

Minutes for the Bond Oversight Committee Meeting South/Central

September 26, 2005

AVCI CLASSROOM
294 Green Valley Road
Watsonville, CA 95076

5:00 PM – 7:00 PM

Attending Members:

Rodney Brooks - Aurelio Gonzalez - Victor Kimura - Doug Mattos - Antonio Rivas
Peter Stoll

Absentee Members:

North Bond Committee Liaison:

Non-Committee Members:

Terry McHenry - Catherine Hatch - Brian Rasmussen - Rhea DeHart
Doug Keegan - Willie Yahiro - Darlene Insley

Chair Victor Kimura acknowledging there was a quorum called the meeting to order at 5:25 pm and requested we introduce ourselves.

Victor stated he hoped that everyone had a chance to read the minutes and asked for a motion to approve from the committee. The minutes were approved by Doug Mattos and seconded by Aurelio Gonzalez.

Victor then gave the meeting to **Terry McHenry** to give the report on the Financial Statement.

Terry directed the committee to look at the bottom of the Summary Sheet or the income side. He explained that the first column shows what was allocated to each project from the original bond funds, a total of \$58,250,000. He added that when the original bonds were sold, there was a premium put on them, meaning the Bondholders actually paid \$59,449,603. The additional amount is what paid for the cost of issuance and the first bond payment. The idea for this was to receive the full \$58,250,000 for projects, which is what the voters approved. The additional \$1,199,603 that was collected from the people that purchased the bonds was used for the issuance and closing costs. This money has been separated as a line item, so as not to get it confused with the project funds.

Terry then explained about the refinancing. He pointed out that the original \$40 million was refinanced, going from a 4.9% down to a 4.4% interest rate, about a 10% reduction, which means an extra \$3.7 million of additional funds, keeping our guarantee to the voters of no more than \$32.00 per \$100.00 with a bonus of four years less to pay it. Actually reducing the amount the voters have to pay, which is *their* share of the additional 10% of the lower interest rate. Interest to date shows over \$1 million; which is allocated to the amount of funds available each quarter and apportioned to each project based on how much money is

left in that project. Therefore all of the projects have received an increase of approximately 10% due to the refinancing of the bond.

Terry then went from the revenue side of the Summary Sheet to the expenditures and began explaining it was done by fiscal year. The bond past in November of '02 and began spending money by April '03, paying off the COP, which was required. He brought the committee's attention to the spreadsheet going over the projects and what the money had been spent on to date, pointing out most of the funds had gone for design costs.

Terry then directed the committee to the spreadsheets showing every warrant issued for each project, how much was spent and to whom.

Question: Is the estimated payables for BMR of \$300,000.00 accrued?

Terry explained that estimated payables, shows what is left on purchase orders.

It was stated that Terry presented an excellent presentation, but was asked why at this time.

Terry and **Victor Kimura** both pointed out that **Victor** had requested this summary from the last meeting.

Brief discussion regarding the refinance, the amounts received for each project and to reassure that the taxpayers would not be negatively affected and that their payment would be four years less.

Watsonville High School Project Bid: **Terry** first began by relating the apprehensions on the Aptos High School bid. Having to replace the original architects because they were \$5 million over budget and not willing to reduce the project only cut the scope and that wasn't going to happen. Now they have a new architect, willing to keep within the scope of the bond and come in within budget. The architect also hired an outside estimating firm to come in and estimate the cost of this project. Plus at the request of the North Bond Oversight Committee, PVUSD hired a third party estimator. Both of these outside estimators were within a couple percent of each other, roughly \$16 million. The three actual bids came in with the low bid being \$20 million. To resolve this, Aptos has gone back, reduced some of the project without reducing scope and will go back to bid within the next couple of months and hope for a bid that is back on budget.

Terry listed most of the items on the scope of the bond plus some of the extras for the Watsonville High School Project, from the swimming complex, renovation of the old gym, new science rooms, expansions, demos and the plaza in the quad. He then stated what was needed, but not part of the scope, was to improve the athletic complex: to add the All Weather field and the All Weather track around it. This would be a \$1 million plus project. The triple wide gymnasium with the weight room and the wrestling room at the end of it is a large amount of square footage and a lot of money. For these two rooms it will be \$800,000.00 to \$1 million. He went on to say that getting ready for the bid an alternative had to be looked at. While meeting with the athletic department, it was asked if it was reasonable to look at the old gymnasium to be utilized for the weight room and wrestling room in preparation for the bid; this caused quite a stir, including calls from two alumni's in New York.

