

Minutes for the Bond Oversight Committee Meeting North

March 31, 2008

Aptos High School Career Center
100 Mariner Street
Aptos, CA 95003

5:00 PM – 7:00 PM

Attending Members:

Nancy Bensen – Tere Carrubba – Fred Fischer – Vic Marani - Doug Maher - Bruce Mathias – T. James Miller – Barbara Palmer – Mary Reed

Absentee Members:

Mike Barsi – Marc Kirby

Non-committee members attending:

Diane Burbank – Mary Hart - Brian Rasmussen – Rick Mullikin – Mike Heffner – Kathy Fuentes

Barbara Palmer welcomed the committee and noted that there was a quorum present.

Mary Hart introduced Terry Montgomery representing Vavrineck, Trine, and Day, the district's Financial and Performance Bond Auditors. Terry explained that the audits were done in response to the "accountability requirements" of Proposition 39. She said both reports were for fiscal year ending June 30, 2007.

Ms. Montgomery said the Financial Audit Report concluded that the district financial statements present fairly, in all material respects, the financial position of the 2002 Measure J. General Obligation Bond Fund. The report showed no exceptions and was a clean and unqualified opinion. She added that her staff actually audited about 80% of the bond expenditures (they are only required to audit 25%).

Jim Miller asked why the audit report didn't show an interest rate from the County. Montgomery said the County does not disclose the rate, but the dollar amount is shown for one year. Barbara Palmer asked the Committee to accept the Financial Audit Report. Bruce Mathias moved to accept the report, and it was seconded and approved unanimously.

Ms. Montgomery then addressed the Performance Audit Report. She noted that this report was perhaps even more important than the Financial Report because it shows that the bond money was actually spent on what the language of the bond measure says it should be spent on. She said the report concluded that district policies over disbursement of bond funds showed no exceptions and are within the guidelines of the bond measure. Barbara asked the Committee to approve the Performance Audit Report dated June 30, 2007. Mary Reed moved to approve the Performance Audit Report and it was seconded and approved unanimously.

Barbara Palmer asked for an operating statement showing what has been spent thus far on the Aptos High bond project. Mary Hart said the 184's (year-end financials) show all expenditures for the project. Tere Carruba asked about the status of items that were cut from the budget to save money and wanted to know if they could be added back in. Brian said some things related to the project have evolved, but there may be extra money at the end of the project. Budgets are updated quarterly and projected for both revenues and expenditures. As interest is generated, extra money may become available. Diane mentioned that \$100,000 designated for landscaping was cut from the budget. She said they have completed about \$25,000 of landscaping thus far and asked if they should fund raise to supplement the rest of it. Brian said we are tracking about that much extra money to be able to finish it

Brian reviewed the status of construction on the projects. Barbara asked if we were on track to complete by the end of June and Brian said he felt that we were. He noted that the gym HVAC equipment was up and running and said the gymnasium could be completed by the second half of May. He mentioned that the critical path is through the theater where there remains more to complete. Brian reported that most of the theater walls are painted and the scaffolding has been set up to do duct work. He noted that there is a significant amount of wiring still needing to be done, but it is progressing. Outside they are starting to pour concrete on the other side of the building and completing some grading work and soil remediation.

Barbara asked if all the materials were in. Brian said the wood wall panels are in fabrication, the chair lift and elevator have been ordered but will require state inspection by OSHA. Theater chairs are on order and the theater rigging in. Vic Marani asked Diane if she had music and dance performances lined up for fall if the Performing Arts Center was completed. She said that she does but there will have to be a training period and sign-off for students on the use of theater, cat walks, etc. Tere asked if weather could be a delay and Brian said they are pouring concrete now but the weather has been pretty dry and shouldn't be a factor unless we had several days of rain in a row.

Barbara asked what the next milestone would be and Brian said technically it is tomorrow for the paint in the theater to be finished. He said it is substantially painted and subsequent activities have actually followed so we are ahead of the milestone. Milestones are blurring toward the end of the project because of concurrent tasks being completed. The next milestone is in the middle of May for completion of MEP's (mechanical, electrical and plumbing). Substantial portions of it are already done. The HVAC is up and running. The electrical is probably the most substantial thing that needs to occur on the theater side which will be ongoing until the end of the project (i.e. lighting, circuitry, control booth, etc.) Diane mentioned that the Mariner Anchor design has been selected from a contest winner and will be located across the theater by the press box. She asked about the old gym and lighting. Rick Mullikin responded saying he has an electrical engineer designing the new lighting and store front doors. They are trying to get it done by the end of summer.

Brian said that a part of the project that still needs to be completed is the mitigation measures that are part of the Mitigated Negative Declaration approved by the board. He mentioned a couple of items that still have to be dealt with. One of them is the habitat planting on the hill behind the water tanks after the tank replacement this summer. Because we created a more impervious surface, our off flow cannot exceed what it was (mitigated by diverting water into ponds then over flow to a ditch on the side of the road) and we are required to filter water off the parking lot. Brian said the original design was to put one large filter in to catch every drop of water coming off the site before it went into the pond, then over flow into the ditch but that never happened.

The Water District across Freedom Blvd. became concerned about contaminating ground water by the pond water being an off flow from the campus. They were worried about their well across the street. Barbara said the County had previously put a halt on car washes because they were concerned about contaminating Aptos Creek. Since then she was approached by someone from the county willing to give us a 15,000 gallon filter for mitigation because the car washes became a community event. Barbara said she will try and find the name of the person who approached her with the offer so we can make contact. Brian said ultimately we will have to use a large filter and filter all the water from the parking lot and elsewhere or use individual filters in the catch basins in the parking lot. He said we have been carrying a separate budget line item for this. Doug Maher asked if there would be any delay because of the water flow off mitigation. Brian says he doesn't think so because the design complied with the County drainage requirements.

Jim miller discussed the \$220,000 paid to Soltek as a change order. He said he believes it was caused by disagreements about RFI's between the architect and the contractor. After analyzing claims, it was felt the district exposure was about \$220,000. Miller said he felt like bond proceeds should have all gone to Aptos High School and shouldn't have been approved. Brian said it was presented to the board as changes to the project, added scope, District requested items, unforeseen conditions, things upgraded from original specifications, etc. which were all benefiting the project. Brian and Mary pointed out that if the project had finished sooner, we would have received less interest money. In our case the interest paid for additional things done for the project.

Barbara said we are now on target and should keep trying to move forward. She will help put together a final report and asked for a vendor sorted 184 listing of project costs. Fred Fischer made a motion to approve the minutes from the prior Jan. 28, 2008 meeting and they were approved. The next meeting will be on May 19, 2008 and should include a tour of the PAC gym. Rick Mullikin will set up a group tour at 5pm for the next meeting.