

CAPISTRANO UNIFIED SCHOOL DISTRICT  
BOARD OF TRUSTEES  
MINUTES OF SPECIAL MEETING  
AUGUST 30, 2016  
EDUCATION CENTER – BOARD ROOM

President Hanacek called the meeting to order at 6:00 p.m.

**Call to Order/  
Adjourn to Closed  
Session**

At 6:01 p.m. the Board recessed to Closed Session to discuss: Conference with Legal Counsel - Anticipated Litigation;

The Pledge of Allegiance was led by President Hanacek.

**Pledge of  
Allegiance  
Permanent Record**

**A CD of the Board meeting discussion related to each of the items on the public agenda is on file in the Superintendent's office as a matter of the permanent record. An audio recording of the meeting is available on the District website: [www.capousd.org](http://www.capousd.org)**

It was moved by Trustee Jones, seconded by Trustee Reardon and motion carried by a 7-0 vote to adopt the Board agenda.

**Adoption of the  
Board Agenda**

AYES: Trustees Alpay, Hanacek, Hatton-Hodson, Jones,  
McNicholas, Pritchard and Reardon  
NOES: None  
ABSENT: None

President Hanacek reported the following action taken during Closed Session:

**President's Report  
from Closed  
Session Meeting**

**Agenda Item #3A:**

No Reportable Action.

President Hanacek called for any speakers on Oral Communications. The following speaker addressed the Board:

**Oral  
Communications**

- *Dawn Urbunek spoke regarding a Memorandum of Understanding added to a previous Board Agenda.*

Superintendent Vital read the following statement:

**Board and  
Superintendent  
Comments**

"On Thursday, August 25<sup>th</sup>, an article was posted on-line which stated, "CUSD Donates \$10,000 to the Foundation for Education." The article suggested this alleged donation was a conflict of interest for Trustee Hatton-Hodson.

On Friday morning, August 26<sup>th</sup>, I engaged outside counsel to review the matter. These are the facts:

The District did not "donate" \$10,000 to anyone, including the Foundation for Education. By law, the District cannot make monetary donations.

The Association of California School Administrators (commonly known as ACSA) is a non-profit organization comprised of over 17,000 school district administrators, including virtually every school district superintendent and chief business officer in the state. I am a member of ACSA as is the Deputy Superintendent and CUSD pays for our membership as a condition of our contract for employment. ACSA's focus is on school leadership and education policy for school districts in California. It is a tremendously valuable professional development resource for school district administrators.

In October, 2015, ACSA contracted with InnovateEd, a professional development consulting firm, to provide consulting services on a wide array of topics related to school district administration, including how best school districts may implement the Local Control Accountability Program, or LCAP.

Trustee Hatton-Hodson is a part-owner of InnovateEd.

Thereafter, ACSA promoted to California school districts throughout the state, including CUSD, the opportunity to participate in what ACSA called the Systems Leadership Collaborative. This concept was designed to create a collaboration among California school districts to develop the most effective practices at maximizing successful implementation of the LCAP.

CUSD staff determined that CUSD would benefit from this collaboration with other school districts on LCAP budgeting and administrative practices, and consequently, responded to ACSA that it would like to join the collaborative. ACSA then prepared a Memorandum of Understanding, or MOU, between ACSA and CUSD that described the collaborative and also recited CUSD's obligation to pay a membership fee of \$10,000 to participate in the collaborative.

This MOU, prepared by ACSA, *did not* list InnovateEd as a consulting partner or participant.

On December 9, 2016, the Board of Trustees approved the MOU on consent at its regular meeting. Trustee Hatton-Hodson was not present at this December 9<sup>th</sup> Board meeting. She had undergone shoulder surgery earlier that same day. She also was unaware that this MOU was even recommended for Board consideration and approval or that ACSA was even charging an additional membership fee to CUSD for professional development services related to this collaborative.

Thus, to state the obvious, she was not present at the Board meeting to make any disclosure about InnovateEd's role with ACSA regarding this collaborative, she did not have any knowledge that a disclosure may be required, and she did not vote on this item.

In late April, 2016, CUSD paid ACSA the \$10,000 membership fee approved at the December 9, 2015 meeting. The District has since participated in professional development sessions of the collaborative and each of these meetings were also attended by numerous other school districts.

Upon review of counsel it has been concluded that InnovateEd's consulting contract with ACSA is independent of CUSD's MOU with ACSA. Importantly, InnovateEd does not make more or less money pursuant to its contract with ACSA depending upon whether CUSD participates in any ACSA collaborative or not. The InnovateEd consulting contract was made prior in time to any conceived participation by CUSD in this ACSA collaborative. Again, ACSA's agreement to compensate InnovateEd is not tied to any particular school district's participation or any number of school districts' participation in the collaborative. It is flat-fee based and therefore InnovateEd did not receive any more compensation from ACSA based upon CUSD's subsequent participation in the collaborative as a member with other school districts.

Consequently, Trustee Hatton-Hodson does not have a financial interest in the MOU between ACSA and CUSD.

Nevertheless, in order to remove any appearance of an impropriety or conflict of interest, later on August 26<sup>th</sup>, we contacted ACSA about the matter and explained the situation. ACSA agreed to refund the \$10,000 to CUSD and has already sent the payment.

ACSA has requested that CUSD continue as a member of the collaborative free of charge. Before doing so, we will bring the matter back to the Board for consideration.

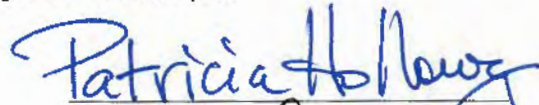
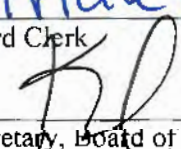
This District's administration remains committed to maintaining the highest levels of public integrity and I believe the District's actions this past Friday regarding this matter reflect that commitment."

Trustee Hatton-Hodson followed the statement from Superintendent Vital by reiterating she was not present at the December 9, 2016 Board Meeting when the Memorandum of Understanding (MOU) with ACSA was approved. Trustee Hatto-Hodson was unaware the Memorandum of Understanding was recommended for approval by the Board as she was absent from the meeting due to a shoulder surgery.

It was moved by Trustee Reardon, seconded by Trustee Jones, and motion carried by a 7-0 vote to adjourn the special meeting. **Adjournment**

AYES: Trustees Alpay, Hanacek, Hatton-Hodson, Jones,  
McNicholas, Pritchard and Reardon  
NOES: None  
ABSENT: None

President Hanacek announced the special meeting adjourned at 6:36 p.m.

  
Board Clerk  
  
Secretary, Board of Trustees

*Minutes submitted by Nicole Perez, Executive Secretary, Board of Trustees*