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SAN DIEGO UNIFIED SCHOOL DISTRICT
 Physical Plant Operations Center
 4860 Ruffner Street, San Diego, CA 92111
 Proposition S School Bond
 Independent Citizens' Oversight Committee
Finance, Planning & Controls Subcommittee
 June 25, 2009, 4:00 pm – 5:30 pm
 Training Room A
MINUTES

Subcommittee Members: Cantor, Frager, Gordon, Morales, Spehn, Stump

| AGENDA ITEMS | ASSIGNMENTS/UNDERSTANDINGS |
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| Meeting Called to Order: (Gordon) | Meeting called to order at 4:06 p.m. |
| Roll Call: (Cook for Ross) (Action) | Voting members in attendance: Jim Frager, John Gordon, Daniel Morales (left @ 5:35), Deanna Spehn (4:06) Members absent: Greg Cantor, John Stump Non-subcommittee members in attendance: Gil Johnson |
| Public Testimony [No action or discussion may occur regarding public comment on matters not on the agenda. Items may be referred to staff for placement on a future agenda. Public testimony is limited to 3 minutes per person.] Public Testimony requests are to be given to the ICOC Secretary prior to the start of the meeting. | None given. |
| 1. Approval of May 28, 2009, Minutes (Action) (3 minutes) (Exhibit) | Gordon: Informal discussion regarding where committee should hold future meetings, PPO vs. Education Center. May rotate meeting site in the future; may also hold meetings on an as-needed basis. Motion: Spehn moved to approve the minutes, Frager seconded the motion. Motion passed. Gordon, yea; Morales, yea. |
| 2. Update from Proposition S Financial Advisor Re: Macro Bond Environment (Gordon) (Information Only) (2 minutes) | Gordon: Will be checking monthly with our bond advisor concerning any issues effecting bond revenues. Nothing new from report presented at last meeting. Markey: The District's short and long-term positions for borrowing money are very good right now. Action Item: Gordon requested from Markey a synopsis of District's analytical report. |

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| <p>3. Planning Reports (Information Only) (30 minutes)</p> <p>3.1 Project Prioritization Criteria (Dulgeroff) (Information Only) (Exhibit)</p> <p>3.2 Revision to Execution Schedule (Watts) (Information Only) (Exhibit)</p> <p>3.3 Calendar of events (Watts) Information Only (Exhibit)</p> | <p>Markey: Proposition “S” Update, dated January 26, 2009, presented to the Board of Education, is considered our baseline. It is a “live document;” numbers can change daily. Numbers change as our burn-rate changes.</p> <p>Dulgeroff presented Prioritization Matrix. There is a possible 125 points on this Matrix based on the cost of facilities repairs divided by the replacement value of the building asset. The data only cover modernization of existing schools but not major “re-builds.”</p> <p>Watts: Correction on Supplemental handout 3.1.1: “Points allocated inversely proportional to FCI” should read “Points allocated proportional to FCI.” API: Twenty points maximum; high API score means they are doing well academically. Scores could change every year. There is no manipulation of data; results are based on numerical, objective criteria.</p> <p>Watts: Exhibit 3.2, 3-Year Cash Flow Plan, first page. Change “409M” to read “390M.” Based on current projections, bond sales may be reduced by 45M. Five Year Tech chart is current plan for technology implementation. Delaying tech upgrades for either one or two years would keep us above the 20M buffer. “Proposition S 3 year Cash Flow Plan” chart is an example of what might happen if we shift construction start dates. Markey: Recommends next meeting only discuss what’s going to the Board on the 28th.</p> |
| <p>4. Monthly Program Controls Report (Watts) (Exhibit) (Action) (15 minutes)</p> | <p>Watts: This is the ICOC “Checkbook.” Always looking at last month’s expenditures. Markey: The charts show the phases of construction; they are a point in time on a particular day. Depend on the number of projects loaded into the system. Project no more than 3 years in the future.</p> |
| <p>5. Prop. 39 Ed. Code Requirements for Elementary, Middle & High School Expenditure Breakdown (Watts) (Information Only)</p> | <p>Watts: Regarding Prop 39 Ed Code requirements, per our attorney Ms. Chong, answer is still “no.”</p> |

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| 6. Review and Discuss Prop S General and Administrative Time Keeping and Project Cost Allocations (Haskins) (Information Only) (20 minutes) (Exhibit) | Markey: This is a quarterly look at central office allocations to ensure we have the exact number of people working under bond monies. There are also people involved outside of our group. The same accounting will be made quarterly for them. Dulgeroff: We have never failed an audit on this issue. |
| 7. Deferred Maintenance Plan (Discussion) (Rowlands) (Information Only) (10 minutes) (Exhibit) | Rowlands: They operate on a cost-recovery model. Their current funding is well over State mandates. Due to State fiscal crises, a five-year deferred maintenance (DM) plan is not required this year. Markey: DM is solely funded out of the residuals from the State School Facilities monies which currently has approximately 200M in the fund. |
| 8. Compose Financial Subcommittee Input to Prop S ICOC Consultant RFQ Roles and Responsibilities (Gordon) (Action) (5 minutes) | Gil Johnson: Suggest the Committee Chairs meet to discuss then take back any input to the full ICOC. The full ICOC agendas have to be driven by the subcommittees. Under Prop MM, consultant was paid on a per-meeting basis or a fixed-fee for a special task. Markey: Send all inquiries to the ICOC website and you will receive assistance. Action Item: Markey to provide previous consultant contract. Forward to the Full ICOC for action. |
| 9. Prop S Portion of Facilities Planning and Construction's Draft Preliminary Budget, in Response to the Subcommittee's 5/28/09 Request (Brown) (Information Only) (Action) (Exhibit) | Brown: This is our actual budget for school year 2009-2010. Markey: Suggests focusing on the 3-year plan. Gordon: Next meeting will deal with one item. |
| 10. Adjournment (Action) | Meeting adjourned at 6:09 p.m. |