

Bond Oversight Committee Meeting Minutes January 12, 2012



Pleasant Hill
Recreation & Park District
People, Parks, and Programs Since 1951

The January 12, 2012 Bond Oversight Committee Meeting of the Pleasant Hill Recreation & Park District (PHR&PD) 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

Committee Vice-Chair Leo Vardas led the Pledge of Allegiance.

ROLL CALL

MEMBERS PRESENT: Hagopian, Jeffrey, Simons, Vanhole, Vardas, and Alternate Hirst

ABSENT: Ganguet, Gorham

STAFF & BOARD PRESENT: Blair

PUBLIC COMMENT

There was no public comment.

TO APPROVE MINUTES OF DEC. 8 2011 (ACTION)

Upon motion of Vardas/Hagopian, the Committee approved the minutes of December 8, 2011 with two changes. These changes included the addition of "stated" on the first page within the first sentence of the last paragraph and the deletion of "these" on page 4 within the first paragraph and third sentence.

ACCEPT RESIGNATION OF BOC MEMBER STEVE GANGUET-DISCUSS/RECOMMEND REPLACEMENT. (ACTION)

Committee Chair Vanhole announced he had received a resignation letter from Committee Member Steve Ganguet during December. He stated that after his discussion with the PHR&PD Board Chair Donaghu, it was his recommendation to appoint Alternate Member Hirst to the vacant seat and not replace the alternate position as long as Committee Member Gorham could handle the work effort required of the BOC Construction Subcommittee. Chair Vanhole also indicated since he was retired he could provide "gofer" assistance to Member Gorham with his Construction Subcommittee work efforts.

Upon motion of Vardas/Jeffrey, the Committee approved the recommendation to the PHR&PD Board to accept the resignation of BOC Member Steve Ganguet and to appoint Alternate Member Hirst as a permanent member of the BOC.

APPROVE FINAL VERSION OF SEPT 30, 2011 BOC REPORT TO BE PRESENTED TO PHRPD BOARD 1/25/12. (ACTION)

Upon motion by Hirst/Vardas, the Committee approved the final version of September 30, 2011 BOC Report to be presented to the PHR&PD Board on January 25, 2012. In addition, it was the consensus of the BOC members to add the publication date of January 12, 2012 (BOC date of approval) and for District staff to include all attachments with the report for submittal to the PHR&PD Board.

REVIEW AND APPROVAL OF PROPOSED SCHEDULE FOR FUTURE MEETINGS.
(ACTION)

Committee Chair Vanhole referred the BOC members to an attached proposed schedule for future meetings and indicated this was an action item. Alternate Member Hirst explained that the left side column on the schedule listed the meeting and reporting dates as proposed by the District Manager Berggren. She further stated that she had added the two columns on the right side that included due dates for subcommittee reports and the due date to compile these reports and prepare the BOC Report. The purpose was to provide members with organized planning that would ease the stress on the Communication Subcommittee to complete the final report.

Committee Member Jeffrey brought up some concerns with meeting the subcommittee due dates when there were family obligations. It was recommended by Committee Member Simons to add "tentative" to the due dates that would give members some flexibility when necessary to extend the due dates when there was a conflict. Member Simons thanked Alternate Member Hirst for taking the initiative to revise the schedule to include these additional dates for planning purposes.

Alternate Member Hirst noted that these dates were meant to be guidelines. If a subcommittee member could not meet the due date the expectation would be to communicate this delay to the Communication Subcommittee with the revised completion date.

Upon motion by Simons/Hagopian, the Committee approved the proposed tentative schedule for future meetings to be submitted to the PHR&PD Board for approval.

SUBCOMMITTEE REPORTS

Committee Chair Vanhole requested subcommittee reports be made at this time.

The Budget and Construction Subcommittees did not have a report at this time. Committee Member Jeffrey mentioned that he would need the District's general ledger as the official accounting record to complete the Audit Subcommittee's review of October, November and December Measure E payments. Accounting Supervisor Blair responded that certain Measure E December expenses and revenues would not be posted until mid January. Committee Vice-Chair Vardas commented that he would like the PDF file of Measure E accounting once all December transactions had been posted to the general ledger.

Committee Member Jeffrey briefly described some changes to the Measure E Expenditure Payment Spreadsheet that included the addition of a work scope description for each contractor.

Committee Chair Vanhole requested the status of the District's Audit report. Accounting Supervisor Blair responded he had received draft versions of the Measure E report along with the Senior Center and District's audit reports. He had forwarded some revisions to the District's audit firm and estimated that the final reports would be submitted to the PHR&PD Board at their second meeting in January or first meeting in February 2012. The actual meeting date would be dependent on the District Board's agenda and the availability of the auditor.

Committee Member Simons requested the timeframe for the preparation of the Annual Report. There was discussion by the Chair and other members on how to fit this additional work effort into the proposed reporting schedule.

After some thought, Committee Member Simons asked why there was a need to complete an Annual Report in addition to the Quarterly Reports. She further indicated that under the BOC "Duties of the Committee" #6 stated to "Review an annual Measure E financial report to ensure the funds are spent in accordance with Measure E" and #5 stated to "Report to the voters and the people of the District quarterly regarding the revenues and expenditures of Measure E funds." There is no mention of a requirement to prepare an Annual Report to the public. Committee Member Simons proposed that the review of the annual Measure E financial report could be mentioned within the December Quarterly report in a separate paragraph. This would eliminate the need to prepare a separate report.

