Mrs. Scow reported that she met with members of another audit committee and Dr. John Carver, CEO, Policy Governance® to glean information. She stated Jeremiah P. Carroll II, Certified Public Accountant, Clark County, made some recommendations, some of which included membership; that the committee not be political; that there needs to be a communications flow; that it should establish procedures for reporting; and that adequate funding needs to be available for legal issues. She also stated that Mr. Carroll's audit committee was made of representatives from different groups from the City of Las Vegas.

Mrs. Moulton agreed that diversity and funding was necessary.

Mrs. Scow stated she connected with Dr. Carver last week and some general recommendations he made were that the recommendation of the audit committee reaches for transparency and that inconsistencies included Policy Governance® issues and that it could take away statements of value the Board makes about financial issues.

Mrs. Janison stated that Dr. Carver explained that the audit committee was to help the Board, and the Board should not tell them what to do, but should act more as a liaison.

Mrs. Johnson asked if the Board would set the objective.

Mrs. Scow stated that it would be preferable to have parameters set.

Mrs. Johnson asked if there would be a role the Board would play. She addressed an issue of concern regarding confidential information, and that information should be reviewed and verified before being made public.

Mrs. Scow stated Dr. Carver would review the final product at no cost to the district.

Mrs. Barber asked if a decision was made on the number of members the audit committee intended on having.

Mrs. Scow responded that no final decision had been reached on the number of members the committee would have.

Mrs. Barber read comments for the record, which she requested to be included verbatim in the Minutes, as follows:

"Agenda Item 3.03: Proposed Audit Committee

"Madam President, I would like to make a few comments for the record (word for word).

"I am strongly opposed to the idea of a Board audit committee for several reasons. First, it would duplicate the direct inspection procedures authorized by Board policy B/SL-5. Second, it would create a permanent committee which, in John Carver's view, tends to promote Board interference in administrative matters."

APPROVE PROPOSED AUDIT COMMITTEE (continued)

"Third, it would create a serious credibility problem.

"Regarding the credibility factor, this Board has consistently demonstrated a pattern of behavior which increasingly shows a disregard for OML procedures and its own policies. Just a few examples to illustrate:

"1. Applications to out of district agencies without Board approval – the Broad grant, a Dow Chemical grant, a proposal to give a presentation on closing the achievement gap in 2002 in Orlando.

"2. Holding irregular meeting without the opportunity for all members to attend (GP-4).

"3. Rating the district as outstanding even though high school graduation rate decreased from 73% to 60% from 2000 to 2005. Other indicators reflected a similar decline. Yet, not a single direction for improvement was given and the Superintendent was given four additional years.

"4. A more recent example: On or about June 1, 2007, a Board member or Board committee submitted proposals to the CGCS to give two presentations. One on Board Governance and the other on the benefits of the budget committee, which has yet to be implemented as today's agenda indicates.

"This is a very disturbing pattern of questionable Board behavior and, at this time, it clearly suggests that it would not be in the best interest of our owners to create and implement a permanent Board audit committee.

"The question is, given past Board behavior, can or should it be trusted to execute this vitally important function? In my opinion, the answer is no.

"I motion that this proposal be rejected pending a written response from John Carver."

Mrs. Barber motioned that the proposal of an audit committee be rejected because of the concerns she had just recited.

The motion died for lack of a second.

Mrs. Janison stated she felt the new audit committee would enhance the Board with checks and balances.

Mrs. Scow continued with her presentation and stated Mr. Weiler advised her regarding the Council of the Great City Schools and one of its practices that the district has established regarding an external audit.

Mr. Weiler stated that was still in draft at their level and was still in proposal form. He stated he was at a conference with other CFOs from the Council of the Great City Schools and he did not know if any of them have it yet because their standards indicate they were still working with rating agencies and financial professionals in general and it was something to shoot for, so he asked that the Board keep that in context.

Mrs. Moulton requested a copy of the backup on that subject.

APPROVE PROPOSED AUDIT COMMITTEE (continued)

Mrs. Scow then spoke about the policy.

Mrs. Johnson motioned to create the audit committee and to thereafter set parameters to then review the policies.

Mrs. Scow stated she thought there was a motion already.

Mrs. Janison stated that motion never did go through because the Board needed to speak with Dr. Carver first.

