

**Hermosa Beach Bond Measure J
Citizens Oversight Committee
Meeting Minutes
April 19, 2006**

DRAFT 6/2/06

1 – Call to Order

Chair Sam Abrams called the meeting to order at 5:35 p.m. in the MPR at Valley School.

2 – Roll call

All members were present except Mr. Wayland.

Visitors included Dr. Sharon McClain, Superintendent, and Ms. Angela Jones, Business Manager, Hermosa School Board District ; Messrs. Ben Menasherov and Amir Birjandi from PCM3; School Board Trustee Mr. Lance Widman; and community members Ms. Eleanor Lynn (a former member of the COC) and Ms. Janice Yates (a resident of Marineland).

3 – Minutes

Ms. Smet moved approval of minutes of January 11, 2006; motion seconded by Ms. Arnett. No objection noted.

4 – Facilities Committee Update

Dr. McClain reported on current status of the lawsuit filed against the District. She indicated that the request by the CSRE for an injunction had been denied by the Court. The CSRE was proceeding with its appeal, with records and briefs being filed. Roger Creighton had filed an amicus brief on behalf of the CSRE. The appeal could be considered by a 3 judge panel within the next 30-60 days, although no specific date had yet been set. The District had spent approximately \$60,000 (not Bond funds) to date defending this lawsuit.

The Facilities Committee had nothing new to report at this time.

5 – Financial Update

Ms. Jones distributed the Measure J Modernization/New Construction Budget, the Valley New Construction Budget Status Report, the Valley New Construction Soft Costs Summary, and the Measure J Technology Fund Budget Summary, all dated 3/26/06 and attached hereto as Exhibit "A" for reference, and briefly summarized these reports. She pointed out that PCM3's fees had been reduced by approximately \$114,000 as a result of changes in the bids. She also pointed out

that line items 7, 16, and 21 on the Soft Costs Summary (see Ex. A, page 3) were subject to change due to the passage of time.

There was a general discussion regarding the amount of fees in the budget allocated to construction management (PCM3) and architectural services. It was pointed out that the new construction had to be redesigned several times as construction costs rose over the past two years, which contributed to the increased architectural fees, and that PCM3's fees were considered market for construction management services.

Ms. Jones walked the Committee through the budget (see Ex. A, page 2) and explained how refinancing the Measure J Bonds resulted in additional available funds estimated at approximately \$857,119. She also reported that the \$1,500,000 in matching funds for joint usage with BCHD had been received from the State, and that the Board had approved the use of \$700,000 from the District's Special Reserve Fund for the new construction.

A discussion was held regarding the fact that there was still a shortfall based upon current numbers of approximately \$392,000 (see Ex. A, page 1), plus the cost of flooring and painting. Ms. Jones said that the Board was well aware of this and was working to close that gap through a variety of possibilities, including value engineering, private donations, and a reallocation from other District resources, among others. PCM3 reported that approximately \$335,000 of \$535,000 remained in the allowances (i.e., contingency) line item, and that the subterranean construction, where problems are typically encountered that require contingency funds, was 60% complete, with the hope being that there would ultimately be some savings in the allowance category that could be used toward the current shortfall.

Ms. Jones also confirmed that \$90,000 used to make modifications to the retaining wall that abuts the Marineland Mobile Home Park will not be paid for with bond proceeds.

6 – Newsletter

Ms. Arnett distributed a rough draft of the newsletter. Dr. McClain agreed to prepare some additional material for the newsletter, and Mr. Abrams suggested adding information regarding the litigation, the cost status, and the sale of the final issuance of the bonds. Ms. Arnett would work with Dr. McClain and others and target a release of the newsletter prior to the next COC meeting.

7 – New Business

- **Annual Audit** - Ms. Jones reported that the auditors were due in May for their annual review of the books and records. In their last audit, the auditors sampled 62% of the contracts for compliance with no problems.

- **New Deferred Maintenance Plan** – Dr. McClain reported that this was being prepared and that she would bring it to the next meeting of the COC.
- **Status of Measure A Bond Sales** – Dr. McClain reported that the final tranche of bonds were sold with a AAA rating at a premium of \$857,119.
- **Update on Measure A Ballot Proposal** – Dr. McClain reported that Measure A was proceeding well and she reviewed the basics of this measure with the COC. Mr. Widman reported that the tax base had increased by approximately 10%, rather than the projected 4.5%, since the passage of Measure J.
- **Auditor's Agreed Upon Procedures Letter** – Ms. Jones reported that this letter, signed by Mr. Abrams for the COC, had been approved by the auditors and the District.
- **Newspaper Items** – Mr. Abrams presented copies of items related to Measure J that were printed in the Easy Reader (January 19th and February 16th) and the Beach Reporter (March 24th).

8- Communications and Public Comment

There were no additional oral or written communications from the audience or the Committee members.

9- 2006 Committee meeting schedule

Scheduled meetings remaining for 2006 are Wednesday, July 19th and Wednesday, October 19th at 5:30 p.m. in the Valley School MPR.

10 - Adjournment

There being no further business, Ms. Smet moved for adjournment; motion seconded by Mr. Hausle. With no objections noted, the meeting was adjourned at 6:45 p.m.