Terry added that we were looking for a \$12 million to \$13 million bid. The bid came in at \$12 million, however when insurances are added it comes to \$13.3 million. The bid was awarded. This allows Watsonville enough money to do the rest of the renovations, including the All Weather field and track, renovating the old gym, the science rooms and the tennis courts, including keeping the weight room and wrestling room in the new gym.

Question: Why did Watsonville's bid come in where it should have and Aptos' did not?

Answer: Both projects had three bidders and one common. That one common was low at Aptos and high at Watsonville. The two that bid below should have bid Aptos. The hopes are with the re-bid at Aptos it will come in at a lower rate. Possible other reasons for the difference in the two bids include a month difference in time when the project went out to bid. Watsonville High Schools' contractor is Fedcon who will begin in two weeks.

Brian Rasmussen informed the committee that the necessary Bonds have already been submitted and Fedcon has signed the contract. The problem with Skidmore was they were unable to bond the project. With a public works job, or school job; you are required by law to put up a payment and performance bond. A payment bond is a guarantee of payment by an insurance company that the construction company will pay all their sub-contractors; the performance bond is a guarantee that their work will be completed and will be satisfactory.

Terry briefly explained other items being accomplished, such as a pending modernization project for the field house. How using the \$1 million from the bond money to match the \$3 million for the State modernization will enable us to maximize improvement to the facilities. A fire alarm system for the entire site and an update to the art room is in the future plan

Question: Will the weight room and the wrestling room stay the same size?

Answer: Everything would stay the same from the original plan except moving the fields and parking lot around for changing their location would gain nothing.

Brian added that where the old District Office was and the current warehouse and annex sit, six new tennis courts would be built. The old tennis courts will be removed and the playfields will be expanded.

Question: Do you feel comfortable with the remaining projects that we have enough money to cover them?

Answer: Unless there are any real surprises, yes. There are still refinements, i.e. renovating the old gym and defining what goes in there, possibly ASB classrooms. All of the old facilities stay until the new ones are in.

Brian added that budgets are set up for the demo of the old pool, the expansion of the quad and a 5% contingency set up for unknowns.

Visitor, Trustee Willie Yahiro addressed **Victor Kimura** and the committee stating he was on the Site Committee for Watsonville High School and wanted to comment on the process of the wrestling room. The committee had discussed options if the bid came in high. One option was to utilize the old gymnasium for the wrestling complex. From this, people thought the wrestling team would be thrown out. That was never the intent. The intent was to better use the overall space and look at the options, expecting the bid to come in high.

Question: If there is any money left over, can they be used for the stadium, bleachers or restrooms?

Answer: Once we go through the main items we will see where we are, but first we just concentrate on the major pieces.

The subject of the playing field came up and whether astro-turf will be used.

Terry explained although everyone calls it astro-turf, it is actually called an "All Weather Field". The material consists of long synthetic strands with a rubberized sand base that is filled into the strands holding them upright. It will need to be replaced in about 10 years for

approximately \$200,000. Two of the problems he was told about regarding the field were chewing gum and sunflower seeds. You can't get them out. Just like a carpet at home. Those would have to be some of the rules. He added that the people he talked with say it is fantastic and less sports injuries.

A short discussion continued regarding the "All Weather Field."

Brian addressed the committee regarding the construction of **Mintie White**, inviting them to drive by Mintie White in two weeks. The lumber up in the air they be seeing, will be the beginning of the multi-purpose room.

E. A. Hall. The gymnasium was an addition to a late 1920's building, evolving into a lot of unknown costs making the project very expensive. Bottom line: we have retained a separate architect and have completed a preliminary design for a freestanding gymnasium behind the existing one on the black top. A meeting took place with the site, a preliminary design was presented, plans were viewed and input was provided. We are now proceeding with developing documents for a new gymnasium. It will be a one-basketball court gym with possibly four or five rows of bleachers on one side with a small lobby, restrooms and storage space for athletic equipment.

Pajaro Valley High's cafeteria is nearing completion. We have a very good contractor out of Gilroy; Farotti Construction and it's been a very positive experience working with them. They have done an incredibly good job with the project. We are about 4 to 5 weeks from completion on the cafeteria.

Question: Does this mean by the second semester it will be operational?

Answer: Sue Brooks, Director of Food Services, hadn't planned to serve a meal the day she took up residency. However, she has been using her large food service vehicle to transports food to PVHS and is planning to utilize it to serve lunch out of until her new staff is trained and the cafeteria is completed. Her goal is to serve a meal before the winter break. This new kitchen is quite elaborate and she will have several options after it is completed.