Mrs. Johnson made a motion to create the audit committee.

Trustee Edwards stated that a motion was made in June or July to move forward with an audit committee and she did not want a conflict with that motion.

Ms. Miller clarified that, to eliminate confusion, the President can restate the motion to supersede the previous motion.

*Mrs. Johnson motioned to create the audit committee superseding any previous motion before the Board.
Motion: Johnson Second: Janison Vote: Yeses – 5 (Johnson, Edwards, Janison, Moulton, Scow);
No – 1 (Barber)
The motion passed.*

GOVERNANCE REVIEW OF BOARD POLICY GP-14

Discussion and possible action regarding modification, additions, language changes, and deletions to GP-14: Board Committee Principles, for the purpose of making possible recommendations to the full Board of Trustees, as requested in Reference 3.02.

Mrs. Scow stated GP-14: Board Committee Principles reinforced and gave good parameters for the audit committee.

Mrs. Moulton stated that Items 3.02 and 3.03 were very close.

Mrs. Scow asked if Items 3.02 and 3.03 could be combined and recommended no change.

GOVERNANCE REVIEW OF BOARD POLICY GP-15

Discussion and possible action regarding modification, additions, language changes, and deletions to GP-15: Board Affiliated Committees, for the purpose of making possible recommendations to the full Board of Trustees, as requested in Reference 3.03.

Mrs. Scow stated the audit committee needs to be listed under the Board committees and the number of Board members needs to be indicated.

Trustee Edwards asked if this policy could be brought back on October 25, 2007, and to have staff indicate any changes in the bylaws.

GOVERNANCE REVIEW OF BOARD POLICY GP-15 (continued)

Mrs. Johnson made a motion for section 2 of GP-15: Board Affiliated Committees, that the bylaws and any changes to the bylaws of any committee must be approved by the Board; and reference material for the meeting on October 25, 2007, would be language added to the Board committee list, including the audit committee, and a comprehensive planning committee with the number of members being determined by discussion this date and for the National Interscholastic Activities Association (NIAA) liaison list.

Motion: Johnson Second: Janison Vote: Unanimous

Mrs. Scow motioned verbiage to read, "...bylaws and/or changes to the bylaws."

Motion: Scow Second: Janison Vote: Unanimous

GOVERNANCE REVIEW OF BOARD POLICY B/SL 5

Discussion and possible action regarding modification, additions, language changes, and deletions to B/SL 5: Monitoring Superintendent Performance, for the purpose of making possible recommendations to the full Board of Trustees, as requested in Reference 3.04.

Mrs. Scow indicated that no action was recommended.

Dr. Kohut-Rost asked to make recommendations to Item 3.04 relating to the schedule.

Trustee Edwards suggested that B/SL 5: Monitoring Superintendent Performance come back to the Board for discussion of the schedule at the next Board meeting on October 25, 2007.

APPROVE PROPOSED AUDIT COMMITTEE (continued)

Mrs. Scow continued her presentation regarding the draft of changes to the proposed audit committee.

Mrs. Johnson asked Mrs. Scow to speak about Dr. Carver's suggestion of setting parameters.

Mrs. Scow responded that he gave his observations and concerns of Policy Governance® issues. She stated that the big picture was touched on in the Role section of Dr. Carver's comments sheets.

Mrs. Johnson stated she was unclear on what role the committee would play, and asked if it was the Board's role to establish the original charter to assign it to committee members for review and recommendations for changes.

Mrs. Moulton concurred with what Mrs. Johnson stated regarding the Board establishing the initial charter.

Mrs. Janison stated that was consistent with Dr. Carver's recommendation and that the committee needs to understand Policy Governance®.

Mrs. Johnson stated the Board members need to be trained.

Mrs. Moulton stated financial commitment may play into the training process.

APPROVE PROPOSED AUDIT COMMITTEE (continued)

Mrs. Scow spoke about the Role section of the draft document of her presentation, and she discussed Dr. Carver's opinions and used his opinions as recommendations to the Board. She recommended that the blue section on the bottom should take the place of the other bullet points.

Dr. Rulfes asked about the need to recognize areas where more efficiency was needed. He asked about the potential of expanding into the blue bullet points.

