

**Lompoc Valley Medical Center**  
**BOND OVERSIGHT COMMITTEE MEETING**  
Tuesday, January 27, 2009

**Call to Order**

Vice-Chairperson Kennedy called the meeting to order at 1:04 p.m. in the LVMC Medical Staff Library.

**Roll Call**

Members in attendance: George Kennedy, Roger McConnell and Gary Williams.

Members absent: Tony Fox, Howard Grantz and Justin Ruhge.

Others present: Bob Baden, Jim White, Irene Melton and Joe Linden (ProWest).

**Review of Prior Meeting Minutes**

The minutes from the October 28, 2008 committee meeting were m/s/c to accept as presented.

**Revisions to Agenda**

None.

**NEW BUSINESS:**

**Status of the New Hospital Project:**

- An update on the status of the New Building Project will be provided at the meeting. Mr. White began by reporting that while the "B" is essentially done, the area set aside for the new Imaging Equipment will soon be started because the final selection of equipment from GE has been made. This area had to wait so that the footprint of the MRI, CT Scanner, etc. would be known and the concrete floors could be laid to meet the equipment specifications and be anchored properly. Also, some of the cabinetry, work stations are being assembled in offices and patient care areas located in the B Building.

He further reported that construction on the "I" building is moving along on schedule and that if all things continue on schedule it could be substantially complete as early as November 2009. He noted that the roof was 70% complete and that so far the lack of rain was helping keep the process on schedule. The concrete for the roof is done and the asphalt will be going on next. He commented that the trades are doing a great job and were much more organized than some of the trades on the B building construction. The exterior walls are going up and would move from NE to West to complete them. He commented that the I building is more complex than the B building since a majority of the building is set up for patient care activities and all the incumbent piping for gases, plumbing, etc. are more numerous in the patient care areas. It is also much larger than the B building and oversight is provided by OSHPD. Joe Linden commented that overall OSHPD is working well with the project and that our Inspector Of Record has a good rapport with the OSHPD main representative which is helping with any issues that develop. This relationship helps resolve them on a timely basis and keeps the project rolling on time.

Mr. White concluded by stating that as noted the project was moving along on schedule but cautioned there could still be weather or other issues that could slow it down. There were several questions from committee members regarding the construction, timing and review process that were responded to by Mr. White.

**Overview of the Budget and Expenditures to date.**

- Review of the total project budget and current projections based upon current commitments through December 31, 2008. Mr. Baden reviewed the December 31, 2008 Budget Control Summary Report with the Committee members. He also had a copy of the detailed report available for individual review by the member. Highlights of the report were:
  - General costs to the project again reflected a positive variance from budget of approximately \$2,467,000, reflecting no change from the September 30<sup>th</sup> variance.
  - "B" Building costs were projected to run \$3,965,000 over budget, which was an approximate \$55,000 increase above the September 30 report,
  - "I" building costs were now projected at \$5,061,000 over budget, which resulted in a total cost overrun of \$6,559,000 which was up from the September 30, 2008 projection, and
  - Due to earnings on the bond proceeds during construction now being forecast at \$5,400,000, the total overage is currently projected at \$1,159,000 down from the September 30, 2008 overage of \$1,422,000 or only about 1.5% over budget.
  - Mr. Baden noted that other hospital projects he is aware of were now anywhere from 30 to 60% over their budgets, and complimented the LVMC Board of Directors for their foresight in getting the planning done early and keeping the project moving as quickly as possible.

Mr. Baden further commented that there are always things that occur that could drive up the total cost, although a majority of the construction bids were awarded and this solidifies the projections more than they have been since the beginning.

- Current actual expenditures to date through December 31, 2008. Mr. Baden reviewed the latest and current expenditures to date on the project from the worksheet labeled Cash Out Report Summary through December 31, 2008. He noted that expenditures during the month of December totaled \$1,574,000 primarily for architectural/engineering costs and construction costs on the "I" building; while costs on the "B" building continued to taper off at \$152,000. Interest earnings on the bond proceeds invested until their use were \$131,000 for the month of December which resulted in net costs for the month of \$1,443,000. Total net cash expenditures to date were now at \$38,192,000 of the total proceeds \$74,500,000 received from the two GO Bond Sales. Questions from committee members regarding select line items were answered and no further action was necessary.

**OLD BUSINESS:**

- Tax Rate on the 2009 Property Tax Bills: Mr. Baden reminded the committee that the tax rate of \$90.80 per \$100,000 of assessed valuation on property in the District was quite a bit higher and to recall the discussion for the reasons at the last committee meeting in October 2009. He stated he wanted to report back to the committee that he had received quite a few calls from property owners when the bills arrived at their homes and businesses. He reported that when he told them that the rate was higher this year and would continue at this level for the next few years because all bonds were now sold and the rate was at it's high for the life of the bonds and would over the years get smaller as assessed values grew in the District. He told them that if the District had chosen to sell all the bonds in the first year that this rate would have been in effect for the first year, but the District had decided to sell the bonds in two phases because the new hospital was to be built in two phases and all the funding would not be needed at the beginning. This explanation was satisfactory to the vast majority of callers when they understood the circumstances.

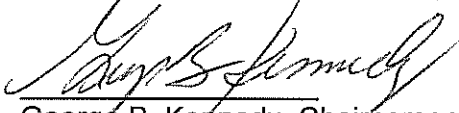
- Reports to the Lompoc Valley Medical Center Board of Directors: Mr. Baden noted that this item was on the agenda as a reminder that the annual report from the Bond Oversight Committee to the District Board of Directors would be due at the July 2009 regular meeting. It was discussed that the report would be a brief oral report on the activities of the committee supported by the minutes of the meetings of the committee for the past year. Mr. Kennedy stated he would get together with Roger McConnell so they could put the report together.

**Other**

- Mr. Baden suggested that the committee may like to get together and tour the new building and construction to see how it has progressed and where the money we discuss at the meetings is going. The committee member present thought that was a good idea and it was agreed that Mr. Baden coordinate with the missing members and set up a date in the last week of February for the tour. Mr. Baden agreed to do so.

**Adjourn**

The meeting adjourned at 1:50 p.m.



George B. Kennedy, Chairperson