

Bond Oversight Committee Meeting Minutes March 17, 2011



**Pleasant Hill
Recreation & Park District**

People, Parks, and Programs Since 1951

The March 17, 2011 Bond Oversight Committee Meeting of the Pleasant Hill Recreation & Park District was called to order by Committee Chair Norman Vanhole at 6:00 p.m. in the Conference Room at the Administration Office.

PLEDGE OF ALLEGIANCE

Pleasant Hill City Council Member Jack Weir led the Pledge of Allegiance.

ROLL CALL

MEMBERS PRESENT: Gorham, Hagopian, Jeffrey, Simons, Vanhole, Vardas,
(Alternate Hirst)

ABSENT: Ganguet

STAFF & BOARD PRESENT: Blair, Donaghu

PUBLIC COMMENT

There was no public comment. However, Committee Chair Vanhole announced to the BOC that City Council Member Jack Weir and District Board Member Dennis Donaghu were in the audience.

Committee Chair Vanhole further stated that it was the consensus of the District Board to provide Alternate Erin Hirst with full voting rights in the absence of a BOC member. When all BOC members are present she would maintain a full time residence at the table without voting rights.

TO APPROVE MINUTES OF JANUARY 20, 2011 (ACTION)

Upon motion of Jeffrey/Hagopian, the Committee approved the minutes of January 20, 2011.

UPDATE FROM COMMITTEE CHAIR ON BOC REPORT DELIVERED TO THE PHRPD BOARD AT FEB. 23, 2011 BOARD MEETING

Committee Chair Vanhole reported that on February 23, 2011, he presented the Second Quarterly BOC Report of 2010 to the District Board. He noted that the District Board's response letter was included in the BOC packet and that this letter addressed the three questions that had been put forth within the Second Quarterly BOC Report.

Committee Chair Vanhole noted the misconception by the BOC that closing the Community Center early would generate \$300,000 savings in bond funds that would have been spent on continued shoring of the building. Accounting Supervisor Blair confirmed that these expenses had been programmed within the District's general fund budget and was not included in the Measure E project bond budget.

Committee Chair Vanhole stated that both the Quarterly BOC Report and the District Board's Response Letter would be posted on the PHRPD website for review by the public.

Chair Vanhole further mentioned a question that arose on whether the BOC members should be involved in the preparation of the construction bid documents. After discussion it was the consensus of the BOC members that this task was not within the work scope of the BOC.

UPDATE FROM PHRPD BOARD ON ITEMS QUALIFYING FOR BOND EXPENDITURE COVERAGE

Committee Chair Vanhole moved this topic item after "Committee Comments" on the agenda.

District Board Member Dennis Donaghu referred to the spreadsheet handouts within the BOC packet. He indicated that both he and District Chair Bonato served on an ad hoc subcommittee that was charged with reviewing all non bond funded items for the Senior Center and Teen Center. He stressed that their review was performed after a conservative assessment had first been completed by the District Counsel, the Bond Counsel and other members of the bond financing team. Due to the gray nature of some of the non bond funded items, the objective of District's ad hoc subcommittee was to review furnishings and equipment fixtures that could qualify for funding by Measure E. Board Member Donaghu clarified further that these expenses would only be funded if there are remaining bond funds available after the completion of the project construction. The premise that was used to facilitate this analysis was "what does the public expect to see in these projects for full functionality".

District Board Member Donaghu explained the spreadsheet color codes and the columns that reflected the changes from non bond funding to bond funding. He briefly noted changes such as security systems, audio visual equipment and the Teen Center ice maker and ice bin that the public would expect to be part of the facility improvements.

BOC Member Jeffrey asked for clarifications on the "no installation costs" notation and the controller processor. Board Member Donaghu explained that the notation related to "no installation costs" meant that the District would be performing the task and would not be funded by the bonds. He also explained that the controller processor noted on the spreadsheets was to be mounted on the wall for respective facilities that would be associated with the audio visual equipment.

Committee Chair Vanhole mentioned that the fixtures listed on the spreadsheets whether funded by bonds or not would be essential to market the programs and attract users.

Board Member Donaghu invited the BOC to review the spreadsheets in detail and if there were any other questions to contact either the Board or staff.

