

**Measure E Citizens' Bond Oversight Committee Meeting Minutes**

YCCD Board Room  
January 4, 2012, 6:00 p.m.

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**Members Present:** Frank "Del" Hodges, Lee DeLano, Mike Sharif, Matthew Rollicheck, Verle Bartels, James West, Lyndi Love, Jeff Phillips, Billie Taylor

**Members Absent:** None

**Others Present:** Nick Stavrianoudakis, Tim Nesmith, Mark Newton, Matt Kennedy, Gary Whitfield, Michael Guerra, Judy Lanchester, John Kane, Graciela Molina (recorder).

**1. Call to Order**

Citizens' Bond Oversight Committee (CBOC) meeting was called to order by Chair Frank "Del" Hodges at 6:00 p.m. in the YCCD Board Room.

**2. Comments from the Public**

No comments from the public.

**3. Approval of Minutes of October 5, 2011 Meeting**

The meeting minutes of October 5, 2011, were approved by the Citizens' Bond Oversight Committee. A motion was made by James West and seconded by Matthew Rollicheck. The motion carried with a vote of 8-0. (Billie Taylor not present)

**4. General Obligation Measure E Bond Audit Report**

Brice Gibbs, representative for Matson and Isom, provided the audit report to CBOC members; he shared some background related to the audit timeline and identifying the audit standards. Auditors came to YCCD in May and September and drafted the financial statements. Mr. Gibbs reviewed the three audit documents previously provided to the CBOC membership: Report to the Board of Trustees, Financial Statements with Independent Auditors' Reports, and the Performance Audit. **Report to the Board of Trustees:** The report covers the scope of the audit and any difficulties that came from the audit. Overall, the audit process was smooth. **Financial Statements with Independent Auditors' Reports:** Mr. Gibbs reviewed the statement of net assets, the balance sheet for Bond funds, which includes assets and liabilities and net assets. He reviewed the statements of revenues, expenses and changes in net assets. Discussion ensued regarding the cost of bond issuances and arbitrage income. Lastly, he pointed out the long-term debt, in particular accreted interest. **Performance Report:** Mr. Gibbs reported that the Prop 39 – statutory process, that changed by law, is the same process YCCD has used from inception of the Bond. No local reporting changes were required. He mentioned that with this report, the auditors are looking to see if YCCD is following its internal control processes.

Mr. Gibbs mentioned there were pre-audit meetings with YCCD Trustees and CBOC members where several inquiries regarding the definition of a "complete project" arose. He mentioned that the definition varied according to each entity (i.e., auditors, program management firm, and CBOC membership) and explained the differences and concluded there was no concrete answer.

In response to Matt Rollicheck's inquiry if there were any concerns that came out of the audit, Mr. Gibbs stated that the auditors feel that everything is moving well. Minor issues, not related to the Bond, on the District side pertaining to a state compliance issue arose but nothing that affected the Bond side. Also, in reply to whether all Bond funds would be used, it was reported that the contingency projects may be completed at a later time. There was a CBOC request for clarification and requested Bond counsel to provide the limitation on Bond cost per \$100K.

## 5. Bond Update

Kitchell representative Mr. Mark Newton provided three presentations to CBOC members. **Primary & Secondary Data Center Projects:** The primary Data Center is located at Modesto Junior College (MJC) on West Campus; the secondary Data Center is located at Columbia College. Both projects are going through DSA review. The primary is in DSA and the secondary is just out of DSA. The next step is to bid then begin construction. **MJC Science Community Center:** The building is located on MJC West Campus between Glacier Hall and Sierra Hall. The first floor will house the Great Valley Museum, Planetarium, lecture halls, multipurpose lab and division offices. The second and third floors house several classrooms/labs and faculty offices. **Student Services Building:** Mark Newton provided design renderings and photos of the new Student Services building and spoke to the design. In response to an inquiry from Verle Bartels, it was reported that the Student Services project committee provided input for the selection of the architectural design; there was a representative from each student services department on this committee.

