



Meeting Minutes

Planning and Operations
 1130 Fifth Avenue
 Chula Vista, CA 91911

Project # 572-8100.00
 Tel: Fax:

SUHSD Program Management\SGI

Bond Oversight Committee Meeting 26

Date	Start	End	Next Meeting	Next Time	Prepared By	Company
9/14/2011	05:45 PM	07:55 PM	10/8/2011	09:00 AM	Monica McGovern	SUHSD Program Management\SGI

Location	Next Location	General Notes
	National City Middle School	

Attended By	Non-Attendees
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- | | |
|--|---|
| Citizens' Bond Oversight Committee - Lourdes Valdez
Sweetwater Union High School District - Paul Woods
SUHSD Program Management\SGI - Monica McGovern
SUHSD Program Management\SGI - Bradley Johnson
Citizens' Bond Oversight Committee - Bernardo Vasquez
SUHSD Program Management\SGI - Justin Devers
SUHSD Program Management\SGI - Devonna Almagro
SUHSD Program Management\SGI - Jaime Ortiz
SUHSD Program Management\SGI - Justin Devers
SUHSD Program Management\SGI - Rafael Parra
Citizens' Bond Oversight Committee - Dency Souval
Citizens' Bond Oversight Committee - David Butler
Citizens' Bond Oversight Committee - Guillermo Camarena | SUHSD Program Management\SGI - Jeff Scogin
Citizens' Bond Oversight Committee - Debra Discar-Espe
SUHSD Program Management\SGI - Bryan Ehm
Citizens' Bond Oversight Committee - Maria Arroya |
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Item	Meeting Item Description	Resp	Status	Due Date	Compl'd	Cls'd
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1. Call to Order

003-001

Attendance:

- Debra Discar-Espe - Absent
- Lourdes Valdez - Present
- Dency Souval - Present
- Bernardo Vasquez - Present
- David Butler - Present
- Maria G. Arroyo - Absent
- Guillermo Camarena - Present

Monica McGovern (GSGI)	No
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2. Approval of Meeting Minutes

Minutes

003-003 A. The Committee received the meeting minutes of July 14, 2011 and August 13, 2011. The Minutes were both adopted unanimously.

Bernardo	No
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		Vasquez (CBOC)				

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3. Public Comment

Public comments

003-006	A. Bernardo Vasquez asked if there were any public comments. There were none.	Bernardo Vasquez (CBOC)				No
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4. Report from CBOC Chair

Report from the CBOC Chair

003-008 4. Report from CBOC Chair

A. Bernardo Vasquez informed the CBOC that he attended the Board of Trustees meeting on August 30th and gave their monthly report.

B. B.V. reported that he and J.O. met with 2 members of the community to go over their concerns and assist them in understanding the project reports for Hilltop High. They expressed their concern that the project was over budget. J.O. clarified that we actually came in under budget. P.W. said that the State stopped selling bonds and got behind on giving fund releases, so we were into construction before we received State funding. David Butler asked if the State had committed before you planned the final scope? J.O. explained that the State committed to a certain level when we finalized scope; as we were designing and bidding, we became eligible for more State money (based on a formula). As a result of that conversation, B.V. asked J.O. to make some adjustments to the reports.

C. B.V. asked how are the State matching funds figured into the budget and the committed costs and are they figured anywhere in the line items? J.O. explained that the amount of money we get from the State is added to the total budget. The individual line items within each project budget is composed of both State and Prop O monies. We have a funding distribution report where it outlines how much each project gets from Prop O, from Prop BB, from grants, and from the State, and it gives the total funding planned. The total funding planned is equal to each project budget. The State matching funds are distributed with all the rest of the funding.