City Council Member Jack Weir thanked the BOC members for their efforts and also informed the group that it was the intent of the City to be supportive of the District in its endeavor to complete these projects on behalf of the community. He also stressed the importance of segregating expenses on single vendor payments that include both District and Measure E expenditures.

COMMITTEE COMMENTS

Committee Chair Vanhole moved this item on the agenda before the "Update from PHRPD Board" and requested a report from the Audit Committee that includes Members Jeffrey and Vardas.

Member Vardas reported that he had reviewed about 100 plus invoices through February 2011 and saw no problems.

Member Jeffrey noted that he had reviewed the check register and noticed that some of the checks written to various vendors had greater amounts due to the combination of District and Measure E project expenses. He further noted that the backup to the checks included documentation that segregated these expenses to his satisfaction.

Vice Chair Vardas expressed a desire to know the construction activities of the projects such as site preparation that would facilitate the review of expense items.

Member Jeffrey brought up a concern over some telecommunication invoices that were running about \$20,000 in costs for a month. Accounting Supervisor Blair clarified that these costs were attributed to the review of plans and schematics for audio visual, telephone and computer needs in every room of the Senior, Teen and Community Centers. He also stated that Measure E funding would only be utilized for the communication systems residing in those respective projects. He further stated that the telephone system that benefits the District Office itself is extremely outdated and is scheduled for replacement but would not be funded out of the Measure E bond proceeds.

Committee Chair Vanhole asked clarification of the TeeCom project discussed at a former District Board meeting. Accounting Supervisor Blair responded that the City of Pleasant Hill had offered to rent their server capacity to the District that would in turn provide the District with a much higher level of security and an increase to speed and reliability.

Chair Vanhole commented on another issue that he had picked up on at a District Board meeting that pertained to the move over of Measure WW funds to cover additional costs related to the Measure E projects. Accounting Supervisor Blair explained that these WW funds were part of an East Bay Regional Park District measure that passed a few years ago. The District's share was \$1.7 million of which the District has previously spent \$400,000 on the remodel of the Aquatic Park. To date, the District has allocated \$700,000 for increased costs for the Community Center and \$150,000 for the Teen Center. District Board Member Donaghu reported that \$450,000 remained unallocated within the Measure WW fund.

Committee Chair Vanhole mentioned the Contra Costa Times article written by Lisa White regarding the combined meeting of the City Council and the PHRPD Board. He gave a brief recap and then concluded with the agreement by both parties to work together for the benefit of the community. District Board Member Donaghu clarified some concerns that were raised by the City Council at that meeting about the early closing of the Community Center. He stressed that the Community Center had to be closed earlier than planned due to the increased deterioration of its structure to prevent future liabilities.

City Council Member Weir mentioned that he had served on three bond oversight committees that included the Contra Costa Unified School District, John Swett Unified School District and Mount Diablo Unified School District. He was also a member of the California Association of Bond Oversight Committees. This organization primarily lobbies for legislation to strengthen the role of bond oversight committees. It is very important to remember that District members may try and engage members of a BOC in the planning and management of bond projects due to their respective backgrounds. However, the role of the bond oversight committee is to represent the public as the "watchdog" of tax payer funds. The bond oversight committee reports to the public and its judgment should be independent of the District's management.

District Board Member Donaghu further added that if either the District Board or staff requests something of the BOC members that is not within the realm of their charge to let them know.

Committee Chair Vanhole read an email by District Board Chair Bonato to the BOC members that in summary thanked everyone for their dedication and work efforts to date.

ELECTION OF NEW OFFICERS (ACTION)

It was the consensus of the BOC members to keep the same officers in place for the next year. The approved officers include Committee Chair Norman Vanhole, Vice Chair Leo Vardas and Secretary Marie Simons.

Accounting Supervisor Blair updated the BOC on the status of the contract bidding process for the Senior Center and Teen Center construction. Accounting Supervisor Blair requested Alternate Member Hirst to elaborate on the bidding process time frame based on her construction experience. Members Gorham and Jeffrey also provided their input to the discussion.

ADJOURNMENT

Committee Chair Vanhole adjourned the meeting at 7:50 p.m.

Marie Simons, Committee Secretary