



MEASURE G OVERSIGHT COMMITTEE

MINUTES
September 5, 2018

Members Present:

Barbara Chiodo
Carlos Cojulun
Greg Meneshian
Charlotte Meyer
Steve Schulz
Lisa Simpson

Members Absent:

Kristen Pifko

Staff:

Karen Kimmel - Assistant Superintendent, Business
Kristine Torres – Director of Accounting

The meeting was called to order at 6:02 p.m.

Review Minutes from May 10, 2018 Meeting

The committee reviewed the minutes from the meeting held on May 10, 2018. On motion of Mr. Schulz, and seconded by Mr. Cojulun, the committee approved the minutes.

Measure G District Summary Report

Ms. Torres shared the summary report as of June 30, 2018 showing the planned bond proceeds and District match is just over \$147M and as of the fiscal year-end, the District had unissued bonds of \$10.2M with total revenues received of \$137.1M. The District's cumulative purchase orders as of year end were \$140.1M which results in a current balance of available funds at -\$2.9M. The District has bond reserves set aside for future expenses, including \$2.7M for technology related projects and the completion of existing construction projects at \$2.2M (Lupin Hill Multipurpose room (MPR) and the White Oak remodel). The set-asides of \$4.9M result in a net position of -\$7.8M. Ms. Torres then added that the District did issue the \$10.2M in bonds in

August so the next committee meeting the summary will reflect a positive net position. Mr. Meneshian asked for further explanation on the \$2.7M set aside for technology “reserves”. Ms. Kimmel explained that this reserve represents funds that are committed towards technology projects which do not yet have a purchase order issued. The set-aside is reflected as a negative amount to reduce the amount of available funds. She continued that it looks unusual with a “negative balance” because of the timing of the summer bond sale and the large dollar amount of purchase orders for the Lupin Hill MPR project.

Ms. Meyer asked what is being remodeled at White Oak. Ms. Kimmel responded that the District is working on bathroom modernization, and there may be state matching dollars available that the District is trying to obtain. Ms. Torres continued with a more detailed breakdown of the summary report by category and school site listing previously reported and current period totals. She noted that the majority of allocated funds in the current period are for building/classroom/site improvements, and project management costs with \$8.3M in encumbrances for the Lupin Hill project. Ms. Torres explained that the totals are the encumbrances to date which are the purchase order values. With some of the smaller amounts listed, she explained that at the end of the year some actual costs were slightly higher or lower than the purchase orders and these amounts are the differences between the purchase order and actual cost.

Ms. Kimmel explained for the new members that in 2006 when the Measure G bond was issued, it was for \$147M in District projects, and now in 2018 we are at the tail-end of those projects. The last major project that was promised to the community was the Lupin Hill MPR project and that is where the District is in the life span of Measure G. Mr. Meneshian then asked, when there is a surprise in the price that changes the project costs who absorbs that? He continued, for example the Lupin Hill project was originally projected at \$5.5M and is now revised at \$8.6M, who absorbs that \$3.1M difference? Ms. Kimmel answered that the original \$5.5M was not an actual budget, it was projected back in 2006 through a facilities needs analysis. She went on to say that as Lupin Hill was the last project, and due to various cost escalators through the years, the actual cost was higher than the original placeholder. Ms. Kimmel then explained that other projects were never completed and the funds were reallocated. It is the Board’s priority to finish the Lupin Hill project. Ms. Meyer added that the difference in cost is significant, and she noted that the District did cut back on anything truly unnecessary. However, she expressed concern that there would be cost overruns and the cost would escalate even more. Ms. Kimmel responded that there would be no cost overruns as the District has a Guaranteed Maximum Price (GMAX) contract. Within that contract there are some contingencies including splitting some savings with the contractor, but that the total cost will not be more than what the contract lists as long as we don’t make any changes to the scope of construction.

Mr. Cojulan then clarified the role of the committee for the new members. When the committee reviews expenditures for the Measure G bond, we are confirming that the expenses are appropriate based upon what the bill was passed for. For example, if something is listed for administrative costs or for personnel, those are not items covered by the Measure G bond nor approved expenditures for that bond. Items such as construction costs, technology, licensing, operations and project management relative to construction, are all things that would fall under appropriate Measure G bond items. While the committee reviews the bond summary report, it is important to ensure that each individual line item is consistent with what the bond language,