D. B.V. asked J.O. to share information about the upcoming solar power project, and if there were any costs associated with it for the District. J.O. explained that the District is about to sign a power purchase agreement with SunPower. The PPA provider installs, designs, builds, and maintains solar panels on District property (on rooftops or carports) for 20 years; the District is committed to purchasing the power provided by the solar panels for 20 years. The cost per kilowatt hour that the PPA sells to the District is cheaper than what SDG&E charges. The District should save around \$10M over 20 years. P.W. said that savings is based on certain assumptions about how much SDG&E rates will increase over time. Lourdes Valdez asked if any Prop O money will be used for the project? J.O. explained that Prop O will provide some money for the administration of the project. B.V. asked what is considered administrative costs? P.W. stated that administrative costs are project management, coordination of the DSA process and the inspection process. B.V. asked if the costs will show up on the project updates summaries? J.O. told him a new project will be formed and reported on.

E. B.V. proposed forming a subcommittee to go over the Board Items report more closely. It will be added to the agenda for consideration at the next meeting.

	Bernardo Vasquez					No
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			(CBOC)			

5. Committee Updates

5. Prop O Legal Fees Review

022-003 A. B.V. asked when legal fees are used and under what circumstances.

B. Paul Woods stated that \$104,000 out of \$175M that we've spent to date has been spent on legal fees thus far. He explained stated that bonds start out with legal fees; you can't issue bonds without bond counsel. We've used legal advice for architectural agreements, for creating RFQ's, and other small paperwork issues. Those were all funded under the monthly retained (held by the District) so Prop O did not pay for those. There was a clause in their agreement with their general counsel that said if litigation was deemed "extraordinary" by the Superintendent it could be funded outside the monthly retainer. This was done for the 2 HAR projects. There were also legal costs associated with the termination of SMC construction company at Montgomery Middle School, but it was covered under the retainer. D.B. said one of the main concerns expressed by a member of the public was that there was no individual line item accounting for the fees. P.W. said the State have said that they don't want to see it under the projects, they want to see it under general administration (Planning and Operations line item). P.W. stated that yes, it included the whole program. B.V. stated that it is clear that the bond allows legal costs from the bond language. He then asked if counsel was still on retainer? P.W. said they no longer have a general counsel on retainer at the District (since last months BOT meeting). They now have an approved list they must pick from (when seeking legal advice) B.V. asked if it would impact these costs? P.W. said it would. Before (they rescinded the retainer) we used legal counsel fairly frequently for various contracts we put out and small things on a daily basis; now when we have small things we need legal counsel for it will cost more (before it was covered by the retainer). L.V. asked why they made that decision if it would cost Prop O more money? P.W. said it was because it was to save the general fund budget; it was a \$1M contract. B.V asked if the Committee members could see this report monthly going forward? J.O. said we would provide it with the meeting materials.

Jaime Ortiz

No

6. Review of the Vendsight contract

024-001 A. Bernardo Vasquez asked for an explanation of the Vendsight contract at Mar Vista High. J.O. explained that Vendsight is a vendor that provides temporary food kiosks; they are used to serve students outside of the cafeteria. Since we were modernizing the cafeteria, food service had to be relocated away from the construction area. We rented 5 kiosks from this company to provide the food service. He then went over the schedule of the project and the length of the Vendsight contract. Food service decided to keep the kiosks on completion of the construction, so they took over the leases. D.B. asked if the contract was shortened to make them more money? J.O. explained that the original Board Item was incorrect and was admittedly confusing. P.W. told the CBOC members that the vending machine enclosures (Vendsight is the vendor) have nothing to do with the point of sale systems (kiosks). D.S. asked if the District makes money from them? The District does make money from these enclosures.

Jaime Ortiz

No

7. Community Outreach

New Business

026-001 A. Jaime Ortiz went over the outreach activities that took place since the last CBOC meeting. He gave highlights about the Sweetwater High School Grand Opening, the Chula Vista Chamber of Commerce Trade Show, and the Chula Vista Chamber of Commerce Mixer held at First Bank. Lourdes Valdez said the Mixer went very well despite the blackout. J.O. told the CBOC that we received 5 news clips from the Sweetwater High event.

