

Yosemite Community College District

Measure E Citizens' Bond Oversight Committee Meeting Minutes

Columbia College, Manzanita Building, Community Education Room
July 6, 2011, 6:00 p.m.

Members Present: Frank "Del" Hodges, Lee DeLano, Jeff Phillips, Billie Taylor, Mike Sharif, Matthew Rolichcheck

Members Absent: Verle Bartels, Mark Heinzinger, James West, Lyndi Love

Others Present: Dennis Gervin, Matt Kennedy, Judy Lanchester, Ron Martin, Mark Newton, Nick Stavrianoudakis, Gary Whitfield, Graciela Molina (recorder)

Prior to the regular meeting, new members of the Citizens' Bond Oversight Committee and CBOC Chair Hodges participated in a tour of Columbia College Bond Projects led by Kitchell and YCCD staff.

1. Call to Order

Citizens' Bond Oversight Committee (CBOC) Meeting was called to order by CBOC Chair Frank "Del" Hodges at 6:01 p.m. in the Community Education Room at Columbia College.

2. Comments from the Public

No comments from the public.

3. Approval of Minutes of April 6, 2011 Meeting

A motion was made by Matthew Rolichcheck and seconded by Jeff Phillips to approve the CBOC meeting minutes of April 6, 2011. The motion carried with a vote of 6-0, meeting minutes were approved.

4. Bond Process

Executive Vice Chancellor Teresa Scott provided CBOC members a historical perspective of the Bond Measure E. She reported that discussion for a bond began with Trustees. Following the passing of Prop 39, which needed only 50% of vote for approval, YCCD submitted a Request for Proposal (RFP) to hire a polling agency to conduct a poll and later went out for a second RFP and conducted a second poll. YCCD Staff were on board once they knew that the District had a possibility of securing the votes needed to pass the bond in the November 2004 election. Once the YCCD Board decided to go out for the bond, the District separated the operations of the bond and with assistance set up a campaign office off-site on Coldwell. In response to CBOC membership inquiries, Teresa Scott stated the ballot language was tied to the District Facilities Master Plan (FMP) and that the bond counsel and underwriters worked with the county to determine the amount of the bond; bond funds were not distributed by college, rather top priorities were used as a way to fund projects listed. Nick Stavrianoudakis, Director of Public Affairs, reported that information pamphlets with tear off cards were sent to the area residents requesting public feedback as to the types of buildings the community wanted to see; public responses, historical data of existing buildings, and the FMP were used to determine project priorities.

CBOC member Jeff Phillips inquired if the District tracks Bond Measure E expenditures on a per student basis. Teresa Scott reported that Full Time Equivalency Students (FTES) are tracked on existing costs, which does not tie back to the cost of the buildings. Nick Stavrianoudakis informed CBOC that headcount has been reported in the annual reports and provided figures from the last annual report.

Teresa Scott reviewed three sections of the 2005-06 Annual Report of the Citizens' Bond Oversight Committee: *Measure E Bond and Meeting History*, the *Measure E Timeline*, as well as the *Highlights from Kitchell*. The community had input on where to place the buildings, not how the funds would be used. In response to an inquiry from Chair Hodges, Teresa Scott reported that initially YCCD decided on four issuances since bonds funds must be spent within three years, or no more than five years; when the Program Management Firm, Kitchell, was hired they suggested a reduction to three issuances, our bond underwriters were in favor, and the District proceeded with the change.

In addition, Teresa Scott distributed a presentation handout, *YCCD General Obligation Bond Program Review, June 2011*. She reviewed the three bond series that were sold and spoke to the 2010 bond sale. Overall the average rate of the bonds is 6.5%. YCCD's credibility was high due to the variety of tax base, high reserve, and low debt burden. Amortization is 30 years to each note; the interest rates vary, some pay interest and the other interest and principal. The bond was planned to meet Prop 39 regulations. Teresa Scott spoke to market conditions and noted that YCCD spent a lot of time discussing Assed Value (AV) and how it was dropping, the average AV is at 5.62%. Lee DeLano inquired about the Measure E Audit – amortization calculation, Teresa Scott stated she would look into the inquiry.

5. Annual Report Subcommittee

A call for volunteers was made for the annual report subcommittee. Mike Sharif, Matt Rollicheck, and Lee DeLano each agreed to serve on this subcommittee. Nick Stavrianoudakis reported he will coordinate with the group, working with staff and Kitchell to gather content for the report, as directed within the next few months. In September, the subcommittee will see a final draft that will be presented to CBOC in October. Once finalized, the report will be available online and distributed to newspapers and libraries, and forwarded to local boards.

