
LOS RIOS COMMUNITY COLLEGE DISTRICT

Citizens' Bond Oversight Committee

July 31, 2014

Folsom Lake College, Peregrine Room

12:00 p.m.

Minutes

(Approved 12/4/14)

Members Present: Basim Elkarra, John Orr, Jennifer Quinn, Diane Schachterle, Nick Schroeder, Sharon Margetts, Joe Debbs

Members Absent: Robert Holderness, John Pappas, Richard SooHoo, Catherine Lopez, Bill Heinicke

District

Representatives:

Brian King, Chancellor

Theresa Matista, Associate Vice Chancellor, Finance

Pablo Manzo, Associate Vice Chancellor, Facilities Management

Val Voda, Accountant, Grants & Contracts

Laura Machado, Deputy Chancellor's Executive Assistant

Guests:

Kathleen Kirklin, Vice President Administration, American River College

Rachel Rosenthal, President, Folsom Lake College

Mitchel Benson, Associate Vice Chancellor for Communications and Media Relations

1. INTRODUCTIONS

Basim called the meeting to order at 12:14pm and welcomed everyone to the meeting. Theresa introduced Rachel Rosenthal, the Folsom Lake College President, Kathleen Kirklin, Vice President of Administration, and Brian King, the Los Rios Chancellor.

2. PUBLIC COMMENTS

There were no public comments.

3. APPROVAL OF MINUTES

A motion for approval was made by John Orr and seconded by Diane Schachterle to approve the December 5, 2013 and March 27, 2014 minutes.

Motion Carried, 7:0

4. REPORTS

Budget Update

Theresa gave an overall budget summary for the California Community Colleges for 2014-2015. The Budget provides \$170 million to improve and expand student success programs and to strengthen efforts to assist underrepresented students. This includes a \$100 million augmentation to the Student Success and Support Program to increase orientation, assessment, placement, counseling and other education planning services to students. The Budget also includes an increase of \$140.4 million for growth in general-purpose apportionments. This represents a 2.75% increase in enrollment statewide. The Budget language also directs the Board of Governors to adopt a new growth formula beginning in 2015-16 that gives first priority to districts identified as having the greatest unmet need in adequately serving their community's higher education needs. The Budget includes a one-time increase of \$148 million that colleges may use for deferred maintenance or instructional equipment purchases. These resources will allow districts to protect investments previously made in facilities and improve students' experience by replenishing and investing in new instructional equipment.

Theresa went over a summary of how the 2014-15 State Budget will affect Los Rios. We received a cost of living increase of .85% and a one-time only Scheduled Maintenance/Instructional Equipment (SMSR) allocation of \$6.6 million. Theresa also explained that the Budget proposal almost eliminates all deferrals and the goal toward the end budget year is to have the deferral completely paid off. Mandates (prior year claims) are projected to be \$2.2 million for Los Rios and can be used to pay for the STRS pension costs passed on to the District by the Governor. The STRS funding proposal was enacted with the goal to have STRS fully funded in 30 years. Theresa stated it's good to be fully funded but will take a significant amount of money to achieve. In the May Revise, the employer share was going to jump from 8.25% to 9.50%, but has been since lowered to 8.88% for 2014-15 and then increasing thereafter. The faculty share goes from 8% to 8.15% in 2014-15. This is a continuing obligation and up and down state, districts are struggling to determine how they will fund the increase in pension costs, including PERS which is also increasing.

Review of Expenditures

Theresa provided a recap of the financial activities for Measures A and M as of May 31, 2014. Hard copies of the PowerPoint presentation were provided to the Committee.

Measure A

To date, \$250.5 million in Measure A funds have been appropriated (this includes interest income as well as the future proceeds from the future Series F) for projects and \$233.3 million has been expended. Encumbrances (construction contracts and purchase orders) total \$13.9 million. The total change in expenditures and encumbrances since the March meeting is \$10.1 million. Theresa also presented a summary of the financial activity by college location and reported the appropriations to date amount to 95% of the total Measure A authorization. Expenditures and encumbrances are at 93.3%. Series A, B, C, and D have all been fully expended. The total financial activity for all capital project funds supporting Measure A projects, which includes the bond, State, and other funding sources was also presented to the Committee. The total appropriations for all funds as of May 31, 2014 was \$397.3 million. Total expenditures to date are \$380.2 million and encumbrances are \$13.9 million. A list of changes to existing project budgets was also presented to the Committee. An additional \$384,044 has been allocated

since the March 2014 meeting. Theresa reported 52 projects have been completed and two are under construction from Measure A funds.

Measure M

Series A of Measure M was issued on October 19, 2010 in the amount of \$130 million. Series B of Measure M was issued on June 27, 2013 in the amount of \$60 million. \$179.7 in Measure M funds have been appropriated (includes interest income) for projects. To date, \$18.2 million has been encumbered and \$134.5 million has been expended. Theresa summarized the financial activity by college location and presented the changes and additions since the March meeting. The total changes and additions since the February report is \$7.7 million. The list of projects planned to bid through July 2014 was also reviewed.

Theresa reported that the District had received a call from the Sacramento County Treasurer regarding El Dorado County (EDC). EDC has been collecting property taxes for debt service but not transferring the funds to Sacramento County. As a result, EDC will be sending Sacramento County \$19 million for prior years' assessments. The District is working with the Sacramento County Treasurer to determine how these funds should be applied in terms of property tax rates. Theresa will give an update on this at the December meeting.

With the current state of uncertainty in the State as far as a state-wide bond measure in the near future, there was discussion concerning future local bond measures by Los Rios.

Joe suggested that at our next meeting in December that he would like to have an overview of our bond process, how projects are assigned to each bond measure and how projects are prioritized. At the December meeting, Theresa will bring a list of projects remaining on both measures and will go over how the bonds proceeds are allocated to each of the projects.

Diane Schachterle stated she is aware of a different method for issuing bonds on a shorter time horizon that retires the debt more quickly that can save taxpayers through lower interest costs. It is used primarily for equipment. Diane offered to meet with Theresa and a representative from the Taxpayer Association to discuss the short-term bonds. Laura will work on setting up a meeting in the future.

Project Updates

Pablo presented an update on all active bond-funded projects, including photos of each project in its current phase of construction. He stated that the construction on the CRC Art Gallery is complete. The College is waiting on a couple small items to be completed and they will be moving in soon. Pablo also provided a list of projects that will be starting in the near future: the CRC Hydraulics Modifications and the DO Workforce and Economic Development Building.

Annual Report

Per the requirements of Proposition 39 and the bylaws, the Committee is required to produce an Annual Report. A draft of the 2013-14 Annual Report was handed out at the meeting. Theresa asked the COC members to please let her office know by August 22, 2014 if they had any feedback concerning the report. The report will be presented to the Board of Trustees on September 10, 2014.

5. FUTURE MEETINGS

The next meeting will be on December 4, 2014 at CRC.

6. ADJOURNMENT

The meeting adjourned at 1:06 p.m.

lm

cc: Board of Trustees
Executive Staff