

INDEPENDENT CITIZENS' OVERSIGHT COMMITTEE
OF THE SANTEE SCHOOL DISTRICT

Wednesday, October 1, 2008

Adopted Minutes

Members Present: Chris Cate, Eid Fakhouri, Gina Jackson, Jim Montague, Kai Ramer, Beth Selbe,

Excused: Stacey LoMedico, Rick Weeks

Attendees Present: Christina Becker, Bill Clark, Dianne El-Hajj, Nancy Stasch

- 1) **Call to Order at 6:05:** Presented handouts and their placement into ICOC binders.
- 2) **Established a quorum** with 5 members in attendance to begin the meeting at 6:05 p.m.
- 3) **Reviewed Minutes** of September 3, 2008. Kai Ramer motioned to approve minutes, seconded by Beth Selbe. Chris Cate abstained.
- 4) **No Public Comments Addressed.**
- 5) **ICOC Communications:** Discussion of any community comments – Beth Selbe stated the items she was going to discuss were already addressed by the Board members at the September 30 Board Workshop. Kai Ramer overheard someone commenting about the air conditioning at Chet F Harritt that it isn't getting fixed because of the modernization and wanted to know if that is correct? Christina answered that that is incorrect. Eid Fakhouri had only heard positive comments at his child's open house. He heard that we are accelerating the moves by a couple of weeks. Christina answered that we are a few weeks ahead of schedule because it was achievable.
- 6) **Board Workshop Update:** Bill Clark explained the Post Occupancy Evaluation List for each site. The District hired a retired employee to work with each principal to follow through with after construction needed items. Bill went over the workshop handouts in regards to expenditures. One handout showed actual expenditures against the budget projections. COPS sold last week. Cash flow is good. The expenditure pace is going to slow down from summer break pace to school year pace. There was about \$7 million per month going out over the summer. The Board had asked staff to work on finding funding so that we could develop the 10-classroom facility rather than the 5-classroom addition. Chris Cate asked if we have any site committees to deal with the Post Occupancy Evaluation List. He also inquired as to any additional costs incurred with fixing these items. Dianne El-Hajj said that could be a possibility. Some inequities are not going to change. The biggest issues seem to be electrical outlets and tackable wall space. This could possibly be more cost effective if done after construction. Christina added that there were no negative comments the bond money was spent on non priorities, they just wanted more of it. We will try to add as funding

is in place, more electrical outlets and tackable walls. Dianne noted that some issues are just communication issues. Because when the teachers came back after break, everything was already done and there was no on-going communication during the project. Eid Fakhouri questioned the \$20 million of debt and how it affects the operating budget. Bill said it is being replaced by restricted general fund budget from the general fund. Annual collection of \$200,000 goes into the restricted fund, and the maintenance fund plays a part along with deferred maintenance. We are required to make a 3% contribution out of the general fund. Eid asked if there are any plans to sell the surplus property. Dianne El-Hajj answered No, that we would rather lease the property. We went to a convention to show the property off. This year we actively pursued developers. We had a few bites on our property. Chris Cate asked if the lease revenues were tied to certain areas. Dianne answered, No, that we could use the money for the general fund although we will probably stay with facilities projects. A member asked about the contingency funds status. Bill said that we have two. One is above the line in the GMP, and one is below the line at about 6 percent. We hope to hold onto the above the line contingencies and never need to use the below the line contingencies. We also have a shared contingency – 1/3 to the contractor, and 2/3 to the District, with hopes to incentivise ideas to save money through the contractor. We have been very fortunate so far. Christina commented on structural issues throughout the projects being minor. We have most of the problems fixed immediately. Eid asked about revenues from property tax assessments and are they going down? Bill said that we are still showing an upward trend of about 4 percent. Christina said the initial projections are usually very conservative and the current economic conditions haven't restricted the current bond revenues.

Bill shared an update on Solar to say that the District is moving forward with it.

The District staff interviewed four architectural firms today. One firm rose far and above the others. We will go to the Board on October 7 with our recommendations for selection. Eid inquired as to how this might impact scheduling. Bill answered, No impact to budgetary schedule and that we may pick up some additional funds by going with the new firm.

- 7) **Construction Progress:** Bill Clark / Christina Becker – Dianne stated that we do have some concerns about the cash shortfall. We may need to change the schedule to keep up with the cash flow. Eid Fakhouri asked the District if the problem was the availability of funds and if the budget will be scaled back, or is the problem only a timing issue? Bill explained that the program will be funded and the budget is not affected, but that there may be a timing issue when the funds will be available. Bill added that since the Board changed the project scope with the Junior High buildings, the timing got off. Eid suggested ways to delay expenses and find alternative funding. Dianne said that Pepper Drive would probably be last; however, we have not taken action yet. There are some issues that we need to deal with. Bill said bridge funding

reduces available funds and scope. Eid suggested sitting down with the contractor to see if they can bridge the funding with delayed payments.

- 8) **Construction Costs:** Bill Clark / Christina Becker – There were two schedules presented so you can see expenditures through September 22, 2008 and fiscal year 2007/08.
- 9) **Prop 39 – Compliance Audit:** Discussion – Eid asked everyone to turn to page 11 of the handout. Eid said that we can issue the 2007/2008 ICOC report to include a statement regarding whether the funds were spent according to the law. Since this is a collective ICOC report, all members should be in agreement with this statement. If not, then we should discuss any concerns regarding compliance. Eid wants to see enough samples of total expenditures to fees comfortable with this question. Eid asked members how they felt. Chris said he felt comfortable with the fact that the \$60 million bond funding has been spent on the projects. Eid tallied all the members and everyone was agreed. Eid said that in order for the committee to rely on the opinion of the auditors, they want to know how it was funded, then go into the compliance category and that should be where we look. The auditor should look at 10 highest and 10 lowest invoices for each project. Eid asked the members to go to page 10 of the handout. The auditors can respond if the use of the funds was within the scope of the published materials and used for the specified purpose. Kai suggested that the auditors should be in a position to give us samples as they see fit. Chris Cate motioned that the committee would recommend that the District use the audit scope as well as the sample language as laid out in the sample report provided. Seconded by Gina Jackson. Committee gave unanimous consent.
- 10) **ICOC Annual Report Draft Sample:** Continued Discussion – Eid shared the background taken from the bylaws. Programs highlighted from the District. Committee findings below. Discussion took place as to what contents need to be changed in the report. Each member will write comments down on their report and give to Nancy to update for the next meeting.
- 11) **ICOC Speaking Points at Future Board Meeting:** Next ICOC presentation will be the filing of the annual report in November.
- 12) **Comments from Committee Members/Topics for Next Meeting:** Discussion on annual report after revisions. Architectural updates. Gant schedule construction updates.
- 13) **September Newsletter:** Final handout presented.
- 14) **Board Actions Since Last Meeting:** Bill Clark shared the handouts from the Board Workshop on September 30, 2008.

- 15) **Information Only:** The next Facilities Committee meeting is scheduled for Wednesday, October 22, 2008. The next Board Workshop is TBD.
- 16) **Adjourn** at 7:55 p.m. to next ICOC meeting on November 5, 2008.