

# WCCUSD Subcommittee on Clay Investigation

Alvarado Adult Education Campus

July 20, 2015

## Minutes

Approved August 10, 2015

### A. OPENING PROCEDURES

#### A.1 Call to Order

The meeting was called to order at 1:03 PM by Chairperson Liz Block.

#### A.2 Roll Call

**Committee Members Present:** Liz Block, Valerie Cuevas, Ivette Ricco

**Staff Attendees:** Lisa LeBlanc, Associate Superintendent for Operations; Phyllis Rosen, Clerical Staff; Harold Freiman, Attorney for the district.

#### A.3 Approval of Agenda

**MOTION:** Ms. Ricco moved to approve the Agenda. Ms. Cuevas seconded. Ms. Block, Ms. Cuevas and Ms. Ricco voted yes, with no abstentions and no absences. Motion carried 3-0-0-0.

#### A.4 Approval of Minutes: July 13, 2015

**MOTION:** Ms. Block moved to approve the minutes of the July 13, 2015 meeting. Ms. Ricco seconded. Ms. Block, Ms. Cuevas and Ms. Ricco voted yes, with no abstentions and no absences. Motion carried 3-0-0-0.

### B. DISCUSSION / APPROVAL ITEMS

#### Public Comment:

Mr. Dan Romero commented on the Response to the Request for Qualifications submitted by Rehon Roberts. He asked for more information regarding Attorneys Ruiz and Saenz and their prior affiliations. Mr. Romero also requested that Mr. Kawahara provide more detail with regard to the hours he estimated in his response.

#### B.1 Interview James K. Kawahara (Kawahara Law) to assist the Subcommittee on behalf of the Board of Education to identify a forensic audit firm.

Mr. James Kawahara provided a presentation to the Subcommittee. The presentation was followed by questions from Ms. Block, Ms. Cuevas and Ms. Ricco, and responses from Mr. Kawahara.

*Mr. Rehon and Mr. Ruiz of Rehon Roberts were not present for this interview.*

#### B.2 Interview Peter M. Rehon and Rogelio M. Ruiz (Rehon & Roberts, APC) on behalf of the Board of Education to identify a forensic audit firm.

Mr. Peter Rehon and Mr. Rogelio Ruiz provided a presentation to the Subcommittee. The presentation was followed by questions from Ms. Block, Ms. Cuevas and Ms. Ricco, and responses from Mr. Rehon and Mr. Ruiz.

*Mr. Kawahara was not present for this interview.*

**Public Comment:**

Ms. Valerie Snider expressed concerns regarding conflict of interest with Mr. Ruiz and his affiliations.

Mr. Dan Romero expressed concerns regarding conflict of interest with Mr. Ruiz and Mr. Saenz and their affiliations.

Mr. Ruiz responded to Mr. Romero's concerns to clarify his affiliations.

**Board Comment:**

Ms. Block asked Mr. Ruiz for clarification regarding Mr. Saenz' scope of work, and Mr. Ruiz responded.

**B.3 Discussion / Approval of Subcommittee selection of Special Counsel for recommendation to the Board of Education.**

**Public Comment:**

Ms. Linda Lozito commented that there were lots of little potential conflicts with regard to attorneys at Rehon Roberts.

Mr. Anton Jungherr said that: the Special Counsel should advise on all matters and that the district's general counsel should have no role in this matter; that with regard to conflict of interest we should follow up on all leads, both internal and external; he agreed with the suggestion to have three forensic auditors come up with a detailed scope and pay them to do that; he only wants to see one auditor who oversees the entire investigation rather than to split responsibilities; he felt that Mr. Kawahara had the most relevant experience as legal counsel to LAUSD Inspector General; and that a written contract be provided to the board for approval at the July 21<sup>st</sup> Board of Education. He commented on the problems arising from having several accounting systems that do not talk to each other.

Mr. Tom Panas said the scope of the investigation should not be limited to the allegations made by Mr. Clay and that he hopes it would include items unearthed by the investigation.

Mr. Antonio Medrano recommended the Subcommittee make a clean break with anyone who has a relationship with the district.

**Board Comment:**

Ms. Block said she felt Rehon Roberts presented a better grasp of the investigation and what is involved and did superior research. She thought highly of Mr. Kawahara, but was able to see how different his grasp of the project was after Rehon's presentation. While she believed Rehon's presentation to be comprehensive, she felt there is too much in their past that would present the appearance of a conflict of interest and that their goal was to utilize someone the public could trust.

Ms. Cuevas asked Mr. Freiman to advise on the decision making process and Mr. Freiman responded that there is no legal limitation on the Subcommittee to deciding where to place importance.

Ms. Cuevas said while different, both firms were competent and capable. She expressed her ethical concerns regarding making donations and later seeking contracts. She commented that Mr. Kawahara's experience suffices, but that there could be a challenge setting scope.

Ms. Ricco said this was a difficult choice. One was a larger firm with a well prepared presentation, while the other was a single attorney who did not appear to fully grasp the full extent of what we were asking for. She sensed that Mr. Kawahara is able to prioritize, and said that it is the forensic auditor who is the key ingredient and perhaps a single attorney firm suits their purpose better. She is aware of the public's concerns and wants the public to feel confident and to restore their trust. She said Mr. Kawahara provided a very strong reference.

Ms. Block said that while Rehon Roberts provided a well prepared power point, conflict of interest pops up in many places and she feels very comfortable with Mr. Kawahara.

Ms. Cuevas questioned whether Mr. Kawahara understands what the committee will need from him, although she said that either firm would need guidance.

**MOTION: Ms. Block moved to approve the selection of Kawahara Law as Special Counsel for recommendation to the Board of Education. Ms. Ricco seconded. Ms. Block, Ms. Cuevas and Ms. Ricco voted yes, with no abstentions and no absences. Motion carried 3-0-0-0.**

#### **B.4 Discussion / Approval of next steps**

##### **Board Comment:**

Ms. Cuevas asked for clarification on the process going forward.

Ms. LeBlanc said that the Subcommittee would be making a recommendation to the Board at the July 21<sup>st</sup> meeting for Mr. Kawahara to be Special Counsel, with a fiscal impact of \$50,000. If the Board agrees, she recommends they move forward and enter into a contract, and later bringing it back to the Board for ratification, in order to immediately begin the Subcommittee's work.

Ms. Block said she agreed with the recommendation.

Ms. Cuevas commented about being as transparent and as streamlined as possible.

Ms. LeBlanc said the ratification would probably occur at the following Board meeting.

Ms. Cuevas asked about later needing to increase the contract amount. Ms. LeBlanc said if necessary there would be an amendment which would augment the contract.

Ms. Cuevas asked whether supporting documents will be provided to the Board. Ms. LeBlanc clarified they have not provided any documents to the Board. Ms. LeBlanc said she could ask the Board for a confirmation of the role of the Subcommittee as outlined in the précis, and Ms. Block, Ms. Cuevas and Ms. Ricco agreed.

#### **C. FUTURE MEETINGS**

##### **C.1 Discuss Next Meeting Date**

Ms. Block opened the discussion to the next meeting date and the continued involvement of the Subcommittee with the process.

Ms. LeBlanc presented a likely timeline for taking the recommendation to the Board, entering into a contract with the attorney, and expectations of the attorney to have time to prepare for the next meeting.

A tentative date for the next meeting was scheduled for August 10, 2015 at 3:00 PM.

#### **D. ADJOURNMENT**

Chairperson Block adjourned the meeting at 4:39 PM.