6. Bond Update

Mark Newton provided CBOC members a presentation of the **Columbia College Science and Natural Resources Project**. In addition to identifying the location and layout, he provided comparison photos from a year ago to this year of both the interior and exterior. He noted how the projects incorporated a reverse osmosis process for the de-ionized water and solar panels to preheat hot water. The building is planned to be occupied in the Fall of 2011.

Mark Newton reported on MJC and Columbia College Summer Projects. **Columbia College:** Road improvements leading to the *Science Building*. **MJC East Campus:** The *Art Building* started off as ventilation improvement and now includes moving kilns outside; area adjacent to the *Campus Way Parking Lot* is being purchased and additional parking spaces being added to existing lot. **MJC West Campus:** repaving of several roads on West Campus will take place in phases through the summer; *Infrastructure II* improvements to the quad; power and communications are being put below grade; *Concession Stand* includes a restroom, first aid will be available in the building, the building is complete and near being occupied. *AG Pavilion* and *Allied Health* near completion; *Founders Hall* is near completion and will start being accessed by faculty and students in the Fall; construction completed at the end of July; classes will begin in Pirates Village and migrate over in the Fall due to the amount of technology being made available in both *Founders Hall* and *Allied Health*. All but four trailers will be removed from Pirates Village which will be used for the *Library* renovation.

7. YCCD Measure E Budgets and Schedules (previously listed as Project Status Report)

Mark Newton reviewed the *YCCD Measure E Budgets and Schedules* report and highlighted the added annotations provided for more transparency. In response to an inquiry from CBOC member Jeff Phillips regarding clarification to the term "completion", Mark Newton stated that the current agreement between the District and the contractor/construction "completion" occurs when contractor has his punch list and indicates that the building is turned over to the owner (YCCD), changing the locks from construction locks to owner locks. Chair Hodges inquired about the Madrone encumbrance listed on the quarterly expenditure following completion date of 2009. Discussion ensued regarding bike lanes, the Auditorium and CC Parking Lot projects. It was reported that the CC Parking Lot Project has changed and been put on hold in light of the drop in enrollment. Mark Newton thanked CBOC members for their participation on the tour of Columbia College Bond Measure E Projects.

8. Bond Quarterly Expenditure/Revenue Report

Mark Newton provided the Measure E Quarterly Expense Report. As of May 2, 2011, MJC has total expenditures of almost \$93 million, encumbered \$51.4 million, and ends with an unencumbered balance of about \$75.7 million. Columbia College's total expenditures amount to \$27.7 million, encumbered just under \$4.7 million, and an unencumbered balance of \$20 million. Central Services has total expenditures of just over \$32.3 million, encumbered \$1.3 million, and an unencumbered balance of about \$19.8 million. Program wide total expenditures amount just over \$153 million, encumbrances just over \$59.2 million, and an ending balance of approximately \$113.8 million.

9. Comments from Committee Members

Lee DeLano inquired about the Bond Measure E Audit. The audit timeline was provided: auditors complete field work in May and June, the fiscal year end closes out in September or October, and the audit is submitted to the YCCD Board typically at the December Board meeting. CBOC will be provided the final audit, following YCCD Board discussion, typically at the January CBOC meeting. Mr. DeLano expressed concern with the conclusion statement of the audit which reads "this report is intended for the committee, board, and managers and should not be used for other specified parties". Further discussion ensued regarding the topic with respect to responding to auditor's comments and efforts to inform the public in order to meet the charge of the CBOC. Mark Newton reported that in response to the auditor's comments, there were transfers of monies; the report states the District recommends that the budgets are reallocated upon completion and that the Board of Trustees and CBOC are taking action to move in the direction of the recommendation. Lee DeLano also inquired about the principal, interest and total, and how it relates to tax bill. It was reported that as Assessed Value changes, so will the amount per \$100K; in addition, as the bonds are paid off the rates will change; bonds will be paid until 2042. Lee DeLano requested Prop 39 language and extra copies of the annual report once completed. Nick Stavrianoudakis confirmed that press releases are sent to all the newspapers in our service area.

Jeff Philips inquired about the bond earned interest. Teresa Scott reported that YCCD is looking at \$14-\$18 million in investment earnings in arbitrage. Once the budgets are amended, budgets of investment earnings will be presented to the Board of Trustees and moved to the bond funds. Further discussion ensued regarding arbitrage and investment earnings.

Matthew Rollicheck inquired about June 17 article in the Modesto Bee regarding YCCD settlement. Teresa Scott provided an overview of the dispute and process which led to a

trial and both parties settling with no findings and blame; the settlement covered attorney fees and was paid with Measure E funds.

10. Adjournment

The Citizens' Bond Oversight Committee meeting was adjourned at 7:35 p.m.

The next regular meeting of the Citizens' Bond Oversight Committee will be held on Wednesday, October 5, 2011, at 6:00 p.m., in the Yosemite Community College District Board Room, 2201 Blue Gum Avenue, Modesto, California.