Mrs. Scow discussed the Membership section of the draft regarding qualifications and responsibilities of new members.

Discussion ensued regarding the number of members and liaisons that would be needed for the audit committee.

Mrs. Johnson questioned if one or two liaisons were needed.

Mrs. Scow responded that there was discussion of having a five-person committee.

Mrs. Janison strongly objected to having a Board member serve as a committee member but felt the Board member should serve as a liaison to provide support and recommendations.

Trustee Edwards suggested five committee members and one Board member liaison.

Mrs. Johnson suggested an odd number of five members with one liaison.

Mrs. Moulton stated initially she looked at it as a training experience for the Board, and she liked the liaison being present and that having three instead of five members would be easier. She also stated that if a member missed two out of three meetings, that member would be taken off the committee.

Dr. Rulfes stated audit standards across the country have increased tremendously, and he agreed that five members was a good number. He stated he would go through the audit committee papers he received today and report back.

Discussion ensued regarding who the members should consist of and what the background requirements should be.

Mrs. Johnson suggested the members have some accounting background and asked Dr. Rulfes what expertise would he like to see on the committee.

Dr. Rulfes stated he would look into it and report back to Mrs. Johnson in writing. He agreed an attorney with a CPA background would be appropriate.

Mrs. Scow suggested having a member from a governmental agency, one from higher education that works in finance, and a CPA attorney.

Trustee Edwards stated we need to be careful not to limit who the members could be in the bylaws, and area of expertise should be broad. She stated she knew of a banking CEO who would be happy to serve.

APPROVE PROPOSED AUDIT COMMITTEE (continued)

Mrs. Barber stated there needs to be some training of all members.

Mrs. Scow suggested having categories listed in the bylaws regarding qualifications.

Dr. Rulfes stated we need to expand areas of efficiency.

Trustee Edwards suggested adding the following verbiage to the Membership section: "Strengthen the accountability for the stewardship and efficient use of public funds."

Mrs. Johnson told Dr. Rulfes that staff would provide him with any other documents to keep him up to date.

Mrs. Scow suggested the verbiage, "The membership of the Committee shall consist of five committee members who will serve without compensation."

Mrs. Johnson suggested the verbiage, "... five members in the following areas who will serve without compensation in renewable, staggered two-year terms. The Board may remove Committee members at any time without cause and must be representative of the following ..."

Mrs. Scow suggested the verbiage, "Each committee member shall, in the judgment of the Board, meet the following criteria:" She suggested changing "Financial Literacy" and "Financial Expertise." She stated that "Independence" and "Good Faith" should be kept as is.

Mrs. Johnson suggested striking "Financial Literacy." She suggested the verbiage under "Financial Expertise:" to read: "Each of the committee members shall be a financial expert who possesses the strength and skills necessary to understand complex and technical financial reporting issues, from the credentialed area of a certified public accountant ..."

Mr. Hoffman suggested "business transactional attorney," with the top person being a CFO.

Mrs. Johnson continued, "... certified public accountant, a business transaction attorney ..."

Mr. Weiler suggested use of "governmental financial executive" be left open, and listing CFO to get the right person and that a governmental financial executive should be listed also.

Mrs. Johnson continued, "... business transaction attorney, governmental financial executive and corporate finance person."

Trustee Edwards suggested governmental financial executive, accounting, business, finance, legal, accounting, auditing, and government incorporation as fields to chose from.

Discussion was held regarding CPAs and qualifications.

APPROVE PROPOSED AUDIT COMMITTEE (continued)

Trustee Edwards suggested the verbiage, "Each committee member shall be a financial expert who possesses the experience and skills necessary to understand complex and technical financial reporting issues. These members will be chosen with credentials from the following areas: business, finance, legal, accounting, auditing, government and/or corporate finance."

Mr. Hoffman suggested it would be important to have someone on the committee with government, financial or legal background.

Mr. Weiler stated the list was broad and encompassed enough expertise. K-12 experience would be most relevant.

Mrs. Moulton suggested including one position with governmental expertise.

Mrs. Johnson agreed with including verbiage that one of the committee members must possess professional expertise in governmental affairs, and it was agreed that Financial Literacy was deleted.

Mrs. Scow discussed the "Good Faith" bullet and she asked if parameters should be set regarding rental of hotel halls.

