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SAN DIEGO UNIFIED SCHOOL DISTRICT
Eugene Brucker Education Center
4100 Normal Street, San Diego, CA 92103
WEB POSTINGS: <http://www.sandi.net/props/icoc/#2>
Proposition S School Bond
Independent Citizens' Oversight Committee
Finance, Planning & Controls Subcommittee
July 23, 2009, 4:00 pm – 5:30 pm

MINUTES

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

AGENDA ITEMS	ASSIGNMENTS/UNDERSTANDINGS
Meeting Called to Order: (Gordon)	Meeting called to order at 4:09 p.m.
Roll Call: (Hoff for Ross) (Action)	Voting members in attendance: Gregg Cantor, John Gordon, Deanna Spehn (arrived at 4:15), John Stump Members absent: Jim Frager, Daniel Morales 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.] <i>Public Testimony requests are to be given to the ICOC Secretary prior to the start of the meeting.</i>	None given.
1. Approval of June 25, 2009, Minutes (Exhibit) (Action)	Mr. Gordon reminded members that the next meeting will be held at the Physical Plant Operations (PPO) located at 4860 Ruffner Street. Motion: Ms. Spehn moved to approve the minutes; Mr. Stump seconded the motion. The motion carried. Mr. Cantor, yea; Mr. Gordon, yea.
2. Subcommittee Focus Items (Gordon) (Information Only)	Mr. Gordon said the assessed value appeals scope risk is more costly than originally estimated. Risks: assessed valuation, interest rate, the actual ability to be able to make bond sales. The scope risk is where projects are more costly in component pieces from the original estimate. There is risk in terms of new projects over a 10 or 15 year execution period; new requirements come up all the time. There is the

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	<p>risk of inflation variables, such as labor, construction materials' costs, and operating cost risks, such as utilities and water. Mr. Gordon summarized: these are the kinds of things the subcommittee should be thinking about in its oversight role.</p>
<p>3. Library/School Project Economic Status (Markey) (Information Only)</p>	<p>Mr. Markey reported that it is his understanding there is work at the city level and attempts to come to agreement with the state librarian. He also has heard that there is consideration at the state level. The City Council has not fully voted on this and Ms Spehn confirmed that there is nothing final at this time. Mr. Markey stated that Chief Counsel's advice is that the details of the lease and ongoing lease negotiations are exempted from the Public Records Act as well as the Brown Act. Any discussion at this point would be conjecture. The State has promised \$20 million to build this project but the State librarian has not committed to that yet.</p>
<p>4. Key Metrics/Standard Reporting</p> <p>4.1 July 28, 2009 Prop S Update to Board of Education (Markey) (Exhibit) (Information Only)</p> <p>4.2 Projected 5 Year Program Execution Options (Markey) (Exhibit) (Information Only)</p> <p>4.3 Monthly Controls Status Report (Key Metrics) (Splittgerber) (Exhibit) (Action)</p>	<p>Mr. Markey said this presentation will be offered to the Board of Education on July 28th. The most recent and important event in the life of Proposition S is the less than anticipated revenue from bond sales that were expected in the next 5 years or so. It has caused him to re-look at his execution schedule and shift from a 3 year to a 5 year execution schedule and that is not good news. The change in assessed values is hurting us the most and that is the reason we have to change our schedule. Prop S was designed as a 10 year program and then it shifted to 16 and now it might be 16 to 20 years. It is difficult to continue the Prop S project and keep it within budget because the longer you keep the program going, the higher the impact of inflation. There are restrictions on the use of these bonds. We were audited last week by the state and they looked at our policies in place and we passed that with flying colors. The meeting with the Board of Education is for Mr. Markey to get guidance from them on some of the scope issues. His position, which he stated is being reinforced by the Board of Education individually and collectively, is to stick to our design to budget.</p>

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	<p>Mr. Splittgerber presented the Projected 5 Year Program Execution Options which details the contrasts between the Five-Year and Six-Year i-21 Technology Program Options. He said the Six-Year program would allow items such as the stadium and ADA upgrades which could be brought forward otherwise they would be delayed for 2 years under the Five-Year impact of i-21.</p> <p>Mr. Splittgerber presented the Monthly Controls Status Report. He reported that the total expenditures to date are at \$12,771,000. Obligations to date went up and they are now up to \$46 million and that is an increase of \$20 million from last month.</p> <p>Action Item: Mr. Markey to provide Prop S Update information to full ICOC.</p> <p>Action Item: Mr. Splittgerber to provide Monthly Controls Status Report to full ICOC.</p>
<p>5. Financial Advisor Update (Markey) (Exhibit) (Information Only)</p>	<p>Mr. Markey and Mr. Gordon indicated they have been in regular contact with the bond advisor and he told them that there is nothing he can do at this time that would benefit the wealth of knowledge we have on this subject. There is no new information.</p>
<p>6. District Annual Budget (Markey) (Exhibit) (Information Only)</p>	<p>This document was provided at the request of subcommittee members. It is an annual budget so it will not be necessary to distribute again.</p>
<p>7. Adjournment (Action)</p>	<p>The next meeting will be held at the Physical Plant Operations Center at 4860 Ruffner Street, Training Room A.</p> <p>Meeting adjourned at 6:20 p.m.</p>