
LOS RIOS COMMUNITY COLLEGE DISTRICT
Citizens' Bond Oversight Committee

March 15, 2007

District Office

Main Conference Room

12:00 p.m.

Minutes

(Approved 7/19/07)

Members Present: Jerry Bernau, Joe Debbs, Martin Kennison, Dan McKechnie, Chris Reeg, Margaret Solie

Members Absent: Dan Lawrence, Matt Mahood, Bob Blymyer, Gerard Falla

District

Representatives: Jon Sharpe, Deputy Chancellor
Theresa Matista, Associate Vice Chancellor, Finance
Pablo Manzo, Associate Vice Chancellor, Facilities Management
Dave Clinchy, Director, Facilities Planning
Kim Sayles, Supervisor, Grants & Contracts
Isolina San Juan, Accountant, Grants & Contracts
Jennifer Delucchi, Deputy Chancellor's Executive Assistant

Guests: Brice Harris, Chancellor

INTRODUCTIONS

Mr. Joe Debbs called the meeting to order and all attendees introduced themselves. Jon updated everyone on involvement the Committee has had recently with District activities. Joe Debbs, as Chair of the Citizens' Bond Oversight Committee, was a speaker at the Sacramento City College Parking Structure dedication. Mr. Debbs also presented with Jon at the last Los Rios Foundation Board Meeting. They provided an overview of the Oversight Committee's role, as well as an update on Bond funded projects. Jon also announced that Suzie Chock Hunt has accepted an interim position at Sacramento City College, and therefore cannot serve on the Citizens' Oversight Committee as the by-laws do not allow current employees of the district to serve as committee members. Jon expects she will most likely be re-appointed by Trustee Ruth Scribner upon completion of her assignment. Finally, Jon shared that Gerard Falla has had to respectfully resign from his student representative position on the Committee. Staff will bring a recommendation for his replacement forward in the near future, hopefully in July. Jon will contact each of the College Presidents and request a nomination, an interview will take place, and it will then be submitted to the Board of Trustees for approval.

APPROVAL OF MINUTES

The November 30, 2006 minutes were considered for approval. Jon clarified one item. A motion was carried by Martin Kennison and seconded by Margaret Solie to approve the November 30, 2006 minutes with the correction. Motion carried, 6:0.

ELECTION OF OFFICERS

Margaret Solie moved to wait until July to conduct the election of officers, since Suzie may potentially be back by that time. Chris Reeg seconded the motion. Motion carried, 6:0.

REPORTS

Budget Update

In January of each year, the Governor releases his initial budget proposal for the fiscal year that begins on July 1st. As revenue projections are further refined, a revision is issued in May, referred to as the "May Revise." The State Budget then goes to the legislature for approval by June 15th and signed by the Governor by July 1st.

Jon shared information from the January release of the proposed State Budget for 2007-08. Growth is proposed to be funded at \$109.1 million. This augmentation reflects a 2% growth system-wide. Los Rios' Blended Growth Rate is 3.12%. The Cost of Living Adjustment (COLA) is proposed at 4.04%. It is predicted that this number will change by May. Jon also talked about Basic Skills funding. Ms. Solie asked if a growth in enrollment was observed when the tuition went back to \$20 per unit. Jon replied that the \$20 per unit fee commenced this semester and although Los Rios still grew in the Fall semester, the System as a whole has observed a slight growth in enrollment this Spring when fees dropped. Mr. Kennison suggested a public relations effort to remind the students of the good deal they are getting on community college tuition. Jon said that about 50% of our students receive the Board of Governor (BOG) fee waiver. All in all, the proposed budget is good and reflects the highest split of Proposition 98 funding we've seen. However, according to the legislative analysts office, tax revenue growth in California has not been strong. If this budget were put into place, there would be a \$2.2 billion structural deficit. Jon added that, although there is a lot to be determined in the months ahead, it seems that community colleges are being recognized and supported by the Governor and legislature.

Review of Expenditures

Theresa presented a summary of the Measure A Bond expenditures through February 15, 2007 and provided an update on bids awarded since the last meeting. The total Measure A authorization was \$265 million. It was reported that \$166.1 million in bond funds has been appropriated (this includes a portion of interest income) for projects and \$93 million has been expended. Encumbrances amount to \$19.4 million. The total change since the November 2006 meeting is \$4.3 million (in expenditures and encumbrances). Theresa also presented a summary of the financial activity by college location. Mr. Debbs inquired about the allocations per College and how the amounts are determined. Theresa replied that it was primarily based on need as determined at the time of the allocation.

The appropriations to date amount to 63% of the total Measure A authorization. The expenditures and encumbrances are at 42%. Series A (\$27.5 million) was fully expended as of May 2005. Series B (\$65 million) was fully expended as of February 2007. Approximately \$469,000 of Series C has been expended as of February 2007.

Theresa also presented the total financial activity for all capital project funds, which include bond, state and other funding sources. The total appropriations for all funds as of February 15th are \$294.2 million. A detailed list of changes to existing projects and the addition of new projects was presented to the Committee. Theresa reported that twenty four projects have been completed

and five are under construction. A list of completed projects and projects planned to bid in Spring 2007 through Fall 2008 was provided.

Mr. Debbs inquired about the timing of the Series A, B, and C issuances. Theresa explained that the series are issued based upon projections as to when the cash will be required. We will probably have a total of five issuances (series). The next one will be issued in approximately one year, and then a subsequent issuance when needed. In response to a member question, Theresa noted that any interest accrued has to be used for bond funded projects. Also, the interest earned on bond proceeds is subject to IRS arbitrage rules, so it is important to time the issues based upon when the cash is required to meet IRS tests regarding arbitrage earnings.

The Committee discussed the concept (brought up by Jerry Bernau) that by obtaining a local community bond, the District has also received more state funding. Dave Clinchy said that essentially we were able to turn the \$265 million into about \$500 million, including the State Capital Outlay funding we've received.

Message from Chancellor Harris

Chancellor Brice Harris joined the meeting to express his appreciation to the Committee for overseeing the expenditures of not only the \$265 million bond expenditures, but essentially the \$500 million facilities budget. He specifically talked with the Committee about the ARC Fine Arts project and the positive impact that will have on the students and faculty.

Projects Update

Pablo Manzo presented an update on all the active bond funded projects and provided color photos of each project in its current phase of construction. The Committee discussed the current status of many of the projects. The Committee also discussed the design-build / lease-lease back process utilized to fund the SCC parking structure. Jon mentioned that the District is considering utilizing this process again for the CRC parking structure.

State Capital Outlay Program Overview

Jon introduced Dave Clinchy, Director of Planning for Los Rios' Facilities Management. Dave presented an overview of the facilities planning process and the state capital outlay program. Handouts were provided.

FUTURE MEETINGS

The next meeting was scheduled for July 19, 2007 at Sacramento City College. Future agenda items include:

- Centers Concept
- Capital Campaign

ADJOURNMENT

The meeting adjourned at 1:50 p.m.

jd

cc: Board of Trustees
Executive Staff