Mr. Hoffman stated there is a standard in state law that deals with ethics which asks whether a reasonable person would be influenced. He suggested including the verbiage, "... be the owner or have a direct, material interest in a company that would influence a reasonably prudent person," or something to that effect.

Ms. Miller suggested use of verbiage, "third degree of consanguinity"

Trustee Edwards suggested the use of verbiage, "... individuals within a third degree of consanguinity for ..."

Ms. Miller suggested the verbiage, "Committee members, members of their household, or relatives within the third degree of consanguinity shall not be employees of the district, nor contractors of the district" to be consistent with the ethics provisions.

Mrs. Johnson asked Ms. Miller to come back with language that is reflective of the Board's policy and supportive language before finalizing the language. She reiterated that it was agreed to adopt the Independence section, strike Financial Literacy section. She asked if the Board was okay with the Good Faith section.

Mr. Weiler stated the verbiage added could include something about being consistent with the mission of the district or the policy of the Board of Trustees.

Trustee Edwards suggested adding, "Members of the committee will act in a manner consistent with the mission and policies of the district."

Mr. Hoffman questioned how you would know if someone was acting within the mission of the district. He stated that you could remove someone that was not serving the district's needs.

APPROVE PROPOSED AUDIT COMMITTEE (continued)

Discussion ensued regarding the Operations bullet. Mrs. Scow suggested deleting the sentence, "Additional meetings may be scheduled by the committee chairperson or the committee."

Mrs. Johnson felt it was a functional sentence.

Trustee Edwards stated the section needs to be started with, "A quorum ..." and then move to meetings, but that the number of times was not needed.

Ms. Miller suggested use of the verbiage, "Committee meetings are governed by District policy and the laws of the State of Nevada, including the Open Meeting Law (OML)."

Mrs. Johnson suggested having a point person. Committee shall establish chairperson.

Mrs. Scow stated she liked the verbiage regarding the committee having to meet at least four times per year.

Trustee Edwards asked what if they could perform their work in three meetings.

Mr. Weiler stated that one thing to take into consideration regarding timing was that an external audit would occur in October and it would be their duty to comply.

Mrs. Johnson read the verbiage as: "It is expected that the committee meet four times a year with an annual scheduled meeting with the Board of Trustees. The committee will choose a chairperson who will be responsible to delegate the work of the committee."

Discussion ensued between Trustee Edwards and Mr. Weiler regarding timeline and the external audit deadline to occur in November.

Mrs. Johnson stated the three points of operations to include: 1. The committees are governed by district policy and laws of the State of Nevada, including the Open Meeting Law; 2. It is expected that the committees meet four times a year, with an annual scheduled meeting with the Board of Trustees and staff; and 3. The committee will choose a chairperson who will be responsible to delegate the work of the committee or oversee the work of the committee.

Mr. Hoffman clarified what quorum was needed, and he suggested that the verbiage should include appointed membership.

Ms. Miller made suggestions regarding positions and quorum.

Mrs. Johnson asked if a quorum is a simple majority of positions filled.

Discussion continued regarding the definition of quorum being a majority of currently appointed members.

Mrs. Scow suggested adding verbiage of, "Quorum constitutes..." and a second sentence, "Decisions would be made by majority vote of current appointed membership."

APPROVE PROPOSED AUDIT COMMITTEE (continued)

Trustee Edwards stated it should take five members to take a vote. She recapped verbiage to include, "All decisions shall be made by majority vote of current appointed membership." and dropping everything after "OML."

Mrs. Johnson recapped that the committee must have a quorum; the committee will choose a Chairperson; and it would be expected that the committee will meet four times per year, with an annual scheduled meeting with the Board of Trustees and staff.

Mrs. Scow stated the rest of the items in the draft should be brought back at the next Board meeting.

Mr. Hoffman voiced concern regarding the Responsibilities section because this provision may allow the members access to confidential information, and that these members are not district employees. He stated that under the law the district could not enforce confidentiality. He questioned whether the Board wanted the committee members to have access to confidential information. He explained that confidential items should not be discussed with those members.

Mr. Weiler stated the internal audit would be an instance where the audit committee would see such confidential information, but they would not know names of employees.

