

Minutes for the Bond Oversight Committee Meeting South/Central

September 10, 2007

Conference Room C
292 Green Valley Road
Watsonville, CA 95076

5:00 PM – 7:00 PM

Attending Members: Vicor Kimura, Steve Ponzio, Rodney Brooks, Doug Mattos

Absentee Members: Aurelio Gonzalez, Dan Hankemeier, Peter Stoll

Non-Committee Members: Willie Yahiro, Mary Hart, Rick Mullikin, Brian Rasmussen, Kathy Fuentes

The minutes were reviewed from the Feb. 5, 2007 Bond meeting and approved. A question was asked about the status of the E.A. Hall project and the use of interest money from the bonds for funding. Brian Rasmussen responded that the board had approved moving the excess interest earned beyond the Watsonville High School project budget into the E.A. Hall project. He further reported that because we were still short of the funds needed, we applied for additional funding from the state through the Essential Facilities program. Our application has been submitted and we are just waiting for approval of the grant to be able to rebid the project. An earlier bid that came in at a little over \$3 million and had to be rejected.

Fiscal Year End Financials

Brian reviewed the fiscal year end financials with the committee. He explained that fund 21 is a summary of all bond project expenditures by year. He then focused on Watsonville High School expenditures. Total expenditures to date for the Watsonville High School bond project are approximately \$15.4 million. He explained that the original bond measure was \$18.1 million dollars. We went through a refinance which garnered another \$1.4 million dollars for the project. The summary then shows \$1.1 million being shifted to the E.A. Hall project. With the interest in the 05-06 year and 06-07 year there is a total revenue of \$20.1 million for the project. This doesn't reflect another \$3 million received from the state for modernization which we are eligible for because we tore down and are rebuilding the old Field House and existing pool complex. Brian added that the \$3 million in revenue from the state is contributing to the interest for the Watsonville High School project. That is why there is extra money available to be moved to the E.A. Hall project.

Total expenditures to date for E.A. Hall are \$351,000. Total revenue after the \$1.1 million shift not including the funding we are trying to obtain is \$2.6 million.

Brian reported that the Mintie White project is essentially complete. We've spent about \$1,450,000 and revenue was approximately \$1,449,000 so there is approximately \$1,000 not accounted for.

A question was asked about escrow accounts. Brian explained that we withhold 10% pay to contractors while working on a project. They are allowed to put this into an account and earn interest on it. When the project is complete, a Notice of Completion is taken to the board to approve then filed with the county which starts a lien period of 35 days. After the district signs off on the project, the 10% retention is released to the contractor. Rodney Brooks then moved to approve the fiscal year end financials and they were approved.

The list of warrants was reviewed. Willie Yahiro asked about BMR construction warrants. Brian explained that they included monthly invoices for himself and two employees working for the district.. Mary explained that the process starts with an approved purchase order for a specific dollar amount, then monthly invoices are submitted for approval from all construction vendors that work on the projects, inspectors, testing labs, etc. and approved by the Director of Construction, Rick Mullikin. Brian said that he audits all the construction invoices minus his own for the district. Mary added that there are also the internal auditors who check all the warrants and invoices and make sure all the pieces come together on an annual basis.

Brian went on to explain that the role of the Bond Oversight Committee is basically an audit role, making sure financially that the district is not spending the bond money on salaries and school supplies, etc. but only on projects as outlined in the bond measure. There is an independent financial auditor as well that reviews bond records. Once a year there is also an independent performance auditor who reviews bond activities to make sure we are doing what we say we are doing with regard to the bond measure.

The committee asked if we were about 75% complete on total expenditures for bond projects. Brian said the biggest remaining piece is E.A. Hall. We also have the modernization stage of the Watsonville High School project. Another question was asked about the recent blown transformer at Aptos High School and Brian replied that it is being submitted as an insurance claim and we are waiting for a response. If we don't get a favorable response we will most likely submit it as a back charge to the contractor, but this seems unlikely. The cost to buy a new one and ship it here were about \$46,000 and there are some change orders for Soltek, the general contractor related to repair that we've included in the claim to the insurance carrier. Brian said that the Aptos project is being done under OCIP, the owner controlled insurance program under the Builder's Risk Policy. We've seen their internal reports and they are carrying a reserved dollar amount for such purposes. Total damage is about \$80,000.

Current Status of Projects

Brian discussed the Watsonville High School gymnasium project, saying we were hoping to occupy the locker rooms by the start of school but were unable to. The contractor is behind schedule for various reasons. We are currently targeting the opening of the gymnasium for November 1 for basketball season adding that the gym itself is fairly complete. The hardwood floors are down, the bleachers are installed, all the back stops are in. The floor doesn't have a finish on it but that part could be done quickly. The area surrounding the gym that we need to walk through to get to it is not finished. They are currently working on the concrete around the building and pouring a small retaining wall street side this week. Underground utilities and drainage need to be dealt with before the sidewalk goes in. The current schedule shows them being able to finish by Oct. 30 with

no surprises. They currently show the locker rooms finishing the middle of November and the remainder of the site work finishing around Thanksgiving.