Jaime Ortiz

No

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6. Status Update on Bond Implementation

a. Project Status Reports

003-012 A. Jaime Ortiz asked if there were any questions on the project status report that was sent out ahead of time to the CBOC. He explained that in the project financial section, we removed the original budget line item (as requested), and added a "new construction contract summary" section. He went over an example from the Chula Vista Middle school section. B.V. asked when he looks at the committed costs vs. the budget, it looks like there is savings at Chula Vista Middle school? J.O. said yes there is savings. P.W. told him there is still a small project left to do at that school. J.O. explained the \$1.7M figure is the savings at the moment; the figure may change.

B. Dency Souval asked what a smartboard is? J.O. explained it is an interactive whiteboard similar to a touchscreen computer. He said every school Prop O is working on will receive smartboards.

C. Bernardo Vasquez asked if there is a plan for the savings under budget from the schools? He cited the \$9M in savings at Hilltop. Paul Woods said the Board of Trustees have created a 2 member subcommittee that has met twice. We presented 3 different options in terms of here is \$230M of potential immediate need pending the ability to issue more bonds. They gave us some direction on priorities for the \$55M left over from State funding. We haven't finalized a counter recommendation because the budget crisis has put us all on hold; Finance is looking at possibly needing to borrow the State funding. They are not going to borrow from Prop O. We've identified some very high priority projects. Lourdes Valdez asked isn't that Prop O money? P.W. said no, it is State funding. They have been put on hold on the large projects. They are concentrating on some smaller high priority projects. D.S. asked if all the funding had been paid back to Prop O? J.O. stated that all of the Prop O money the District had borrowed had been paid back. P.W. said they are in the process of working out priorities to present to the Board and part of that is pending the General Fund budget and cash flow. B.V. asked about what appears to be savings. P.W. said the State funding is included in the budgets. B.V. said if it was State matching funds for Prop O, does the money specifically have to be used for Prop O projects, or can the District say we have identified a need at a school that is not Prop O related? P.W. said it gets into semantics in terms of following the dollar bill. Let's say we had finished the project, and we get the money after we paid all the bills. Then it is a reimbursement, and we take the State money and spend it on the next project. From an accounting standpoint, those expenses we already made are credited to the State matching funds.

D. J. O. then gave an update on the design progress at Montgomery Middle School. Lourdes Valdez asked when the project is going to start? J.O. told the CBOC that the project has been approved by DSA, the contractor has bid it out, and it's going to be done under the Lease/Leaseback delivery method. The bids came in \$2M over what was expected, so the contractor is going over the budget. L.V. said the perception was that it was a project that was supposed to be done with the savings monies? P.W. said it is on the priority list; in terms of cash flow, we've been asked to hold off on it for 3 months so we have a better picture on cash flow from the State and potential cash flow from the Federal government. D.S. asked if it was the Board that asked you to hold off? P.W. stated it was the school administration. L.V. said if something is approved by the Board (like to spend money or transfer money), then we have to answer to the public why is it they are embracing decisions when in reality we have no say in it. David Butler said he did not see any state funds for Montgomery Middle on the funding distribution report? B.V. asked about the demo at the school; was the reason for the demo immediate need? P.W. said the options were a complete repair of all the eaves and re-roofing the buildings, or replacing the buildings. They decided to replace the buildings. B.V. stated that the visual is the demo was done and now it is just sitting there; but in reality this wasn't even a Phase 1 school. This is a public perception problem. P.W. said that up until last month we were still in the approval process. D.B. asked if there is somewhere on the website where he can go and see the Phases and how much in bonds have been floated, what the plan is for Phase 2? J.O. said the original

