

**MINUTES OF THE BOND OVERSIGHT COMMITTEE  
ORGANIZATIONAL MEETING  
GUSTINE UNIFIED SCHOOL DISTRICT  
TUESDAY, NOVEMBER 15, 2016  
MINUTES**

**TIME AND PLACE**

The meeting of the Gustine Unified School District Bond Oversight Committee was held on Tuesday, November 15, 2016. The meeting was held in the Gustine High School, 501 North Avenue, Gustine, California.

**CALL TO ORDER**

The meeting was called to order at 9:05 a.m. by Debbie Lopes.

**MEMBERS PRESENT**

Debbie Lopes, Joe Oliveira, Ken Rose, Sherri Marsigli, John Lawrence, Andrew Bloom, Camille Alamo

District Staff present: Lizett Aguilar, Sara Gomez, Superintendent Bill Morones

Absent: Jeff Massey, Dennis Brazil

Others Present: Kevin Cordeiro

**PUBLIC COMMENT**

None.

**APPROVAL OF MINUTES**

Andrew Bloom amended the minutes with the following changes: He wants it noted in the September 22, 2016 Minutes that during the meeting Mr. Rose had made a comment to the contractor, Mitch McAllister, about solicitation of business.

Sherri Marsigli made a motion to approve the minutes as amended of the last meeting held September 22, 2016, seconded by John Lawrence. Motion carried, 7-0-2 absent.

**MEASURE P/LOCKER ROOM UPDATE**

While they waited for Deanna Shirlock to join the meeting, Bill Morones reminded everyone that all the backup material will be emailed prior to the meetings. Also, from this meeting on they will be having the Bond Oversight Committee Meetings wherever the project is taking place and hopefully be taking tours after the meetings. He also mentioned that pictures of the work that has taken place of the projects will be posted on the GUSD Website for everyone to see. He congratulated Kevin Cordeiro for winning the school board member race.

Deanna Shirlock began by saying that she was just talking to the door installers because the doors will be hung today. Things are going well. They are getting ready right now for the basketball tournament. They are focusing on the corridors and the restrooms. They started the

tile work last week but will actually get the tile in the two public restrooms that are right off the corridor. They are waiting for the FRL to arrive. There was a little bit of a hang up getting the FRL, which is the laminate wall paneling that will go down the corridor up to the 42" in height. It looks like they will complete it in time for the basketball tournament. The sheet rock is going up on the north side and working their way south. It will be a lot easier to see exactly what it's going to look like when they finish that. Regarding the shear wall issue she stated that they ended up going outside the building and putting additional shear structural support on the outside up on the roofing and were able to include it with the roofing contract. There wasn't any damage from the rain. The windows are due to arrive December 15<sup>th</sup>. She confirmed that the committee can tour the locker room right after the meeting. The completion date has been moved to end of December.

Bill Morones said that they are planning on having a Ribbon Cutting Ceremony for the entire community mid to late January to celebrate.

### **FINANCIAL REPORT**

Lizett Aguilar explained the Measure P Bond Fund Activity spread sheet. The additional activity that was added on from the last time is from October and one in November. Most of the project totals did not change. The GHS Lockers was the one that has changed because it's in progress now and working on the most. There was an additional \$15,375 of expenses on that project. For Bond Administration there was an additional \$1316.00 for Curtis Pollock, Bond Accountant Consultant, whom you met at the last meeting we had. The only other change was the interest amount. That gets added in quarterly so it was about \$7,800.00 of interest. So overall the cash balance is about \$8,800.00 less from the last report to this one.

Sherry Marsigli asked about seeing asbestos inspection repeatedly on the spreadsheet. Deanna Shirlock said that those are different inspections. As they are going through the demolition and they uncover something suspicious they can't move forward by law, OSHA, until it has been inspected or removed. Lizett Aguilar confirmed that there is an open purchase order where funds have been set aside for asbestos inspections.

Andrew Bloom asked Lizett Aguilar about certain expenditures that were on the financial report dated 9/15/2015 but don't show up on the current report. She stated that those were funds that were set aside for State Of The Art Classroom Projects that were being done at each school site. When it was decided to focus on the GHS Locker Room instead those expenses were moved out and were charged to the general fund against one-time monies they received from the state. So that freed up some money in the Bond Fund. Andrew Bloom stated that in the future if expenses aren't being used he wants the Financial Activity Report to show a credit instead of it being deleted. Lizett Aguilar agreed that she could do that.

Lizett Aguilar mentioned that they are moving forward with expediting the sale of the second series of bonds. At the last Board Meeting the Board approved the Resolution to allow that.

