
LOS RIOS COMMUNITY COLLEGE DISTRICT
Citizens' Bond Oversight Committee
July 22, 2010
Sacramento City College, Rodda Hall North, Room 258
12:00 p.m.

Minutes
(Approved 12/2/10)

Members Present: Bob Blymyer, Basim Elkarra, Marcia Fritz, Rick Maya, John Orr, Heather Paris, Jane Vargas

Members Absent: Robert Holderness

District

Representatives: Jon Sharpe, Deputy Chancellor
Theresa Matista, Associate Vice Chancellor, Finance
Pablo Manzo, Associate Vice Chancellor, Facilities Management
Jennifer Delucchi, Deputy Chancellor's Executive Assistant

Guests: Dr. Kathryn Jeffery, President, Sacramento City College
Robert Martinelli, Vice President Administration, Sacramento City College

1. INTRODUCTIONS

Chair Bob Blymyer called the meeting to order at 12:10 p.m. All members and guests introduced themselves.

Jon shared that the Board of Trustees has approved three new members to the Committee, as well as an extension of Ms. Vargas' term for two more years. The District will work on recruiting additional members.

2. PUBLIC COMMENTS

There were no public comments.

3. ELECTION OF NEW OFFICERS

Chair Bob Blymyer's membership term will expire in September. The Vice Chair has also termed out. Jon asked for volunteers willing to serve as the Chair and Vice Chair. Rick Maya offered to serve as the Committee Chair. Mr. Maya's term will commence on October 1, 2010.
Motion approved by consensus, 7:0

Bob Blymyer nominated Jane Vargas to serve as the Committee's Vice Chair. *Motion approved by consensus, 7:0*

4. APPROVAL OF MINUTES

The March 25, 2010 meeting minutes were considered for the Committee's approval. A motion was made by Rick Maya and seconded by Jane Vargas for approval of the March minutes.

Motion carried, 7:0

5. RECOGNITION

Jon took a moment to recognize and thank Bob Blymyer for his service and leadership on the Citizens' Bond Oversight Committee, and presented him with a paperweight. Bob responded with appreciation for the opportunity to serve, and commended the Los Rios staff for their work with the bond.

6. REPORTS

Budget Update

Jon reported that since the March meeting, the Governor has released the May Revision. The Senate and Assembly have put their recommendations forward as well. We're currently without a State budget and it appears we will be for some time. Community Colleges have fared well in what has been recommended. COLA is proposed at - .39%. Surprisingly, enrollment growth is still recommended at 2.2%. Jon pointed out that we are educating literally thousands of students that are not funded. Los Rios is over cap by approximately 8,000 students. Therefore, we've had to reduce course sections as a cost saving measure and to control enrollment. Categorical funding has not been restored, and the ARRA funds (\$1.6 million that we received last year on a one-time basis) will need to be offset. We also did not receive SMSR funding. Until there is a budget, the District does not receive its apportionment funding from the State. Los Rios borrows from its own funds. Jon said we're hopeful that there will be a budget soon.

A handout from the Community College Facility Coalition was shared with the Committee. The May Revision adds nine community college projects to be funded from previous bond funds (1996 and 2006). Two Los Rios projects, the ARC Life Science and Fine Arts Modernization and the CRC North East Buildings Modernization are included in the list. Jon briefly explained cap load, and how these projects are prioritized to compete for funds. He also noted that revenue generating facilities, such as a parking structure or cafeteria, don't qualify for State bonds. The District submits one project per campus per year to the state through the Final Project Proposal (FPP)/Five Year Plan process. At the time of submission, we don't know how we compete with other projects.

Under AB220 (Brownley), the proposed Kindergarten-University Public Education Facilities Bond Act of 2010 would provide \$1.5 billion to higher education. \$800 million (53%) would be for Community Colleges. This would be the largest percentage of the higher education allocation ever provided for community colleges. As of right now, it is still tentative whether or not this bond measure will even be on the ballot. John Orr asked if there would be fundraising for this type of measure. Jon responded that we're waiting to see if it will be on the ballot, and if so, fundraising will begin in September. Jon also mentioned the District's three-year plan, which is evolving into a four year plan, has been updated. The District's S&P rating upgrade was partly due to the long-term planning model.

Marcia Fritz asked about the criteria in turning students away with the course reductions. Dr. Jeffery responded that the colleges are developing a list of options for students whose first-choice courses are not available. The colleges are working on consistency across the District so

students get the same message. They're also focusing on educating students on the planning process and preparing for the next semester.

