



MEASURE D CITIZENS' OVERSIGHT COMMITTEE  
December 2, 2010  
Minutes

The meeting of the Measure D Citizens' Oversight Committee was held at, 6500 Soquel Drive, room 804, Aptos, CA on Thursday, December 2, 2010 at 9:00 am.

Present: Michael Bethke, Kathy Blackwood, Bob Dills, John Fry, Leigh Ann Lively  
Staff: Doug Deaver, Brian King, Victoria Lewis, Graciano Mendoza, Joe Nugent  
Absent: Diane Craddock, Bud Winslow, Paul Anderson  
Auditor: Terri Montgomery, Vavrinek, Trine and Day, LLP

Michael called the meeting to order at 9:04.

I. Agenda Modifications: None.

III. Comments from the Public: None.

IV. Minutes:

The minutes of July 22, 2010 were approved (Fry/Dills) with one abstention (Blackwood)

The minutes of September 30, 2010 were approved (Blackwood/Dills) with the following amendment on page 5, second paragraph:

- Add "Staff response:" None.
- Add District "will" use a third party to establish a "deductive change order system."

It was requested that a watermark showing draft be added to the minutes.

V. Review 2009-10 Annual Report and 2009-10 Bond Audit :

Terri Montgomery from Vavrinek, Trine and Day reviewed the bond reports. In the financial report, there are generic notes on bond funds and how they operate in government accounting standards on pages 4-6. Notes that are specific to this District start on page 7. For example Note #6, lists contracts that had been signed by June 30<sup>th</sup>

but not the funds spent by that date. No adjustments to the District's records were proposed as a result of the audit.

John inquired who writes the notes in the audit. Terri Montgomery personally writes the notes. John requested there be clarity and consistency in terminology (i.e., Watsonville expansion refers to the Green Technology Center). Terri noted that many of the audit terms are required as written, but the auditor will review text for clarification with management. John inquired where is the explanation of "due to/from" in the audit report. Terri responded that on page 6 of the Financial Report, *Note #3--Interfund transactions* provides a summary of transactions included. John also asked that a definition of encumbrance be included in the audit. Staff will follow up with the auditors to provide more information.

Kathy inquired as to whether Note 2 regarding county pooled investments should indicate that the county pool has no limits on maximum percentage of portfolio or on amounts held by one issuer. She inquired as to whether that is state law. She noted that while bond resources must be placed into the county pool, they do not need to remain there; participation is voluntary. Terri will follow up with the county to determine the maximum maturity for county investment funds. Victoria noted that county pools recently all reviewed their policies. Michael stated that the county may have reviewed policy, but the practice may not have been revised. Kathy also stated that it is important to ensure that counties are following their investment policy. Victoria stated that the County Investment Report is presented to the Board on a quarterly basis and that Cabrillo's Board is very knowledgeable of county practices and policies.

Terri reviewed the Performance Report. The purpose of that report is to review that funds were spent according to what was approved by the voters. Kathy and Bob suggested changes in format for legibility. John asked about which invoices were reviewed for compliance. Terri explained that invoices were reviewed are listed on the last pages of the report and that inspectors, contractors and staff review and sign off on the invoices indicating the actual work was done. It was noted that the purview of this oversight committee is to make sure invoices are appropriate for expenditure of bond funds. The Governing Board provides another level of oversight and they have a fiduciary responsibility as well. Kathy noted that the question of adequate internal controls is part of other oversight processes. It was suggested that John may speak with the chair of the Board for further clarification.

The audit will be revised and reissued; some comments from the committee may not be able to be incorporated into the language of the report, but every effort will be made to include those that can. Brian noted the change on the property tax bills to have only 2 listings for Cabrillo now.

## VI. Annual Report draft

John distributed his suggestions for the annual report draft. Committee members listed will be as of June 30, 2010. Staff will ask Bob Petersen to attend the January Board meeting to present the annual report to the Board. Michael offered to attend as well.

VII. Project Status Updates:  
Arts Education Complex

Mediation is scheduled for Tuesday and Wednesday next week to resolve outstanding claims. Acoustic and waterproofing issues remain unresolved. The mediation process is limited discovery and there have been no depositions. Documents have been exchanged. Bob asked about the elevation of the window. Brian replied that the window has become a non-issue.

Building 300 remodel: The project is in the punch list stage now. Classroom equipment has been ordered. No seismic upgrades were required.

Allied Health: Stair rails will be replaced in January. Carpeting is being replaced. HVAC issues have settled out; a few remaining heating issues remain. Acoustical tiles will be replaced. The walkway will be redesigned. The feedback from students is that they are ecstatic.

Green Technology Center:

Dilbeck & Sons, Inc. is the contractor. The soil is scheduled to be lime treated this week. There will be a ribbon cutting ceremony on Dec 13<sup>th</sup> at 4:00 pm. Bob asked what were the results of the bids. The bids came in \$1M over budget; staff value engineered out elements of the project that are not related to LEED platinum, but a donation from the Ley family allowed some of those items to be put back in at the original cost. The project is anticipated to be completed in spring 2012.

Secondary Effects:

Space renovation is on hold until claims are resolved on existing projects. John requested that remaining bond funds available be noted on the annual report. Staff will consider this request. The commitment to the voters has been met and outstanding claims must be resolved before renovation projects can be completed.

Bylaws:

Revisions to the bylaws by counsel were presented to the committee for consideration.

Action items:

The following items will be distributed to the committee prior to the next meeting:

1. Revised Bond Audit and resend to committee
2. Revise Annual Report to be presented to January Board
3. Committee to review bylaws revisions prior to April meeting

VI. Next meeting: Thursday, April 28, 2011 at 9:00 am. The meeting adjourned at 9:58 am.