Questions: Is this contractor putting in the kitchen equipment and has the seating been purchased?

Answer The kitchen equipment was being installed, other than district owned supplied items, i.e. rolling carts, tables and non-attached items.

The seating has been put on the PVHS furniture and equipment budget through Rich Buse, Director of Purchasing. Poncho selected a folding-table/bench that folds up so that the table back-flips up and turns into a bench with a back. (300 chairs with racks.)

Catherine Hatch, Assistant Superintendent, Central Zone stated that PVHS had back to school night last week and you could see parents eagerly walking through campus. Then they see this very attractive and impressive building. This is an incredibly positive project. The kids are excited and are ready to put it to good use. Thank you.

Question: With the rain coming, how is the drainage?

Answer: PVHS has been under construction for three years and has not had any significant issues with drainage problems. At this point, the project is almost complete and still hasn't experienced any.

A discussion concerning crossing the bridge in the rain and Cal-Trans and traffic issues briefly ensued.

Question: Are the funding sources solid for the gymnasium at E.A. Hall Elementary School?

Answer: It is being worked on.

A discussion on the ability to have restrooms accessible to the general public or open on the outside took place. It was brought up that they would have to be built a lot more sturdy and the site would have to have someone on campus to open, close and watch over while it was open.

Question: Is the square footage of E.A. Hall's gymnasium smaller according to the budget?

Answer: No, the square footage is being designed for a full sized high school regulation court.

Question: Where will it be placed?

Answer: Directly behind the existing gym, lining up doors in the new gym from doors that come out of the existing back so when they dress down they can go straight through into the other one.

Question: Are you over the limit right now? You are over the \$1.3 million balance.

Answer: It is hard to say exactly until we get the documents and do an estimate, but yes, we are looking at something more than the \$1.3 balance. However, we are trying alternate sources and we going to give them a gym.

Brian explained that what we did at Aptos and PV High, we will do at the rest of the sites. We over excavate a five-foot deep hole and depending on the suitability of the material, replace it back in the hole compacting it. Normal dirt sitting out, that hasn't been processed, is usually in the 80-85% compaction range and you want to see soil in the 90-95% for foundation work. This is a solid uniform base. If you do get any settlement, you get uniform settlement instead of differential. The flip side is to spend more money on a stiffer foundation.

Terry added, "Care has to be taken about water treatment also, or you could end up with an unwanted well."

Brian went on stating the swimming pool could cause a problem due to hydrostatic pressure. Many swimming pools, once filled with water, can't be emptied. If you remove the water, they pop out of the ground. You have to punch holes in them to release the pressure or it will just pop the whole concrete shell up. The pool is part of the \$13 million that was bid; the pool is \$1.5 million.

Victor asked if anyone had any more questions of Brian. Then he asked the committee if they would like to move on to membership. The Committee agreed.

Terry explained that the committee is authorized for eight members and at present has six active members. At the committees' request, we advertised through the required website and asked Board Members for their suggestions and received two eligible applicants. One other applicant was an employee who was eliminated, because the law prohibits an employee to serve on an Oversight Committee. The applicants are both from the South Zone, Dan Hankemeier and Steve Ponzio, which gives the committee four each, South and Central, since it currently has four Central members and two South. It will be put on the Board Agenda the day after tomorrow. All required categories are still covered.

Rodney Brooks requested to resign from South Bond Sub-Committee Liaison, stating he didn't have the time and would like to pass the job onto someone else that may have more time.

A discussion regarding the difficulty of attending another meeting along with North Sub Committee Liaisons, Vic Marani and Michael Barsi not attending these meetings either began. It was decided, that with all the other commitments the committee members have that to invite every member and Board Member to every sub-committee meeting and exchange the minutes of each meeting would be keep all informed and enable anyone to attend any meeting one would choose. Making it balanced on both sub-committees.

Discussion on what this committee's duties were; they feel this committee has been very effective in helping plan out some of the projects along with making sure every dollar is being spent on the Bond measures. We let the professional do what they're supposed to do.

Victor Kimura asked for the minutes to be done faster, Darlene said she would try and would mail them when they were completed, along with the last six of North Bond Sub-Committees.

A discussion regarding, when we would have the financials ready and setting the next meeting occurred.

Chair Member Victor Kimura adjourned the meeting at 6:45 PM.
Next meeting on January 30, 2006 in the Board Room