

MINUTES
Citizens' General Obligation Bond Oversight Committee
October 22, 2009
Hearing Room 416 - City Hall
San Francisco, CA 94102

1) Call to Order, Roll Call

Ms. Maura Lane, Committee Assistant, called the meeting to order at 9:35 a.m. at which time a quorum was present. The following committee members were present: Hunter Stern (Chairman), Sanford Garfinkel, Kristen Chu (Vice-Chair), Thea Selby and Abraham Simmons. Richard Morten, Robert Muscat, Michelle Sexton and Egon Terplan were absent.

2) Approval of the Minutes of the meetings of July 23rd, 2009 and September 10th, 2009.

Kristen Chu made a motion to approve the minutes as written from the July 23rd and September 10th, 2009 Committee Meetings. The motion was seconded by Abraham Simmons and unanimously approved.

There was no public comment.

3) Discussion of the 2009 CGOBOC Annual Report and possible action by the Committee in response to such discussion.

Mr. Stern, Chairman, asked the Committee for their assistance and suggestions in writing the 2009 CGOBOC annual report. Today's comments will be incorporated into a draft which will be presented at the next meeting in December for their review. Mr. Simmons recommended emphasizing the Committee's role as the City's auditor on bond projects and actions by the Committee regarding these projects is placed at the beginning of the report. Ms. Chu recommended listing concerns bond by bond (example: the Laguna Honda Hospital Project schedule slippage in 2008). Ms. Shelby recommended breaking out each bond in a Gantt chart or table with an explanation of why a project may/may not be on schedule. Mr. Rosenfield, Controller, agreed to work with the Committee to present some exhibits. Mr. Stern will put together a draft annual report for the December meeting.

There was no public comment on this item.

4) *Presentation from the Laguna Honda Hospital Project regarding the 1999 General Obligation Bond, and possible action by the Committee in response to such presentation.*

Mr. John Thomas, Program Manager, provided an update on the Laguna Honda Hospital Replacement Project. The schedule and budget were reviewed first. At the April 2009 CGOBOC meeting, Mr. Thomas told the Committee the project was experiencing cash flow problems and was waiting for certificates of participation to become available. The

money became available during the latter part of the summer. The cash flow side has improved. All of the contract modifications have been satisfied. The City staff and contractors were all paid. The budget document in the packet includes the Project's most current state. The total budget is now \$584.9M. (The budget was reduced by \$9M during this fiscal year as a result of the City's Annual Appropriation Ordinance. However; the Project Team, together with the Hospital Executive staff, has identified scope from the remodel and final site packages to accommodate the reduction).

Mr. Thomas reviewed the project schedule and progress made in the past quarter. There are three new buildings underway (the South Residence, Pavilion Building and North Residence). The connector structure, remodel of Wing H and the Owner's Controlled Insurance Program (OCIP) were also reviewed. The OCIP was extended to match new completion dates and values. The increased cost to the program is \$5,304,145.00.

Mr. Stern asked about the amount of General Fund Bond money still outstanding (both encumbered and unencumbered) and unspent. Mr. Thomas responded that the majority of the bond funds have been expended. The project has begun spending the proceeds from the certificates of participation. The final phases of the work will be paid for by tobacco settlement money. Ms. Sesay (of the Controller's Office) clarified the information about unspent G.O. Bonds on the project's budget spreadsheet.

Note: Mr. Stern needed to leave the meeting to catch a plane. Mr. Ken Roux, City Attorney, reminded the Committee that with Mr. Stern's departure, there ceased to be a quorum. The Committee decided to continue the meeting as a service to the members of the public. It became an informal meeting. The Committee was unable to take action on the remaining agenda items.