Kitchell representative Mr. Mark Newton reviewed the written update provided on the progress of the Measure E Bond projects. **Modesto Junior College: Infrastructure/MJC West Roads Project- Phase II:** The project is complete, with the exception of the last phase adjacent to the Science Community Center. **Science Community Center & GVM:** Work on the exterior and interior continues. **Student Services:** Work should be substantially complete this month. The team is coordinating the move. **High Tech Center:** Working on preparing the Division of State Architect submittal. **Columbia College:** The College is working on updating the *Facilities Master Plan*, which includes prioritization of projects for the remaining funds. **Central Services:** The Central Services team is working on a *Focused Master Plan* which will be presented to the board for review. The schedule has been updated to reflect the current plan.

## 6. YCCD Measure E Budgets and Schedules

Mark Newton reported changes to the Budgets and Schedules report which included elimination of column *Total Project Costs* and the addition of *comment boxes in the timeline* which identify any amendment to the schedule. Jeff Philips inquired about the discrepancy to the scheduled maintenance budget. Mr. Newton reported that the document is meant to be more of a schedule.

## 7. Bond Quarterly Expenditure/Revenue Report

It was reported that Kitchell prepares exposure reports that provide the District a forecast on how much contingency each project will have. In response to what happens if not all bond funds are spent, legal precedence has been that that monies

are returned to the tax payers. Discussion ensued regarding the closing of projects. The CBOC's concern for a more suitable time frame to close bond projects is being addressed. The district is refining its procedure for closing out projects which would allow six months for the acquiring of all furniture, fixtures, and equipment (FF&E) then allow an additional six months to close out projects with the Division of State Architect (DSA). Jeff Phillips was interested in CBOC membership being privy to projected residual/forecasting of bond fund savings; the request would be taken to Chancellor Joan Smith. Lyndi Love requested that the two reports YCCD Measure E Budgets and Schedules and the Quarterly Expenditure Report be listed in the same order. In response to her inquiry regarding the Turlock and Oakdale Educational Sites, Mark Newton stated that no property has been purchased; the expenditures listed are associated to legal fees.

Mark Newton provided the Measure E Quarterly Expense Report. As of November 1, 2011, MJC has total expenditures of just under \$128.4 million, encumbered \$32.2 million, and ends with an unencumbered balance of \$59.5 million. Columbia College's total expenditures amount to just under \$32 million, encumbered just over \$1 million, and an unencumbered balance of about \$19.5 million. Central Services has total expenditures of just over \$36.1 million, encumbered \$1.4 million, and an unencumbered balance of just over \$16 million. Program wide total expenditures amount of \$196.5 million, encumbrances just over \$35.8 million, and an ending balance of approximately \$93.7 million.

#### **8. Nomination and Election of CBOC Chair**

Chair Frank Del Hodges requested this agenda item to select a chair for the next year, ending his 1 year service as CBOC chair. He opened nominations and both Jeff Phillips and Matthew Rollicheck were put forth. Following a brief discussion, Mike Sharif made the motion to nominate Matthew Rollicheck as CBOC chair and Jeff Phillips seconded nomination. Matthew Rollicheck was voted in as CBOC chair with a vote of 9-0. The vote left a vacancy in the position of CBOC vice chair. Matthew Rollicheck nominated Jeff Phillips to serve as CBOC vice chair, James West seconded the nomination. Jeff Phillips was voted in as CBOC vice chair with a vote of 9-0.

#### **9. Comments from Committee Members**

Verle Bartel suggested scheduling a CBOC Tour of Glacier Hall.

#### **10. Adjournment**

The Citizens' Bond Oversight Committee meeting was adjourned at 7:30 p.m.

**The next meeting of the Citizens' Bond Oversight Committee will be held on Wednesday, April 4, 2012, at 6:00 p.m., in the Yosemite Community College District Board Room.**