Review of Expenditures

Theresa explained the format of the packet of financial reports for the benefit of the new members. Jon asked her to also explain why the funds have been issued in four series. She described timing the issuance of a series according to the projected cash requirements for projects in the pipeline to try to fully expend the series proceeds within three years of issuance. This is done to meet IRS arbitrage rules governing expending the proceeds in a timely manner and also helps in maintaining the tax rate committed to the voters. Following the overview of the packet, Theresa directed the Committee's attention to the printed PowerPoint presentation in their materials which summarizes the financial activity report.

Measure A

Theresa first presented a summary of the Measure A Bond expenditures through May 31, 2010 and provided an update on bids awarded since the last meeting. To date, four series of bonds have been issued totaling \$217.5 million. One more series is planned for Measure A, which will bring the total bonds issued to the \$265 million authorization. To date, \$234.5 million in Measure A funds have been appropriated (this includes interest income as well as the proceeds from the future Series E) for projects and \$175.6 million has been expended. Encumbrances (construction contracts and purchase orders) to date total \$14.7 million. The total change in expenditures and encumbrances since the March meeting is \$1.4M. Theresa also presented a summary of the financial activity by college location, and reported that the appropriations to date amount to 88% of the total Measure A authorization. The expenditures and encumbrances are at 72%. Series A, B, and C have all been fully expended. The total financial activity for all capital project funds, which include bond, State and other funding sources, was also presented to the Committee. The total appropriations for all funds as of May 31, 2010 are \$386.8 million. Total expenditures to date are \$289.3 million and encumbrances are \$35.9 million. A list of changes to existing project budgets was presented to the Committee. There was a total savings of \$3.4 million from the project budgets that can be re-appropriated to other projects. Theresa reported that thirty-eight projects have been completed and five are under construction. An updated list of completed projects and new projects planned to bid through July 2010 was provided.

Measure M

Following the Measure A presentation, Theresa presented a summary of the Measure M Bond expenditures through May 31, 2010. The first issuance of the \$475 million authorization is planned for fall 2010. The District is currently using its own Capital Projects funds to advance funds to six Measure M fast-track projects. It was reported that \$123.6 million in Measure M funds has been appropriated for the first six projects, \$2.4 million has been encumbered, and \$3.0 million has been expended. The list of Measure M projects appropriated as of May 31, 2010 was included in the presentation materials.

Change Orders

Theresa presented the summary of change orders for completed construction projects. One project was completed since the last meeting, the ARC Library Expansion. That project had a total of 9.4% in change orders. Pablo explained that in this case there were unforeseen conditions underground, which accounted for a higher change order rate than normal.

Comments

Pablo explained the design build technique that is being utilized for the CRC Architecture & Construction building. The architect and builder will work collaboratively as a team. We're currently in the process of selecting the team based on cost and the best design. John Orr added that the building will be LEED Certified. Pablo said yes, it will be Gold Certified. Jon said that the students also had input on the design through academic projects.

Rick asked if any of our projects fall under redevelopment zones. Jon said we do receive some money through redevelopment. Funds generated have to be accounted for and used for facilities serving the redevelopment area. He added that limited dollars have been generated thus far, but it should grow over time.

Jon shared that between now and the next meeting, the District will issue Series A of Measure M. The amount will be \$130 million, which is the District's largest series to date. He reminded the Committee that Measure M has a projected flat tax rate of \$9.09 per \$100,000. The Resolution is scheduled to go to the Board in September and the issuance should occur in October.

SMSR Historical Funding

Theresa presented a five year history of the District's SMSR (Scheduled Maintenance and Special Repairs) state funded allocations. The total since 2004-05 has been \$10.9 million. No funding was received in 2009-10 and none is proposed in the 2010-11 budget.

Project Updates

Pablo presented an update on all the active bond funded projects and provided color photos of each project in its current phase of construction. He also shared a list of projects that are bidding or starting construction soon, as well as updated schedules of the six Measure M Fast Track projects.

Annual Report Draft

Per the requirements of Proposition 39 and the bylaws, the Committee is required to produce an annual report. A draft was mailed to the Committee for review prior to the meeting. Bob recommended showcasing centers more in the document. Staff will add the centers map to the report. Jon asked that if members have any additional feedback, to please let his office know by August 15th.

7. FUTURE MEETINGS

The next Citizens' Bond Oversight Committee meeting is currently scheduled for December 2nd at Cosumnes River College. Jennifer will poll the committee members about a meeting time. Dr. Jeffery thanked the committee for their work and for holding the District accountable for on its facilities expenditures.

8. ADJOURNMENT

The meeting adjourned at 1:35 p.m.

jd

cc: Board of Trustees
Executive Staff