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program schedule is on the website. The plan was in first quarter of this year we were going to sell another \$200M in bonds to do the next round of projects (Phase 2). D.B. asked if he can go to the website and see information about the financing of the bonds, the assessed value assumptions and the interest rate we floated the bonds at. J.O. said we could provide it for him. The official statement of the bonds which would show the interest rates and the due dates are not posted, but we can provide that to him. P.W. said it is too early to refinance them. L.V. asked P.W. who gets to decide what is going to be done with the savings from the projects; whether they are going forward with Montgomery Middle or whether they can borrow it? P.W. said it is the Board of Trustees, the Superintendent and the Deputy Superintendent that decide. B.V. said we are better off getting out in front of it in terms of informing the community. L.V. asked what does the District do if they don't have Prop O money to cover payroll? P.W. said they are not borrowing Prop O money; they use the cafeteria fund and the building fund are available to borrow from internally, or they go out on the market and borrow externally. There are more costs associated with borrowing externally. L.V. said that the biggest problem they had had to do with the borrowing of money; there was a lot of criticism, articles, and comments from members of the community. P.W. said Prop O is close enough to being expended that there will be no borrowing from Prop O. He then stated the building fund is not Prop O money; there is semantics whether you are looking at the dollar bill or the expense. B.V said they should state their positions to the Trustees.

Jaime Ortiz
(GSGI)

No

b. Project Status Reports con't.

New Business

026-002 E. David Butler asked about the close out completion date for Chula Vista High . J.O. said we would update that. D.B. asked about the "cost to complete" line item. J.O. explained that cost to complete is budget minus cost to date. J.O. said we would add another line item "remaining cost to complete". Money from the contingency is transferred up to the line item. D.B. said it was confusing because in your current budget under testing & fees, he sees one budget number and under committed costs he sees the same number. J.O. said once the project is closed out, we can change that column heading to "savings" for cost to complete for reporting purposes. D.B. said he would expect to see contingency reduced by whatever you moved up to the other line item. J.O. said we would come up with a solution to that issue.

F. J.O. went over the design progress at National City Middle project 2 and Montgomery Middle (these are the only 2 projects in design right now). He then talked about the accomplishments to date and showed slides of the progress.

G. J.O. went over the change order report. He went over the reasons for the increase of the change order rate at Hilltop High. He explained that there was underground rerouting of utilities that was required at the start of the project because the utilities weren't correctly reflected on the as-built drawings. The second issue was the addition of smartboards in the middle of construction . The District chose to add smartboards to all the schools; they weren't planned for in any of the original projects. This caused 74 days of delay for the contractor. It impacted the costs and the schedule. D.B asked if the District could have made that decision by adding them earlier on? P.W. said the projects were in various stages of completion when they made the decision. B.V. asked at what time was it added to the budget? J.O. explained that you see the cost as a change order; the budgets weren't changed. D.B asked why the re-routing of utilities wasn't included under "Errors and Omissions"? Guillermo Camarena asked if an underground tracer service was hired? J.O. said one was used in certain parts of the site. Justin Devers explained the re-routing process in detail. G.C asked what additional infrastructure was included in the price? J.D. explained that infrastructure features were added to the smartboard systems. L.V. asked who made the decision to purchase the smartboards? P.W. told her the direction came from the educational technology department and from a decision made by Karl Bradley based on the direction of Dianne Russo and the Superintendent.

H. J.O. went over the construction schedule update. There were no questions.

Jaime Ortiz

No

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c. Board Items report						
016-003	A. A list of the items that the Board of Trustees have approved since the last meeting was presented . Jaime Ortiz told the CBOC members the reason it was longer than usual is because in July there were no items that went to the Board. There were no questions.	Jaime Ortiz (GSGI)				No

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7. Committee Member Reports						
Committee Member Reports						

019-001	A. Bernardo Vasquez asked if there were any Committee member reports. There were no reports.	CBOC Members				No
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8. Other Business						
Establish Joint CBOC and Board of Trustees Meeting date						
New Business						

026-003	A. The date November 29, 2011 was proposed for a joint meeting between the CBOC and the Board of Trustees. The CBOC members will check their calendars and let Jaime know if they have any conflicts.	Jaime Ortiz				No
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9. Meeting Adjourned						
Adjourn						

008-010	Meeting adjourned at 7:55pm.	Bernardo Vasquez (CBOC)				No
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Cc:	Company Name	Contact Name	Copies	Notes

End Comments

The minutes written above represent our understanding of all items discussed in the meeting. These minutes shall stand as the correct and complete record of the meeting unless corrections, discrepancies or additional items are brought to the attention of the writer within 48 hours of receiving these minutes.