



**MINUTES OF GROSSMONT HEALTHCARE DISTRICT
INDEPENDENT CITIZENS' BOND OVERSIGHT COMMITTEE
Audit/Finance Sub-Committee
August 4, 2016**

An Audit/Finance Sub-Committee Meeting for the Independent Citizens' Bond Oversight Committee (ICBOC) of the Grossmont Healthcare District was held on Thursday, August 4, 2016 at 5:30 p.m., at the offices of the Grossmont Healthcare District, 9001 Wakarusa Street, La Mesa, California 91942.

For purposes of these minutes, the listed items will be reflected in the order set forth on the posted Agenda or in the order as amended at the start of the meeting. In some cases, discussion of items may have taken place out of sequence during the course of the meeting. Any documents referred to in these meeting minutes are posted on the website under the meeting agenda of the same date.

Members Present:	Glen Sparrow Jeff Olson	GHD:	Barry Jantz Tom Saiz David Rodriguez, Summer Accounting Intern
		Gafcon:	Derek Contizano
		Other:	Lindsay Schroeder, Independent Auditor White Nelson Diehl Evans, LLP

The meeting was called to order at 5:32 p.m.

A. Approval of the June 2, 2016 Meeting Minutes

Mr. Glen Sparrow asked if there were any questions or edits to the June 2, 2016 meeting minutes. No comments were made. Mr. Sparrow called for a motion to approve the minutes. The motion was approved.

B. Review April, May and June Bond Fund Financial Statements

Mr. Tom Saiz introduced David Rodriguez to the Sub-Committee.

Mr. Saiz presented the April, May and June 2016 financial statements to the Sub-Committee. He reviewed:

- Debt service payments.
- Retention balances.
- July 2015 - June 2016 revenue balances.
- Investment balances.
- Debt service schedules.
- Co-Gen amortization schedule.

Mr. Saiz stated the Assessed Valuation grew at a higher rate than anticipated, so there was a \$2.7M increase in property taxes.



C. Meet with Auditors

Mr. Saiz stated the auditors will be on-site to perform their year-end work beginning next Tuesday. The audit process will be completed and presented to the Board in September, with the goal of posting it by the end of September to meet the 90-day deadline.

Ms. Lindsay Schroeder presented an overview of Prop G expenditures through June 30, 2016. The Sub-Committee decided to keep the testing the same as last year with the following change: 100% of all transactions over \$75,000 will be tested. Testing will be performed as follows:

	Total Expenditures FY 2015/2016			Testing Selection		
	\$ Expenditures	% of Expenditures	# of Transactions	# of Transactions	Selection Type	
A) Expenditures Exceeding \$75,000	\$ 23,191,426.51	80%	39	39	All	
B) Expenditures Less than \$75,000 by \$ Range Grouping:						
i.	\$50,000 to \$74,999	930,081.77	3%	17	2	Random
ii.	\$25,000 to \$49,999	1,928,140.42	7%	58	6	Random
iii.	\$15,000 to \$24,999	1,171,017.68	4%	64	6	Random
iv.	\$10,000 to \$14,999	644,330.45	2%	58	6	Random
v.	\$5,000 to \$9,999	729,417.44	3%	106	11	Random
vi.	\$2,000 to \$4,999	262,263.82	1%	86	9	Random
vii.	\$0 to \$1,999	233,411.09	1%	379	10	Haphazard
		5,898,662.67	20%	768	50	
Total	\$ 29,090,089.18	100%	807	89		

Ms. Schroeder stated they will be testing 90% of the Co-Gen expenditures, which is the same as last year. This year’s expenditures equal \$1.6M. \$1.4M will be tested, which equals a total of 78 transactions.

D. DCS Update

Mr. Derek Contizano presented the July 2016 Monthly Report of Prop G Projects at Grossmont Hospital.

Major Events

- There were no reportable safety incidents.
- The oxygen tank was set in place.
- An agreement was reached with Helix Water District on the completion of the campus domestic loop.
- DCS reached a settlement with McCarthy on the Heart & Vascular Extended Schedule.

