

**POWAY UNIFIED SCHOOL DISTRICT
CITIZENS' OVERSIGHT COMMITTEE
MEETING MINUTES**

Date: May 17, 2004

Location: Poway Unified School District
Conference Room B-1

Committee Members Present:

Andy Berg
Chrissa Corday
Lee Dulgeroff
Tony Heinrichs
Todd Gutschow
Kathy Frost

District Representatives Present:

Donald Phillips, Superintendent
John Collins, Deputy Superintendent
Doug Mann, Executive Director, Facilities & Planning
Randie Murrell, Director, Finance
Mark Miller, Director, Educational Facilities & Programs
Laurel Weber, Assistant to the Deputy Superintendent

Others Present:

Jon Baker – NTD Architects
Jerry King – Program Manager – PinnacleOne/Barnhart
Mark Claussen - Project Manager - PinnacleOne/Barnhart

Meeting Items:

1. Vice-Chairman, Todd Gutschow called the meeting to order at 7:15 p.m.
2. All members present except Fred Sanford.
3. Minutes from the April 5, 2004 meeting will be approved at the June 14, 2004 meeting.
4. There were no member reports.
5. Rick Matonis addressed the committee with questions regarding Title IX.
6. John Collins presented the School Facility Bridge Funding Program.

- Introduction
 - By implementing the Bridge Program, the District will be able to bring authorized but unissued G.O. bond proceeds and un-apportioned State funding forward on an interim basis.
 - PUSD is implementing a unique funding program to get things done without waiting years before all the dollars are there.
- Bridge Program Participants
 - Poway Unified School District
 - Pinnacleone/Barnhart
 - School Services of California
 - California Financial Services
 - David Taussig & Associates
 - UBS Financial Services, Inc.
 - Bowie, Arneson, Wiles & Giannone
 - Financial Security Assurance, Inc.
 - Orrick, Herrington & Stueliffe, LLP
 - Dexia Credit Local
 - Sidley, Austin, Brown & Wood, LLP
 - Zions First National Bank
- Why Bridge?
 - Expedite Repair and Modernization projects approved by the voters
 - Increase the quantity of work in progress
 - Increase economics of scale for fixed overheads
 - “It’s an exciting mechanism for PUSD because it accelerates future funding sources that otherwise would not be available now and at a low cost”
- Why Bridge Now?
 - Extraordinary current market conditions (beneficial interest rate environment)
 - Opportunity exists to recover all or portion of the fixed costs associated with Bridge financing through interest earnings on bond proceeds (construction funds, capitalized interest, reserve funds)
- “Building for Success” Expedited Program Benefits
 - Control constructions costs (currently escalating at a minimum of 4 – 6% per year)
 - Capture escalation and fixed overhead “savings” estimated at \$8 million
 - Compare to Cost of Bridge - \$1.6 million**
 - Provides equity of educational facilities within the District, benefiting more students sooner

- Provides an effective educational environment for the development and training of students

- **portions will be recovered through increased interest earnings

- Expedited Program Considerations
 - Management Capacity
 - Additional architectural and program workload
 - Creates opportunity for increased program efficiency
 - \$5 million in expenditures per month
 - 18 schools in planning, design or construction concurrently
 - Construction Market
 - Availability of responsive contractors
 - Increase outreach efforts to find qualified labor and supervision – GC and subcontractors

- Next Steps
 - School Board Approval
 - Accounting for the Bridge as the “Building for Success” Program moves forward
 - Bond program manager will provide current cash flow projections to maximize investment potential
 - Finance department will monitor cash flow, investment earnings and Bridge payments against plan

- Summary
 - Avoid further construction escalation costs for the PUSD “Building for Success” Program
 - Realize limited and un-apportioned State matching funds sooner
 - Achieve equity in design and delivery for the 24 schools in the program by providing educational facilities within the District sooner, thereby touching more students
 - Provide an effective educational environment for the development and training of students

Andy Berg moved to support the School Facility Bridge Funding Program. Lee Dulgeroff seconded the motion. The motion carried 6 – 0.

The COC committee members requested notification of any future dates for activities regarding the Building for Success Program.

Mark Claussen will send contract documents to Chrissa Corday and Andy Berg.

Agenda Items for next meeting:

- Performance Audit
- COC Sub-committee report to the community
- Good-owner brainstorming session

The meeting adjourned at 8:20 p.m.