

**Lompoc Healthcare District**  
**BOND OVERSIGHT COMMITTEE MEETING**  
July 25, 2006

**Call to Order**

The meeting was called to order at 1:30 p.m. in the Hospital Board Room.

**Roll Call**

Mr. Baden welcomed everyone to this initial meeting of the Bond Oversight Committee and requested that each attendee introduce themselves in a round-table so that everyone could get acquainted. He thanked everyone attending the meeting for volunteering to serve on the committee.

Attendees: Ray Down (filling in for Roger McConnell), Alice Milligan (filling in for Gary Williams), Anthony Fox, George Kennedy, Justin Ruhge and Bob Baden.

Absent: Howard Grantz, Roger McConnell, Gary Williams and Jim Raggio.

Others present: Irene Melton and Jim White (Hospital Staff).c

**Review of Prior Meeting Minutes**

There were no minutes to review as this was the initial meeting of the committee.

**NEW BUSINESS:**

**Purpose, Charge and Operations of the Bond Oversight Committee:**

- Review of the Purpose, Charge and Operations of the Committee. Mr. Baden distributed a one page sheet of paper outlining the Purpose, the Charge to the Committee and Committee Operations. (See Sheet attached to these minutes). The purpose of the committee was discussed noting that the oversight committee will ensure that spending of General Obligation (GO) Bond proceeds by the board of directors of the district is subjected to direct taxpayer review and inform the public about the expenditures.

The Committee also reviewed the charge to the committee which was to review the GO Bond uses and fund balance, quarterly. Also, the committee may also make physical inspections of the "New Hospital Project", as appropriate. And the committee will also issue an annual report on its activities to the Lompoc Healthcare District Board of Directors and the Community at large. It was also noted that committee's charge was to provide review and oversight.

The committee reviewed its outlined operations noting that the committee will meet quarterly, however it could meet between quarterly meetings if there was a need. Minutes will be kept of the meetings. That the committee members will serve for a two (2) year term without compensation and members will serve no more than three (3) consecutive terms. The members shall maintain residency or business within the District. The committee shall select a chairperson and a vice chairperson. Finally, the committee reports to the Lompoc Healthcare District Board of Directors.

- Election of Chairperson and Vice Chairperson. Mr. Baden requested nominations for the person who would chair the committee. Mr. Anthony Fox was nominated and another nomination from the committee requested that nominations be closed. The committee unanimously approved Mr. Fox as the Chairperson for the committee. Mr. Baden then sought nominations for the Vice-Chairperson and Mr. George Kennedy was nominated. Again, a nomination from the committee was made to close nominations and Mr. Kennedy

was unanimously selected for the Vice Chairperson by the committee members. It was also noted that hospital staff attending the meeting would provide support for the committee.

- Meeting dates and times. Mr. Baden stated the meeting time selected for today's initial meeting was set to immediately follow the District's regular monthly Finance Committee meeting and that the committee could continue to meet at this time and locations if they chose or select another time and day if they wished. After discussion it was decided that the committee would continue to meet at 1:30 p.m. each quarter following the Finance Committee meeting for that month.