Committee Member Hagopian read an excerpt from the Ballot Measure language that required an audit of the Measure E bond funds annually and a report that listed out the revenues and expenses. It was the consensus of the members that the annual Measure E financial report would meet this requirement.

Committee Chair Vanhole responded that he would look into this matter pertaining to the Annual Report with the District Manager.

Committee Chair Vanhole indicated he had a few comments to make starting with updates from the City of Pleasant Hill. He mentioned he reviewed some statements that had been mentioned in a City of Pleasant Hill staff report. Specifically, the comments stated all PHR&PD projects were prioritized and completed in an expedited manner to allow the District to stay on schedule with the important community projects. Chair Vanhole surmised that someone put some pressure on the City to get their approval processes through a little quicker. He also mentioned that the Community Center design had been approved by both the Architectural Review Commission and Planning Commission. The next phase is to the City Council for review.

Committee Chair Vanhole asked Accounting Supervisor Blair for an update on the construction progress. Blair responded that the weather has been good so the construction phase is progressing in accordance with the plans.

Committee Member Jeffrey commented that District staff must be drawing down a lot of bond funds from LAIF (Local Agency Investment Fund) to reimburse the District for Measure E payments now that the construction phase was in progress and expenditures have increased significantly. Accounting Supervisor Blair agreed with this comment and mentioned that LAIF allowed only one draw down a month.

Committee Member Jeffrey asked what the lead time to issue the remaining \$8 million of Measure E funds would be since the original fund started with \$20 million. Chair Vanhole briefed the BOC on his telephone conversation with Lisa White, the reporter for Contra Costa Times. Specifically she had asked him if the Moody's rating downgrade on the District's certification of participation bonds would impact the Measure E bond issue. Chair Vanhole responded that he did not know the impact and referred her to the website for contact information pertaining to the District Board Chair and General Manager. Chair Vanhole informed the reporter that the District has issued \$20 million of the Measure E voter approved \$28 million. The Moody's downgrade may impact future borrowing costs by the District but did not know if this would impact the Measure E bonds since the downgrade pertained to the general fund reserves of the District. He further stated this communication had been forwarded to the District Board and staff so they were aware of the remaining \$8 million bond issue.

Committee Member Hagopian said going back to the previous issue related to the annual reporting; it appeared to her based on the listed BOC duties the annual requirement for the

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BOC is to review the annual Measure E financial report. She further added there was no mention of annual reporting. Committee Chair Vanhole responded that State Prop. 39 mandated an annual report. However, he understood Prop. 39 covered school bond oversight committees and did not specifically address the district bond oversight committee. Chair Vanhole noted he would research this issue further with the District.

Another item mentioned by Chair Vanhole was the City of Pleasant Hill is now in the real estate development business. The Pleasant Hill City Council took action last Monday night to dissolve the Redevelopment Agency and for the City to take over the remaining assets of projects in progress within the community. Chair Vanhole expressed concerns with two vacant parcels related to the school yard site and the DVC Plaza park site. The PHR&PD had been working with the City Redevelopment Agency on proposed uses. Now with the dismissal of the Redevelopment Agency, these two parcels would come under private development.

Committee Chair Vanhole indicated while there appears to be some confusion on how the dismissal of the Redevelopment Agency will impact the City, what was known is that the City is now in the land business and will assume the burden of properties previously owned by the Agency. In addition this transition will come under the purview of a County oversight committee to include representation of two supervisors and other community members. Chair Vanhole stated he would notify the PHR&PD Board of these City actions at the meeting on January 25, 2012.

REVIEW AND DISCUSSION OF EXPENDITURES (THROUGH 1/11/12 PAYMENTS) VS. BUDGET FOR PAYMENTS CHARGED TO MEASURE E.

Committee Chair Vanhole opened for discussion this topic. Accounting Supervisor briefed the BOC on the attached spreadsheets that included expenditures through 1/11/12 payments.

Committee Vice-Chair Vardas asked why there were unanticipated expenses and Accounting Supervisor Blair responded that there were some legal and water district expenses that had not been forecasted in the original project budgets. Committee Member Jeffrey noted he had reviewed about \$10,000 in legal costs related to a new law firm. Member Jeffrey suggested these costs may be due to pending litigation.

Committee Member Jeffrey announced he had video taped about eleven hours of construction activities related to the Senior and Teen Center projects. He has had several people including the McFadden contractor asked what his plans were with the video. Member Jeffrey explained he would like to develop a website separate from the District that would display his video tape within a fifteen minute timeframe. He asked the BOC members if they wanted to be involved with editing the final product. After further discussion, it was recommended by Committee Member Simons that this separate website should be coordinated through the PHR&PD for feedback. Committee Chair Vanhole stated he would follow up with the District Board Chair on this endeavor.

Committee Chair Vanhole asked about the deadline for buying a brick as a donation and Accounting Supervisor Blair responded that the deadline had not been determined at this time.

ADJOURNMENT

Committee Chair Vanhole adjourned the meeting at 7:05 p.m.

Marie Simons, Committee Secretary

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