They have had the pricing meeting with Standard and Porr's, a rating agency, who gives them their credit rating. So they are on

track to sell either late this month or beginning of December and get the added funds at the end of December or beginning of January. That would be up to \$5.5 million to start the second phase of projects.

Bill Morones confirmed that this was really good news. By doing this it substantially saves the district a lot of money. The district will also benefit from the passing of Proposition 51. Essentially that means any district that have positioned themselves will receive state matching funds.

There was a lot of discussion regarding the county assessment value and tax. Sherri Marsigli mentioned that when the Bond was written the tax amount was about \$52.00. She questioned why the county assessment value and the bond amount went up? Lizett Aguilar stated that the amount charged should not fluctuate. John Lawrence asked that same question to Jon Isom at the October Board Meeting. According to John Lawrence the information that he received from the county was that the person responsible for setting that up underestimated the rate. So this year the county is over assessing to make up for the error. The following year they will be crediting those who were overcharged. Then after that it should be back to what it's supposed to be for everybody. Lizett Aguilar said that when Jon Isom called the county he was told that yes it was in fact an error on their part but the rate should stay the same the whole time through. Sherri Marsigli disagreed stating that the rate can't stay the same because property values change. You have an approximate \$52.00 and there is a "by law" max which is \$60.00. As your property value goes up the assessment should go down. John Lawrence mentioned that the way the Bond was sold to the community was based on a flat rate. Sherri Marsigli responded by saying that the county couldn't do a flat rate because if property values drop you wouldn't be able to pay the Bond. John Lawrence mentioned that it would take 31 ½ years to pay this off based on a flat rate.

Andrew Bloom asked if \$5.5 million was an issuance or if some is being borrowed? Lizett Aguilar clarified that it was all issuance. They cut out the borrowing because of all the conditions being better. In the initial plan there was three issuances and one additional one to borrow. Now, with the improved situation they cut down from those five to only three issuances and won't have to do any borrowing. He also asked why there was a discrepancy in the project costs in a short amount of time? Mitch McAllister answered by saying that the main reason was because they base the estimates on the previous years' construction costs of similar projects and they saw a dramatic increase in construction costs. Even prevailing wages are rising. He continued to explain what the process is from start to finish.

Bill Morones also wanted the committee to know that they will be providing some furniture, (i.e. coaches desk, training room equipment, ice machine, etc.) but those items will not show up in the financial report because the funds won't come out of the Measure P Funds.

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Sherri Marsigli asked when the Proposition 51 funds will become available? Bill Morones replied that it would be about another year. The district should be receiving approximately \$10 million.

### **REVIEW OF CITIZEN'S BOND OVERSIGHT COMMITTEE BYLAW 5.3**

Andrew Bloom wanted the committee to review the Citizen's Bond Oversight Committee Bylaw 5.3. According to Debbie Lopes she remembers the very first meeting they had with an attorney present. They brought up some of the conflict of interests that could arise. There were some community members who wanted to be on the committee and they did business transactions with the school so it was recommended that they don't stay on the committee to avoid any conflict of interests. Bill Morones read section 5.3 out loud. Andrew Bloom stated that it's a fine line. He encourages everyone to read it including sections 1090 and 1125 of the Government Code and abide by it to avoid prosecution. It would tarnish the Board and look really bad.

Ken Rose stated that if this was in reference to him because of what Andrew Bloom insinuated earlier, he was not soliciting anyone whatsoever. He simply asked Mitch McAllister who can bid on the projects. He certainly wouldn't want to bid on this because his wife serves on the School Board. He knows very well he can't do that and that he's not sure where Andrew Bloom got his information from. He then turned to Mitch McAllister and asked him if he had given him his phone number. Mitch McAllister replied saying that if he did, he doesn't have it anymore. Ken Rose also added that if Andrew wanted him to resign from the committee he would to keep the peace. Andrew answered no but he wanted him to be aware. Andrew Bloom mentioned that he won't hesitate or make a motion to recommend to the Board for someone to be removed because of their actions. Ken Rose again stated that he feels he didn't violate the policy. Debbie Lopes reminded everyone that they are here to see what they could do for the committee not for themselves.

Sherri Marsigli asked about the annual report and when does that happen? Bill Morones replied that it's for the committee to decide but he would conceptualize maybe perhaps after the locker room has been completed, March or April this committee would present the report to the Board.

Bill asked if the committee would like to meet again in January or wait until after the lock room has been completed and after the Ribbon Cutting Ceremony? Sherri Marsigli replied that since their next big job is the annual report she thinks they probably should wait until after January and Debbie Lopes agreed.

Bill reminded the Committee Members they would be touring the locker room right after the meeting.

### **ADJOURNMENT**

The meeting was adjourned at 9:54 a.m.