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September 3, 2014

To: President John McCann
Board Member Mark Anderson
Board Member Sharon C. Jones
Board Member Susan Hartley
Board Member Lyn Neylon

Dear President McCann:

Greetings President McCann, Board Members and Superintendent Glover. This monthly Chair Report will present a brief overview of our Citizen's Bond Oversight Committee (CBOC) developments since your last Board meeting and some elaboration of prior material presented in the last Chair report. The CBOC has not met as our next meeting is scheduled for September 10, 2014.

Some brief highlights are as follows:

1. Our next meeting will be at Bonita Vista High School including a site tour led by concerned citizens. Several citizens outlined their issues about the physical conditions at both Bonita Vista Middle and Bonita Vista High Schools and the perceived lack of attention needed and promised for these schools at our last CBOC meeting. The Chair in consultation with CBOC members and citizens will be putting together information regarding what expenditures/projects had been planned for these schools and completed projects to date.
2. The next meeting will have agenda item to further review and discuss the National City Middle School Roofing Change Order. As mentioned previously, several committee members raised concerns regarding a \$186,882 change order for an upgrade to a 40 year warranty roof manufactured by Garland approved by the Board on July 17, 2014. The Change Order was a ratification of expenditures that had already been committed.

On Friday August 8, 2014 we all received an extensive amount of material requested on the Roofing Change Order for National City Middle School. Issues included but were not limited to life cycle cost analysis, warranty conditions, and the degree to which this 40-year was a District Standard. Our Asset Management Subcommittee intends to drill

down into the details.

3. The Committee intends to place greater emphasis on the review of Change Orders. Our future CBOC meetings are likely to have much more detailed discussion about change orders and their justification. Review of prior spending decisions is the core function of a Citizen's Bond Oversight Committee. We must look at the Agenda items before you and report back on the appropriateness of District spending decisions. For example, there will be further discussions about the recent 338k change order approved relative to a Power Purchase Agreement.

4. Recent information was received from District staff regarding the addition of \$2.0 million in the deferred maintenance fund for FY 2013/14. Staff just provided more detailed information regarding the history of the Deferred maintenance fund which will be discussed at the next meeting. At our last CBOC meeting, Member O'Neill requested that the District outline what portion of the Deferred Maintenance budget is not funded. In response to his request staff added a row to the financial statements which shows the "Net Surplus/Deficit in Funding" (i.e. change in fund balance).

Fund balance as of 7/1/2013 was \$7,889,175. Unaudited fund balance as of 6/30/2014 is \$8,818,790. Ending fund balance based on the Adopted Budget for 6/30/2015 is \$5,004,264.

5. Our Committee will be working on developing and refining a budget for FY 2013/14. Superintendent Glover sent us a letter indicating he was putting \$5,000 in his budget for conferences and continuing education of CBOC members. This is great news!! We will be looking for training and education opportunities for all CBOC members to enhance the completion of our mission to provide oversight.

In conclusion and as mentioned in the last Chair report, it is clear that the CBOC intends to delve further into specific cost issues including the justification for change orders and construction standards. We also fully intend to pay attention to the concerns of the public and take proactive action, as evidenced by the scheduling of meeting at Bonita Vista High School to go over issues raised at the meeting.

Finally we continue to be proud of the highest Transparency ranking by the San Diego County Taxpayers Association which would have not occurred without the diligent efforts of this Committee to strive to do Best Practices such as an expanded Performance Audit. Only three of the local School Districts had expanded Performance Audits and we were one of them. We appreciate the District funding and implementing our request for such an Audit.



Nick Marinovich, Chair

Sweetwater Union High School District Bond Oversight Committee

Cc: Superintendent Tim Glover