The meeting of the Measure D Citizen’s Oversight Committee was held at, 6500 Soquel Drive, room 804A, Aptos, CA on Thursday, July 9, 2009 at 10:00 am.

Present: Michael Bethke, Diane Craddock, John Fry, Gary Meyer, Bob Petersen, Bud Winslow

Absent: Pegi Ard, Helen Palmer

Guests: None.

Staff: Paul Anderson, Doug Deaver, Rob Ingram, Brian King

Bob called the meeting to order at 10:07.

I. Introductions: the committee introduced themselves.

II. Agenda Modifications: None.

III. Comments from the Public: None.

IV. Minutes of April 9, 2009 were approved unanimously with two corrections: Watsonville, $2.5 m from EDA and tentatively looking at an additional $865,000.

V. Project Status Update:
   • Doug gave an overview of the remaining projects underway and distributed photos. The grand opening of the Arts Education Theater and Music Hall will be October 9, 2009. Asphalt is being poured to finish the road from the Crocker Theater to Cabrillo College Drive and final completion work is taking place in the Music Hall.
   • Plans are in to DSA for the café in the Student Activities Center (SAC). DSA approval is contingent on getting final project closeout documents for the remainder of the building. This is currently in process.
   • Allied Health: Occupants of the new buildings include the Stroke Center, a state-of-the-art fitness center, nursing labs and classrooms, medical assisting classrooms, radiologic technology classrooms and labs, and the new dental hygiene clinic. Bob asked if the bottleneck in funding has resolved. The State has begun to reimburse some money, but the process is slow.
   • Watsonville Industrial Technology Education Center (ITEC): Staff distributed a project description that was prepared by Kasavan architects. The old library building has been demolished and the property is currently used as parking lot. Bob asked
how vehicles would access Trafton Street from Maple. The current project has an access route through the property from Maple to Trafton. The EDA grant is a formal agreement. Michael asked if the EDA grant covers hard costs as well as staffing. The grant covers a portion of the construction cost including contractor costs and construction project management. The construction cost is estimated to be $4.8 million to achieve LEED Platinum certification. John asked about the $2.5 million from EDA. The project budget is $7 million in Measure D funds, $2.5 million in the initial EDA grant, and $865,000 in the supplemental EDA approval. We currently pay the city of Watsonville $21,000 per year for parking. Michael asked what was the convincing argument to get approval for LEED certification. This is the first known EDA funded project to achieve LEED Platinum certification, and the buildings will be used to train students in green technology. Michael noted that he is proud of staff for their efforts in securing these funds. It is a major accomplishment. Staff feels comfortable with the cost estimates on the project due to the fact they worked in detail with Kasavan Architects to realistically determine cost estimates for very specific items to achieve the LEED certification. One building will be 9000 sq. feet of high ceiling lab space. The other building will be 5,000 of computer lab and classroom space. John asked for a global budget for the building including soft and other costs. Paul agreed to provide a copy of the JCF 32 that was submitted to the state. As part of the purchase agreement for the library, Cabrillo was capped at $85,000 on asbestos abatement; the city was required to pay for $100,000 for asbestos abatement prior to demolition.

- **Scotts Valley Center:** The center was funded with Measure C bond funds, not Measure D. The facility there is currently being leased using RDA money. Some Measure C funds are allocated for the purpose of locating a more permanent site. We have met the commitment in 1998 bond for providing space in North County. Gary asked if the Measure C money is earning interest. The District has bond money deposited in a separate account with the Santa Cruz County treasurer and the funds earn interest. District staff feels good about the security of the money there; the county treasurer has invested no bond funds in mortgage backed securities.

- **Secondary Effects:** bfgc has completed their study and five classrooms are being upgraded to smart classrooms for the start of the fall semester.

- **Doug distributed a summary sheet of the budget.** There are a finite number of projects remaining. John asked if the committee has oversight of the $3.1 million of Measure D funds for the building 300 renovation project. Once Dept. of Finance approval has been obtained for the project, it will be a District management decision regarding when to go ahead with the award of bid. John asked what is specified in the bond language about not using the funds as budgeted. The Board of Trustees is the ultimate decision makers on the issue. Brian clarified it is not so much a legal issue as an internal political issue. Building 300 is for core transfer classroom use.

- **Unallocated funds are set aside for classroom upgrades, Scotts Valley, Allied Health.** Currently unallocated could be used for settlement of outstanding claims. Bob clarified that these funds are not allocated for a specific classroom but rather for general classroom use. The Board has the discretions to reassign this money as needed.
• After building 300 is renovated, the District will have a difficult time securing additional state funds for renovation due to our capacity load ratio and the reasonably good condition of the remaining existing buildings.

VI. 2007-08 Audit: The audit report was distributed to the committee and will be placed on the next meeting agenda. There are no audit findings. The same auditor performs the District and Foundation audits and the firm changes every three to five years. Please email any audit questions to Pegi. Brian suggested the committee make a presentation to the Board. Bob asked whether there is a Board finance committee. There is an ad hoc budget committee and a facilities committee. John asked whether the county treasurer report regarding investment of excess funds was reviewed by the auditors (Refer to Audit Report Page 5, Investment in County Treasury). Bob replied that our auditor would have looked to the county auditor to establish that value. Regarding Page 3, John reported that he takes issue with the format the auditors used, specifically not addressing work in progress or unfinished work. They developed a statement referring to a Fund Balance. Bob anticipated a supplemental report that breaks down this information. John asked what is the cost of the audit. Doug responded that the cost is approximately $10,000.

VII. Annual Report: The draft report was distributed to the committee. The committee agreed to review the text in two weeks in preparation for the September Board meeting. John requested that there be sufficient time to review the numbers and suggested that the report also include a contingency for pending work, change orders, and potential claims. The total has to be comprehensive; issues noted.

Report to be emailed to committee today; reply to Pegi within two weeks. Final numbers will be available in August.

Next meeting: September 24, 2009, 10:00 am.

The meeting adjourned at 11:15 am.