Dr. Kohut-Rost asked if a member may be allowed to speak about something they read and asked regarding confidentiality, in case someone was accused of something erroneously. She asked what verbiage could be utilized to prevent that.

Mr. Hoffman suggested including language but did not know how it would be enforced.

Mrs. Johnson stated under Education, "applicants and new committee members" should be added.

Trustee Edwards stated that the Responsibilities section should be referred back to the Superintendent.

Mrs. Johnson asked for a motion to take Item 3.01 as far as it went today and to come back at the next meeting to continue.

Motion: Janison Second: Scow Vote: Unanimous

WEBCASTING BOARD MEETINGS

Discussion and possible action regarding preparation and timelines of web casting the regular Board meetings of the Board of School Trustees.

Ms. Sell presented a brief update on webcasting Board meetings since the last work session regarding equipment.

Mr. Molinaro reviewed the estimated timeline document for webcasting.

Mrs. Moulton asked what "informal" meant.

Mr. Molinaro responded it was what they feel it was.

WEBCASTING BOARD MEETINGS (continued)

Mr. Weiler stated it was not quite as rigid as a Request For Proposal (RFP) process.

Mr. Molinaro continued explaining his estimated timeline document.

Mrs. Janison stated the Board would like to see the first test runs of January 10, 2008, and January 24, 2008, which would not be webcast to the public.

Mrs. Johnson suggested having April, instead of February, as the first live webcast because the Board may need the opportunity to discuss and make changes and agreed to move to a date before April if the Board felt comfortable.

Trustee Edwards suggested having school police present for webcast meetings.

Ms. Sell continued with her presentation to the Board, including topics such as 30-second delay and that no broadcast captioning will be provided.

BOARD PRESIDENT RELINQUISHES CHAIR

Mrs. Johnson left the Board meeting at 12:40 p.m.

WEBCASTING BOARD MEETINGS (continued)

Mrs. Janison asked what the amount for equipment and installation charges were.

Mr. Wray spoke regarding transitioning from live file to encoding it for multiple band use customers. He stated there was no additional cost for that service. He clarified there may be 40 people simultaneously watching the meeting on line, which is a few. Otherwise, it would be approximately 10 to 15 at one time. He stated it would be something that could be monitored, and the \$20,000 fee would be a one-time fee.

Mr. Molinaro explained that Vegas PBS puts their storage onto DVDs for archival purposes.

Mr. Wray stated a six months to a year archival system for the public could be made available.

Trustee Edwards suggested charging fees for services and that our fee schedule may be outdated because the county charges \$1.00 per page for verbatim minutes.

Ms. Sell continued her presentation, discussing such items as background materials which takes away light.

BOARD MEMBER LEAVES

Mrs. Janison left the Board meeting at 12:55 p.m.

WEBCASTING BOARD MEETINGS (continued)

Ms. Sell continued her presentation by discussing topics that included importance of signage, including to turn off cell phones and pagers, which should be enforced due to distraction; and signage to prevent congregating in the back hallway; change to dais area may occur; having someone taking care of the room prior to the meeting; eliminating agenda items not covered at the meeting; formalizing the way the agenda is read may help; meeting schedule should be user friendly; formalize how changes to the agenda are made.

She stated fees to the public would be looked into and cease and desist efforts of internet usage may be looked into.

Mr. Hoffman stated cease and desist efforts would have to be reviewed after it occurs, not prior.

Ms. Sell cited miscellaneous items to be looked into, including podium and accommodation of speakers; message screens that need to be in place when something cannot be downloaded at one time.

Trustee Edwards questioned if two Board members on conference call at once could occur.

Ms. Sell responded that rehearsals need to be performed to remove potential problems, but it was possible to make those conference calls standard. She suggested Communications could work with Technical regarding fees to the public for DVDs.

Mrs. Moulton noted a lot of work and decisions to be made and acknowledged appreciation of Mrs. Johnson's suggestion to move the date to April for the first live run. She stated Mrs. Krohn would work with Ms. Sell on this timeline.

Mrs. Scow suggested bringing it back at the next Board meeting.

ADJOURN: 1:12 p.m.

Motion: Edwards Second: Barber Vote: Unanimous

Mrs. Johnson and Mrs. Janison were not present for the vote.