#### **Review of the GO Bond Development and Sale:**

- A brief review of the Bond Process and Status will be presented. Mr. Baden presented a review of the reasons for the new facility construction and seeking a Government Obligation Bond to cover the cost of the new facility. Following the Northridge Earthquake a review of earthquake building requirements was done to assure that all hospital facilities in the state of California would meet new seismic codes with a goal of having hospitals available after future earthquakes. SB1953 was passed by the State and all hospitals in California had to assess whether their current facilities would meet the new codes in the time frame for changes required by the State. Lompoc Hospital's assessment of its current facilities found that the seismic requirements to upgrade LHD would cost about as much as building a new facility. The District, unable to fund the repairs or a new facility from its reserves or operations, decided to ask the District residents whether they wanted a new hospital and whether they would be willing to fund it through a General Obligation bond levied on the property within the District's boundaries. The vote from the community resulted in an 87% approval by the voters to proceed with a GO Bond. The anticipated amount to cover the construction of a new facility was \$74.5 million which became the total amount of the bonds. Due to the timing of the two phases to build the new facility the total bond amount was set up in two phases with the first bonds sold at \$42 million and the second phase to be sold at \$34.5 million. In early July 2006 the first \$42 million of the bonds sold to Piper Jaffray in a competitive bid process with the sale producing \$42,144,960. Mr. Baden further reported that to finish the planning process and get the approval process started on the project the District opened a Line of Credit (LOC) through Santa Barbara Bank & Trust locally and has been drawing down funds in addition to District funds to keep moving forward. Mr. Baden also informed the committee that the pre-closing and closing of the bonds would occur on August 1 and 2, 2006 in San Francisco and the actual bond proceeds would be wired to an account set up by the District to utilize the funds. He noted that when the proceeds were received the LOC would be paid off and funds advanced by the District would be repaid. Mr. Baden answered questions that the committee members had regarding the process.

#### **Review of the New Hospital Project**

- A brief overview of the New Hospital Project will be presented. Mr. Baden introduced Jim White, CIO and the point person for the oversight and coordination of the new building project at the hospital. Mr. White utilizing the latest drawings of the new hospital reviewed where the new hospital will be located. He reviewed the planning process that has gone on since the passage of Measure E to get to the design and layout that was finally accepted. He discussed the fact that NTD Stichler had been hired as architect for the project and has been working with the District for several months to get the final plans finished and accepted. In addition, he noted that ProWest Contractors has been hired by the District to develop the overall and construction budgets for the two phases of the building. They are serving as the overall construction manager, bid developer and handling the bidding process for the various Prime Trade Contractors on the project. Mr. White explained the design and building plans noting that the first phase will be to complete a "B" occupancy building that will house a majority of the support functions to the actual hospital services area. This facility,

which requires local approval only, can be built at a less costly amount per square foot than the "I" occupancy building which will house the hospital beds and patient service areas. The "I" occupancy building, which will require State level review and approval, will start construction after the "B" occupancy building is completed. When complete the buildings will interface such that it will be difficult to notice that you are walking from one building into the other. The beginning of actual construction will occur as soon as plans are approved by the City of Lompoc. Mr. White answered the committee member questions as he went through the presentation.

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

- Presentation of the overall budget for the New Hospital Project along with current and projected expenditures from the 2006 Bond Proceeds. Mr. Baden presented copies to the committee attendees of a multi-page spread sheet (copy attached to these minutes) that showed the Original Budget Amount for the new building project, the Paid and Projected Project Costs from inception (May 2005) through expenditures made through June 30, 2006 and a breakdown by column what expenditures were made in each month. The budget and expenditures were listed by type of cost down the left hand column on the worksheet grouped classifications, such as, land acquisition, Finance, Permits/Fees, Taxes and Insurance, Architecture/Engineering/Consultants, Construction, Miscellaneous and Contingency. Each of these groupings contained more detailed line items for the expenditures. Mr. Baden reviewed the documents indicating that most of the expenditures to date were for architectural fees related to the design and the Preconstruction consultant to develop the costs based on their expertise in the hospital construction business. A total of \$4,030,137 has been spent through June 30, 2006 with just over \$1 million coming from the District reserves and approximately \$3 million from the LOC with the bank. The district is getting ready to send out the requests for proposals on bids for the Prime Trade Contractors on the "B" building. Immediate questions from the committee members were answered.

**OLD BUSINESS:**

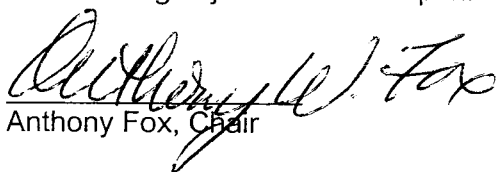
- None.

**Other**

- None.

**Adjourn**

The meeting adjourned at 2:35 p.m.

  
Anthony Fox, Chair