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LOS RIOS COMMUNITY COLLEGE DISTRICT  
**Citizens' Bond Oversight Committee**

November 29, 2012

American River College, ITC Training Room

12:00 p.m.

Minutes

(Approved 4/18/13)

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**Members Present:** Joe Debbs, Bill Heinicke, Robert Holderness, Sharon Margetts, John Orr, Jennifer Quinn, Diane Schachterle, Nicholas Schroeder, John Pappas

**Members Absent:** Richard SooHoo, Sean Nesbitt, Basim Elkarra

**District**

**Representatives:** Jon Sharpe, Deputy Chancellor  
Theresa Matista, Associate Vice Chancellor, Finance  
Pablo Manzo, Associate Vice Chancellor, Facilities Management  
Tatyana Zabegalin, Accountant, Grants & Contracts  
Carrie Bray, Director, Accounting Services  
Laura Machado, Deputy Chancellor's Executive Assistant

**Guests:** Dr. David Viar, ARC  
Ray Di Guilio, Vice President Administration, American River College  
Peggy Vande Vooren, Gilbert Associates, Inc.

**1. INTRODUCTIONS**

Vice Chair Jennifer Quinn called the meeting to order at 12:00pm and David Viar welcomed the Committee to American River College (ARC). He went over the ARC-at-a-Glance hand-out and discussed the student demographics, programs, and support services ARC offers. He also talked about several exciting projects that have recently finished at ARC and/or are just beginning construction and thanked the Committee for their services.

**2. PUBLIC COMMENTS**

There were no public comments.

**3. APPROVAL OF MINUTES**

The August 2, 2012 meeting minutes were considered for the Committee's approval. A motion was made by Sharon Margetts for approval and Nicholas Schroder seconded.

*Motion Carried, 9:0*

**4. REPORTS**

**CALBOC**

Jon relayed that the District was contacted by the California League of Bond Oversight Committees (CALBOC) -- a state-wide Bond Oversight Committee. This committee is not

legislatively approved or required, but is a “grassroots” organization organized to oversee state-wide Proposition 39 bond programs. As the Committee has evolved they have begun to make suggestions to local Bond Committees, offer training, and providing their interpretation of Proposition 39 issues and requirements to interested Districts. As such, they have requested contact information (email addresses) for each member of the Citizen’s Bond Oversight Committee so they may contact you directly. Jon wanted to make the Committee aware they will probably be receiving information from this group.

### **Budget Update**

Handouts from School Services of California were provided to the Committee and Jon provided an update on the State budget. He related that passage of several propositions including 30 from the November election is believed to be, in large part, due to the number of late-registered, younger demographics voters that turned out to vote. Proposition 30 passed by a margin of 53.9% to 46.1% and increases the personal income tax on earnings over \$250K for seven years, increases sales and use tax by ¼ cent for four years, and allocated temporary tax revenues for K-14 and other state programs. It is projected to raise approximately \$6B in revenues each year, with a smaller amount in 2012-13 and in the last year of the tax increase. Jon explained with the passage of Proposition 30 an account called the Education Protection Act (EPA) account will be set-up and all revenue generated from the personal income and sales tax increases will be deposited into it. In June, the Department of Finance will determine how much is available for distribution to K-14 schools – with the potential for deficit funding, if receipts are below projections.

Jon explained the California Fiscal Outlook report from the Legislative Analyst’s Office (LAO) concludes “the state’s economic recovery, prior budget cuts, and the additional, temporary taxes provided by Proposition 30 have combined to bring California to a promising moment: the possible end of a decade of acute state budget challenges.” They forecast that without spending additional surpluses, the state could be in a surplus position by 2017-18. Jon also mentioned that with the passage of Proposition 39 approximately \$22M may be available for community colleges, with around \$900K allocated to the Los Rios General Fund for energy related projects. Joe Debbs asked how the passage of Proposition 30 will impact the students that we lost in the fall. Jon responded that “it will stop the bleeding”, but we are not able to add back sections immediately. He reminded the Committee this is not a quick fix, but a progression of five to seven years to rebound from where we were previously. Jon said that we will be adding back sections more strategically and will continue to manage our reserves carefully. These are challenging times, but they are more positive in terms of what we will be facing in the future.

Jon also discussed a number of State wide bonds and Parcel tax measures that were on the ballot. Of the 106 facilities bond measures, 86 passed and 15 of the 25 parcel tax measures passed. The timelines that were originally established for our projects will need to be reset because of a delay in approval of a Higher Education Bond. Current projections indicate a 2014 State Higher Education Bond is unlikely and the LOA projects state wide Assessed Valuation Increase of 1.7% in 2012-13, 3.7% in 2013-14, and 6% between 2013-14 and 2017.