noting the District can provide committee members with more detailed information if needed. Mr. Meneshian asked who makes the decisions on the details of each project. Ms. Kimmel responded that those decisions are made by the Board of Education and the Board's sub-committee, the Facilities Committee. The projects start out in the Facilities Committee and then their recommendations are brought to the Board for approval. Mr. Meneshian then asked if that same committee oversees the contracts for the contractor. Ms. Kimmel responded that once the Board approves a full project, the District internal staff has the responsibility to manage and implement it. She continued that every week Ms. Kimmel, the site Principal and the Director of Facilities and Maintenance, Julie Pescetto, meet with the contractor, construction manager and architect for updates. In addition, Ms. Pescetto visits each school site weekly for facilities inspections. Ms. Kimmel then pointed out that there is a line item in the current report showing LVUSD staff costs. To clarify, the District needed to hire our own crew on the weekends to build out the Special Education room remodel at A.E. Wright Middle School, and the staff costs listed were only for the physical labor of the maintenance crew, not for any administration. Mr. Cojulun commented that for future reports we should change "staff costs" to "staff labor" so there is no need to clarify. Ms. Chiodo asked if there is a summary of what was purchased for technology upgrades for the District Office. Ms. Kimmel responded that technology that is charged to the District Office are items related to the District servers and the overarching infrastructure.

The committee continued to review the breakdown for the Lupin Hill project. Ms. Meyer asked why the architect was listed separately from the \$8.2M GMAX construction contract. Ms. Kimmel explained that the District has directly entered into four main contracts with: the architect, the construction manager, the contractor (GMAX contract), and the Division of the State Architect (DSA) inspector. Ms. Meyer then asked if the District hired the architect. Ms. Kimmel responded that the District did hire the architect and the district staff, architect and contractor all offer checks and balances with the construction manager. Ms. Meyer then inquired if the Lupin Hill MPR is a stand alone building that will be made available to rent out, and how large is the parking area. Ms. Kimmel answered that yes, the MPR will be available for rentals, and the parking lot should have approximately 144 spaces when complete.

Measure G Project Update

Ms. Kimmel presented a Powerpoint presentation showing various safety and security updates, some coming from general funds, and others using Measure G funds. Some of these improvements include strategic fencing, bright blue staff shirts and safety vests, video surveillance systems, updated visitor signs, and the new Voice over IP (VoIP) phone system, which came from the technology budget included in the Measure G bond. Mr. Cojulun commented that he has noticed that the staff is also on top of security when it comes to visitors as he was approached by staff while watching sports tryouts and asked to go back to the office to get a visitors badge. Ms. Kimmel added that the new signs and posted security requirements are making the staff feel more empowered and comfortable approaching visitors and parents to make sure they sign in at the office and follow posted procedures. Ms Kimmel added that for security the District also has closed off the Calabasas and Agoura High School tracks during school hours as people from the community would previously come use it while school is in session. As of now both tracks are closed to the public during school hours and the decision was made over the summer to close the football stadiums to the public at all times unless they have a facilities use

permit. Mr. Meneshian commented that this is an unfortunate but effective and necessary decision to preserve our newly updated football fields.

Ms. Kimmel then shared slides of the updates at Lupin Hill. Eleven portable classrooms were removed and the area is being built up to match the level of the rest of the campus for the new MPR building. On the other side of the campus, the old MPR is in the process of being renovated to hold five beautiful classrooms, a counseling room and a workspace that is accessible from the classrooms. Ms. Meyer asked if these were temporary classrooms and does that mean the school is losing six classrooms. Ms. Kimmel responded that these are new permanent classrooms, and while the school will have six fewer classrooms, it is in line with current enrollment numbers.

Ms. Kimmel then shared that she, Dr. Stepenosky and Ms. Torres went to San Francisco to meet with Moody's and receive the District's credit rating. The District has maintained its Aa1 credit rating. She then shared the bond summary showing the last of the remaining bonds to be sold at \$10.4M, and shared that the District received a competitive interest rate of 3.587%. Mr. Cojulun added that the District refinanced a few times over the years to bring the interest rate down. The final maturity shows that the bonds will be fully paid in 2035. The total cost of the Series D bond sale was \$232K.

Determine 2018/19 Meetings:

The committee approved the following meeting dates for the 2018/19 school year:

- Wednesday, December 5, 2018 at 6:00 p.m.
- Wednesday, April 3, 2019 at 6:00 p.m.

Ms. Kimmel added that the December 5, 2018 meeting must have a quorum as the auditor will be attending that meeting. Mr. Cojulun added that during that meeting, the committee will walk through the audit as a group, and after the meeting the chairperson will prepare a report, send it to the committee for approval and present it to the Board in January.

The meeting adjourned at 7:17 p.m.