



**MINUTES OF GROSSMONT HEALTHCARE DISTRICT
INDEPENDENT CITIZENS' BOND OVERSIGHT COMMITTEE
Audit & Finance Sub-Committee
May 7, 2015**

An Audit & Finance Sub-Committee Meeting for the Independent Citizens' Bond Oversight Committee (ICBOC) of the Grossmont Healthcare District was held on Thursday, May 7, 2015 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:	Kathleen Bute (Chair)	GHD:	Tom Saiz
	Glen Sparrow	DCS:	Dave Suydam
	Dona Christensen	Gafcon:	Derek Contizano Sheryl Castro

The meeting was called to order at 5:41 p.m.

A. Approval of the February 19, 2015 Meeting Minutes

Chair Kathleen Bute asked the Sub-Committee if there were any edits to the February 19, 2015 meeting minutes. No comments were made. Chair Bute called for a motion to approve the February 19, 2015 meeting minutes. The motion was approved.

B. DCS Update

Mr. Dave Suydam presented the April 2015 Monthly Report to the Sub-Committee. Mr. Suydam stated during the month of April they held a budget workshop with the Board, water proof testing was began on Heart & Vascular, and a review of the Surgery Floor project drawings was held with the designers.

Mr. Suydam reviewed the DCS Organization Chart with the Sub-Committee. Mr. Suydam announced that Mr. Jeff Avruch will be replacing Mr. John Serdar as a Senior Project Manager starting next week. Mr. Serdar held the last remaining Parsons position.

Mr. Suydam reviewed the project schedules with the Sub-Committee. Mr. Suydam stated the schedules have not changed since January 23, 2015 and are tracking along as planned.



Mr. Suydam reviewed the Surgery Floor Build Out schedule and the construction phasing. He stated they hope to start work in November 2015 and “go live” the summer of 2018.

Mr. Suydam stated the East Tower is approximately 70% complete. The fourth floor remodel is ahead of schedule and should be finished May 22, 2015, pending OSHPD approval of the modifications to the ADA parking spaces at the entrance of the hospital.

Mr. Suydam stated the Heart & Vascular project is approximately 80% complete. Water testing on the windows resulted in one failed window. Additional testing will be performed to determine corrective action. Helix installed a section of lines that also failed during the initial testing. Helix will be replacing a section of pipe this week.

Mr. Suydam reviewed Heart & Vascular’s front door design reassessment with the Sub-Committee. Approved drawings allowed for a circular driveway, a retaining wall, the relocation of fire valves, and stairs going up to the upper dining area elevation. DCS feels this design could potentially cause significant change orders and is, therefore, being reevaluated. DCS is in the process of getting estimates from the designers and contractors on the potential design changes.

Mr. Suydam stated the Central Energy Plant is approximately 80% complete. Construction began on the utility trellis footings and training for the engineering staff begins next month. Training is provided by the contractor per the contract.

Mr. Suydam reviewed the status of the Surgery Floor Build Out project. He stated DCS met with HOK to discuss the staffing proposal, OSHPD’s review comments on the Level 1 Mechanical and Fire Life Safety, the evaluation of the water loop line in the surgery corridor, plumbing phasing corrections, and the architect’s fees for the Construction Administration services.

Mr. Suydam reviewed current pending bid dates for the Surgery Floor Build Out projects. There are four bidders on the Prop G project and three on the Sharp HealthCare funded project. Bids are due for the Prop G project on August 21, 2015, with an award date of September 8, 2015. Bids are due on the Sharp HealthCare funded project on September 18, 2015, with an award date of October 20, 2015.

Mr. Suydam reviewed the Prop G project budgets with the Sub-Committee. The monthly bar chart was revised to show three reporting categories for each project: 1) current budget; 2) project cost at completion (this takes into account the worst case forecast); and 3) expenditures to date. The projects that have the largest overruns are the Central Energy Plant at almost \$8.5M and the Level 1 Surgery Build Out at \$3.7M. These overruns are in excess of what is being held in contingency. There is still \$7.5M from the Health & Occupations Training Center project that has not yet been reallocated to a project. There is also \$811,093 from the bond issuance fee budget and \$4M in additional funding from Prop G interest earned and unneeded bond issuance fees for allocation to a project.



Mr. Suydam reviewed the status of each project's contingency funds as of April 23, 2015. Mr. Suydam stated DCS went to the Board for additional money to supplement the contingency bank for the Central Energy Plant. The Board approved their request through Board Memo 341, which requested the reassignment of the \$4M in additional funds. Mr. Tom Saiz stated Sharp HealthCare has pledged an additional \$4M to use towards the projects.

Chair Bute asked how cost overruns would be handled on the Surgery Floor Build Out project. Specifically, she asked if the project was being set up in a way where items could be taken out of the project if costs become unmanageable. Chair Bute questioned if Sharp HealthCare would have any input on how the Prop G portion of the project would be completed. Mr. Suydam stated Sharp HealthCare would like to see all of the projects completed as planned. However, if bids come in too high on the Surgery Floor Build Out project it is designed so that portions of the project can be taken out of the scope and held for a later date. Mr. Suydam stated saving a portion of the Surgery Floor Build Out project for a later time would be much more expensive and is not what anyone wants to see happen.

Mr. Suydam reviewed the "look ahead" for next month with the Sub-Committee. DCS will work towards obtaining a permit for the Level 1 Surgery Floor Build Out project. DSC will finalize the Surgery Floor Build Out bid packages for both Prop G and Sharp HealthCare funded projects for a June 5, 2015 release. DCS will start training classes with the Engineering staff on the Central Energy Plant and Co-Generation. DCS will work towards settling the delays claims with the contractors by September 2015.

C. Review January, February and March 2015 Bond Fund Financial Statements

Mr. Saiz reviewed the January to March 2015 Proposition G Fund financials Memorandum to the ICBOC Finance/Audit Committee dated April 23, 2015. Mr. Saiz pointed out that project expenses for the quarter continue to pick up, as referenced on Page 2. Mr. Saiz reviewed the retention balances and noted there have been some Board approved changes in the retentions.

Chair Bute asked if all of the issues have been resolved with CW Driver on the East Tower project. Mr. Suydam stated the East Tower project delay claims are still be reviewed. The majority of these delays were due to unforeseen conditions. Mr. Suydam expects compensation will be due to CW Driver for these delays. Mr. Suydam also stated they were able to reach a settlement on the delay claims for the South Loading Dock project. CW Driver was assigned approximately 35-40% responsibility on this project.

Mr. Saiz reviewed March 2015 Proposition G financials with the Sub-Committee Members.

Mr. Saiz asked if there were any questions with the January or February financial statements. There were none.



D. Bond Update

Mr. Saiz said the bond sale was very successful. Two contributing factors for the success is the District's high rating and a stable and diverse tax base. The offerings were more than what they had to sell. Close will occur on May 20, 2015. The savings on the refunding portion is just over \$28M.

E. Next Meeting Date

The next Audit & Finance Sub-Committee meeting is scheduled for Thursday, June 4, 2015 at 5:30 p.m. in the Grossmont Healthcare District Admin. Conference Room, 9001 Wakarusa Street, La Mesa.

F. Adjournment

Meeting was adjourned at 6:51 p.m.