Jon provided a handout of the Districts Assessed Valuation (AV) from 1997 to present and discussed that Los Rios has experienced four consecutive years of AV decline. In the early 2000’s Los Rios’s AV was growing by double digit, which in-turn lowered the tax rate because bond repayments were spread over a larger number. Jon also went over the Measure A & M Tax Rate Schedules and provided a history of the two measures. Measure M was approved in 2008,

but the first series of bonds were sold in 2010. At the next Oversight meeting we will see a preview of what upcoming projects we anticipate and information on our next issuances. This impact on tax bills of will be small and is all well within the authority granted by the taxpayers.

### **Centers Update**

Jon mentioned the brochure in the Committee packet on *A Plan for Educating a Region*. Inside the brochure shows a map of the District with the Centers identified in orange, blue and green circles. Jon reported that the Davis Center has obtained official Center status and the Elk Grove Center will be ready and open for the Fall 2013 semester. The last center to be completed is in Rancho Cordova which has been a challenge in securing a permanent site. We believe the site selected is the best location for the Center and will serve both the new and old growth of Rancho Cordova. The District is working with property owners and the former Community Redevelopment Agency (now successor agency) on the corner of Mather and Folsom Blvd. The City has approved the purchase of this property, which will be the first phase of the Center. The California Water Company and SST Hospitality, LLC properties, if acquired, will be used for parking with nearly 400 spaces. Jon believes we are making good progress on commencing the first phase of the final Center for the region.

### **Review of Expenditures**

Theresa provided the financial activities of Measures A and M as of October 15, 2012. Hard copies of the PowerPoint presentation were provided to the Committee.

#### Measure A

To date, \$249.6 million in Measure A funds have been appropriated (this includes interest income as well as the future proceeds from the future Series E) for projects and \$214.7 million has been expended. Encumbrances (construction contracts and purchase orders) total \$17.2 million. The total change in expenditures and encumbrances since the August meeting is \$705K. Theresa also presented a summary of the financial activity by college location and reported the appropriations to-date amount of 94% of the total Measure A authorization. Expenditures and encumbrances are at 87.5%. Series A, B, and C have all been fully expended. The total financial activity for all capital project funds supporting Measure A projects, which include bond, State, and other funding sources was also presented to the Committee. The total appropriations for all funds as of October 15, 2012 are \$397 million. Total expenditures to-date are \$378.4 million and encumbrances are \$18.6 million. A list of changes to existing project budgets was also presented to the Committee. An additional \$30,751 has been allocated since the August 2012 meeting. Theresa reported 49 projects have been completed and three are under construction from Measure A.

#### Measure M

Series A of Measure M was issued on October 19, 2010 in the amount of \$130 million. It was reported that 21 projects have been appropriated, totaling \$156.7 million. To date, \$40.5 million has been encumbered and \$70.4 million has been expended. Theresa summarized the financial activity by college location and presented the changes and additions since the August meeting. The total changes and additions since the August report is \$6 million. The list of projects planned to bid through July 2013 was also reviewed.

## **Project Updates**

Pablo presented an update on all active bond-funded projects, including photos of each project in its current phase of construction. He also provided a list of projects that will be starting soon.

Jon wanted to commend Mr. Debbs for doing a great job representing the Committee at the opening of Hughes Stadium. Jon is working with the Sacramento Convention and Visitor's Bureau to bring State-wide events back to Hughes Stadium. Jon sees the stadium as a potential for high profile events and as a regional event center that will benefit the community.

## **Audit Review**

Peggy Vande Vooren of Gilbert Associates presented the results of their external audit of the Measure A and Measure M General Obligation Bonds. She noted the Financial Audit and Performance Audit are two separate reports the committee is required to review under Proposition 39. There were no findings for 2011-12. The most significant activity that occurred this year was the advanced refunding (refinancing's), of which there were two in 2012. The main reason for refunding is to save the taxpayers money.

Sharon doesn't believe we do enough to publicize what these bonds pay for and all the work that goes into making this happen. There is an impressive list of accomplishments, but we need to get the story out regarding the clean audit and saving the taxpayers money by refunding, etc. Now is a good time to reflect back to what we achieved and what's yet to come -- and what Los Rios is doing to make the taxpayers investment that much better. Jon said we will carry that back to others in the District and strategize about ways to better inform our public.

## **5. FUTURE MEETINGS**

Proposed 2013 meeting dates and locations were distributed. The next meeting will be on March 28, 2013 at Folsom Lake College.

## **6. ADJOURNMENT**

The meeting adjourned at 1:30p.m.

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cc: Board of Trustees  
Executive Staff