Schedules

- Due to the final negotiations with McCarthy and the Helix Water District pipe issue, the schedule dated May 19, 2016 will be revised to show the remaining projects will be completed in October 2016.



- Heart & Vascular – Surgery Build Out
 - Sharp Scope
 - On schedule.
 - Design is underway.
 - Contractor has started moving onto the campus.
 - Prop G
 - Currently out to bid.

Project Status

- Heart & Vascular:
 - 98% complete.
 - Trenching for the Helix Water loop has restarted.
 - South Loading Dock enhancements continue.
 - Steam Line tie-in was completed.
- Central Energy Plant:
 - 99% complete.
 - Punch list is being addressed by the contractor.
 - Work on the O2 Tank Farm is progressing.
 - Demolition of the existing plant is continuing and is scheduled to be completed next week.
 - The design of the High Voltage Switch Bus wall relocation was finalized.

Budgets

Mr. Contizano reviewed the Prop G Available Funds vs. Worst Case Forecasted Costs spreadsheet and the Board Approved Budget vs. Worst Case Forecast bar chart. As of July 21, 2016, the remaining Prop G building funds total \$30,534,622 (before Heart & Vascular Level 1 Surgery Floor Build Out project). Potential funds surplus total \$1,736,408 (this takes into consideration the estimate for the Heart & Vascular Level 1 Surgery Floor Build Out project). The potential funds have decreased over the past month for the following reasons:

- Cooling Tower demolition was approximately \$80,000 more than anticipated.
- High Voltage Switch Bus wall demolition was approximately \$140,000 more than anticipated.
- Additional OSHPD and Inspector of Record Fees.
- Approximately \$200,000 on Heart & Vascular back-charge reductions as part of the settlement on the Extended Schedule.

Looking Ahead

Mr. Contizano reviewed the “look ahead” for next month:

- Complete the Central Energy Plant punch list.
- Continue commissioning of the Central Energy Plant systems.
- Continue construction of the O2 Tank Farm.
- Begin work on the relocation of the High Voltage Switch Bus wall.
- Continue work on the Helix Water line.
- Continue work on the steam line.
- Continue South Load Dock enhancements.
- Finalize the replacement of HOK on the Heart & Vascular Level 1 Surgery Floor Build Out project.



E. Memos/Approvals to Board

Mr. Barry Jantz reviewed the following Board Memos with the Sub-Committee:

1. Heart and Vascular (H&V) Building: Board Memo #364, Change Order to McCarthy Building Companies, Inc. (McCarthy) for completion of the Helix Water District (Helix) Domestic Water Main Loop south of the H&V Building at a fixed cost of \$207,429. *Approved by Board June 17, 2016.*
2. Central Energy Plant (CEP): Board Memo #365, Change Order to McCarthy Building Companies, Inc. (McCarthy) for added flex connectors in the existing Central Utility Plant (CUP) at a fixed cost of \$99,333. *Approved by Board July 5, 2016.*
3. Central Energy Plant (CEP): Board Memo #366, Change Order to McCarthy Building Companies, Inc. (McCarthy) for relocation of the O2 Tank Farm at a fixed cost of \$261,942. *Reviewed by ICBOC 5/26/2016. Approved by Board August 1, 2016.*
4. Central Energy Plant (CEP): Board Memo #367, Change Order to McCarthy Building Companies, Inc. (McCarthy) for relocation of the High Voltage Switch Bus (HVSB) wall in the Existing Central Utility Plant (CUP) at a fixed cost of \$234,408. *Approved by Board August 1, 2016.*

F. Other ICBOC Business

Mr. Jantz informed the Sub-Committee that Dave Suydam is no longer with Sharp.

G. Upcoming ICBOC Meetings

The next ICBOC Construction Sub-Committee meeting was rescheduled from September 1, 2016 to September 8, 2016, at 1:30 p.m. in the Grossmont Healthcare District Admin. Conference Room, 9001 Wakarusa Street, La Mesa.

H. Adjournment

Meeting was adjourned at 6:55 p.m.