The pool schedule shows it finishing in early November. The old pool was demo'ed over the summer when fewer students were on campus. Randazzo out of Castroville was the contractor and did a good job.

We are currently out to bid with the plaza/quad expansion. The design is basic, a big flat open space hardscaped with some landscaping on the front. It was designed to face towards the back of the old gym. Under the old gym modernization we are going to build a raised, flat concrete platform across the back of it as a stage. This will allow an area to put 200-300 chairs for an outdoor theater. The site requested a solid fence on the street side so we are accommodating that with a wall and some gates. There will still be access by the old gym and the 400 wing. The driveway cut that was there will serve the pool. There will be a gate so maintenance will still be able to drive into the quad space. Willie said that on the old drawings there was to be a building there. Brian said in Spring of '03 when the master plan was reviewed, the building was going to be for student services and faculty. It was later decided not to build it and divert the money into the gym complex. He said it was a committee decision when Larry Lane was principal and directs our course of action now.

Status of Old Gym

Brian said we have plans being drawn up for the renovation of the old gymnasium which leaves the gym space pretty much untouched except to provide some handicapped seating in the front row of bleachers. We are going to gut the boys and girls locker rooms. The bulk of the space on the girl's side next to the cafeteria is going to become the ASB space including an ASB classroom, student store, an Activities Director's office, and some storage space. The boys locker room on the street side is going to be gutted. About one third of it is being allocated for athletic storage; the remainder of it is being allocated for faculty space; a faculty lounge and computer work space as well as a small conference room. The back two corners where the existing shower/restrooms are located are scheduled to be converted into two large boys and girls restrooms. They will have direct access from the outside as well as the inside. We hope to submit plans to the DSA soon.

Watsonville High School Modernization

Drawings are underway for the modernization piece of the Watsonville High School project. On the corner of March and Maple streets, we are converting the home economics rooms to science classrooms by gutting them completely and building perimeter work stations similar to the science labs at PV High. Additionally, we are modernizing the "art wing", which is the 600 wing across the street from the cafeteria. We are repainting and carpeting three of the rooms. There are two rooms on the back side, one is the photo lab we are going to rebuild and make DSA compliant, also a clean up of a jewelry making room and the storage space between the two rooms is going to be converted to an art department office and work room. We are still trying to determine the relocation spot for the kiln that had to be torn down by the field house because of building the gym. The other piece of the project are the tennis courts that go by the area where the old district office was. Our original plan was to tear down the warehouse and the annex in summer. Because of the gym being behind schedule, wrestling being in the annex, and the football team being part of the wrestling room, it was decidedly too disruptive to figure out another place to go. We just decided to wait for the gym. The flip

side was that we had planned to remove some of the portables that were on the east side of the two-story, but due to current enrollment numbers, it now looks like that's not going to be feasible.

Brian reported we are targeted to finish the Watsonville High School project by the start of school next year. The longest lead item is the old gym renovation. The science and art rooms are easily doable in that time frame but won't be started until March. The longest lead item is the old gym renovation. It is going to be fairly extensive on the two wings. We need to replace all the HVAC equipment and do an electrical upgrade to the building. There is going to be a small team room that could be used as a changing room or storage room. Of the existing locker rooms, the girls is in tact, the boys has been thrown together for something interim. The site will decide if they want to move the boys out of there at Thanksgiving or at the quarter break.

The group asked about the status of the Aptos High project and Brian said the current schedule shows them finishing the new building by the end of June. Hopefully they will be occupying by the end of August. The group asked if there were any issues regarding the artificial turf field at Watsonville High and how is it maintained. Brian said that Maintenance and Operations was well trained on how to take care of it and use of the equipment. They bought a new tractor to tow the equipment and haven't expressed any issues with it. It only has to be groomed once a month when the field is actual in use, There is a sweeper that will pick up debris, then another machine that fluffs up the fibers.

Willie asked about plans for the Maintenance and Operations building. Brian explained that the plan is not to tear it down but make it a site maintenance facility. He said that other than the time issue, we are within our budget and available funds with no identifiable issues. A question asked about the pool and if there was a problem with the initial water table. Brian said they anticipated the water table problem and sucked the table down before they dug the hole. They left a hole in the bottom so the water could come back up. There is about 4 or 5 feet of water in the pool now. The perimeter tile has been set. They are in the process of pouring the deck and about 45 days away from finishing.

Willie asked if we could use the extra \$13,800 unallocated bond money for a new sound system for Mintie White's new Multi-purpose room and was told it was a possibility.

The next meeting was set for February 25, 2008.