MEASURE E CITIZENS' OVERSIGHT COMMITTEE MEETING
Monday, August 26, 2013
6:30-8:30 p.m.
CUSD Large Conference Room
1163 East Seventh Street, Chico, CA 95928

Members: Seth Derish, Mark Francis, Sean Greenwald, Les Heringer, Jr.,
Gary Loustable, Peter Milbury, Tino Nava,

Not Present: Robert Todd Sturgis

Staff Advisors: Michael Weissenborn, Julie Kistle, Kevin Bultema, Kelly
Staley

1. Round table introductions were made.
2. Mr. Bultema handed out a summary of the current CUSD bonds
for discussion as he introduced himself as the new Assistant
Superintendent of Business Services for CUSD. He explained the
different bonds on the summary. A question and answer period
followed:

Q: Why is there no debt shown on items 4591 and 4592?
A: Because they were refinanced and are part of 4593.

Q: If we do not pay on 4591 until 2015, is there some sort of balloon
payment due?
A: Yes there will be interest owed.
Q: Does the tax rate go down over time if there are more homes added and not just an increase in overall property value?  
A: Yes, we believe so, but will research and provide an accurate answer at next meeting.

Q: As far as debt goes, compared to other districts, how financially healthy is CUSD?  
A: CUSD is not heavily leveraged like some districts; we are in good shape financially.

Q: What interest rate did we get on the $15M bond sale?  
A: 3.580% on Term Bond #1 and 3.630% on Term Bond #2

Q: Where does the money reside?  
A: Butte County Treasurer

Q: What is the return on the money currently invested?  
A: Less than 1%

Q: Will the $15M be spent quickly?  
A: Yes, it is anticipated that the Facilities Master Plan, once adopted will lay out a plan to spend the money on needed projects right away.

3. Michael Weissenborn provided an explanation of the services provided to date by Darden Architects. He also provided the committee with anticipated budgets and current expenditures on three health and safety projects that were approved by the CUSD Board of Education to proceed with General Fund dollars, noting that if these projects end up as priorities under the Facilities Master Plan the General Fund could be refunded for these costs with Measure E dollars.

Q: Are Architectural fees based on a formula or are they specific to a project?
A: They are specific to a project. Michael Weissenborn explained the phases of services provided.

Q: Do you have an Architect that gives us a break on a particular campus (that they are familiar with)?
A: No, that is why we like to spread the work out to multiple firms, to create competitive pricing.

Q: Do you bid each project for Architectural Services?
A: No, not all, but most. We also retain a District Architect to work on small or emergency projects.

Q: Can we get more information on where the dollars are going, like name of construction firms on projects?
A: Yes, all of that information is publicly available on our web page under Business Opportunities.

Q: Can this information be on the audited reports that are received by the committee?
A: Yes

Q: What responsibilities does the District have for due diligence? Do you look to see if a contractor has tax liens etc.?
A: Michael Weissenborn explained the due diligence procedures for hard bid and lease lease-back projects.

4. Michael Weissenborn provided an update on the Master Planning activities and schedule.

Q: Will the audit report address all of the expenses and expenditures related to Measure E including those involving the initial bond issuance?
A: Michael Weissenborn suggested that the audit should include this information and Kevin Bulthena agreed to investigate it.

Q: When will the audit be ready? And... What period of time will it cover?
A: December 15, 2013 is the due date for the audit and the period will be through the end of the fiscal year, June 30, 2013.

Mr. Francis noted that it appeared from the reports provided to the committee that the net Bond proceeds were $16,699,340 as the interest rate on the Bonds appears to be an above market 5% and they were sold at a premium of $112.01 and $111.56. It also appears that $1,765,340 of those proceeds is being set aside in a capitalized interest fund to cover interest payments for just over two years.

Q: Is using Bond proceeds for interest payments, and not projects, an acceptable use of funds?
A: Kevin Bultema indicated he would look into that.

5. Next meeting was scheduled for Monday, January 27, 2014 at 6:30p.m. This meeting date was set to occur after the audit report has been received by the committee and to provide ample time for review and/or questions.

Minutes approved on: 

[Signature]

CBOC Chairperson, Gary Loustale