

**Lompoc Unified School District
Measure N Citizens' Oversight Committee Meeting Minutes
April 27, 2006**

I. Call to order

The meeting was called to order at 4:04 p.m. by Marno Goetsch. The following people were in attendance:

Marno Goetsch
David Shelton
Ed Schuler
Julie McAninch
Cheryl Vineyard
Dr. Frank Lynch
Gary Black
Joe Wilcox – KBZ
Ron Glenn
Jim Bakos
Ryan Vollmer – RBC Capital Markets

Dorothy Jackson was absent due to illness.

Handouts:

4/27/06 Agenda
3/2/06 Meetings Minutes & Agenda for Approval
Citizens' Bond Oversight Committee Application Website Announcement
VTD Measure N Audit Engagement Letters
LUSD General Obligation Bonds Financial & Performance Audits 6/30/2005
Finance Report: 1/1/06 to 3/31/06
Bond Oversight Committee Finance Presentation (as of 4/27/2006)
Copy of letter to BOE 4/27/06: 2005/05 Annual Report Addendum
KBZ Measure N Committee Update 4/27/06
RBC Presentation to: LUSD Citizens' Bond Oversight Committee 4/27/06

II. Approval of Minutes of the March 2, 2006 meeting

A motion was made by David Shelton, seconded by Julie McAninch, and carried 5 to 0 to approve the minutes as submitted.

III. Courtesy to Visitors

There were no visitors present.

IV. Old Business

A. Gary Black to report on verbal authorizations by Mr. Moranville and Mr. Edwards for payments to LUSD Employees.

Gary could not locate any written authorizations, however, many people have confirmed the verbal authorizations from Mr. Moranville and Mr. Edwards.

Gary agreed that in the future, all in-house labor paid with Measure N funds would be clearly documented to the Oversight Committee. Documentation to include timesheets and details of the work performed. Marno asked that documentation be presented to verify that the work was specifically for Measure N.

Gary stated that he intends for the oversight committee to be some of the most knowledgeable people regarding everything we are doing for modernization. Dr. Lynch said that Marno would be consulted prior to the District doing anything unusual.

B. 2004/2005 Measure N Audit Report

A motion was made by Julie McAninch, seconded by Cheryl Vineyard and carried 5 to 0 to accept the Audit Report as presented.

Marno drafted a letter dated 4/27/06 to the Board Of Education to attach to page 1 of the audit report.

C. Term expiration of two Committee Members as of June 30, 2006– David Shelton & Cheryl Vineyard to expire.

1. Dr. Lynch to report on efforts to find replacements.

Dr. Lynch has advertised in the local newspaper as well as on the LUSD website for new Oversight Committee Members. He has received 3 applications. The deadline is tomorrow. He thinks he also has one for the taxpayer's position. He will take the applications to the Board of Education within the next two weeks to get approvals for new Committee Members.

2. A June 2006 meeting would allow the outgoing members to contribute to the 2005/2006 report to the Board of Education.

All members present agreed to a June 29th meeting at 4:00 p.m. in the Board Room.

V. Finance Report

Detailed report on 2430, 2440, 5200 and 5750 object codes.

The only unusual item was in the 5200 account. The Construction Secretary attended a ½ day conference on State Reporting Requirements for the Bond Measure.

Marno questioned final retention payment on the Lompoc High School Pavement project. Gary explained it was the final payment for the project. After all the work is completed, and all contract requirements are fulfilled, then the retention payment is made.

VI. Status of Projects

Joe Wilcox handed out: Measure N Committee Update 4/27/06.

Maple High School was on the agenda for approval by SAB last night, but we don't know the outcome.

SAB funding is running out. As a result, we may not get funding for the last site, which is Vandenberg Middle School. There are rumors that many schools are not capable of meeting the district match, or executing the work, so those schools will be pulling out of the SAB funding process. This will make some money available for re-distribution, but we don't know if that will impact our schools or not.

Gary stated that we have to sign construction contracts within the next 18 months on the remaining schools, or we will lose our SAB funding. He will be presenting our solution for the 18 months timing issues to the Board Of Education next week.

VII. New Business

Ryan Vollmer, Associate Vice President with RBC Capital Markets discussed the Bond Sale Process. RBC is the underwriter for our general obligation bonds.

Handout: Presentation to LUSD Citizens' Bond Oversight Committee 4/27/06

Page 3: Assessed Valuation Growth -- Ryan explained the decline in 2003/04 was due to the market crash.

Page 7: Tax Rate Statement – Prop 39 requires the taxes levied to fund the bond issue be no more than \$60 per \$100,000 of assessed valuation. We're just under that.

GO Bonds: General Obligation Bonds take advantage of market conditions. The 1 year rate is significantly lower than the 25 year rate. They issue 25 different maturities to take advantage of the "yield" curve. A shorter maturity equates to a lower rate. A larger maturity equates to a higher rate.

If they don't issue bonds, the tax rate declines. Each time assessed value grows more than projected, and we haven't issued more bonds, the tax rate declines.

Cheryl Vineyard asked, "if the county splits, how will that affect the bond process?" Ryan said it wouldn't affect the bond process.

LUSD has received an upgrade since the last rating. The first rating was A-, now we are A.

VIII. Other Items from the Committee

Gary Black reviewed the "Bond Oversight Committee Finance Presentation" handout. He explained that the yellow amounts are allocated. The Additional Income Allocation line for the first 5 schools represents the cost escalation. We are in the process of reducing the scope on the remaining projects. The heating systems are being taken out of the current scope of work. The work will be done at a future date. This will also allow us to stagger the heater replacements, so that future replacements (20 years or so in the future) will also be staggered. Also, the electrical work at Cabrillo High School is being deferred.

Cheryl Vineyard expressed concern regarding carpeting and paint not being addressed right now. Gary Black agrees that they are priority items, but we have to do the infrastructure first (underground, sewer lines, electrical, fire alarm systems, data systems).

Gary went on to explain that our Deferred Maintenance account is at about \$2 Million. The state has matched us at 100% for the last 2 years. Once we complete the modernization (infrastructure), then we can use Deferred Maintenance and Routine Restricted Maintenance funds for the other things we need, such as carpet, paint, etc.

IX. Next Meeting

The next scheduled meeting is Thursday, June 29, 2006 at 4:00 pm in the Board Room.

X. **Adjournment**

The meeting was adjourned at 5:27 p.m.

Marno Goetsch, Chairperson

ATTEST: _____
Ed Schuler, Vice-Chairperson

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