
LOS RIOS COMMUNITY COLLEGE DISTRICT
Citizens' Bond Oversight Committee

December 4, 2008

District Office

Main Conference Room

12:00 p.m.

Minutes

(Approved 3/26/09)

Members Present: Jerry Bernau, Bob Blymyer, Suzie Chock Hunt, Martin Kennison,
Dan Lawrence, Matt Mahood, Margaret Solie, Jane Vargas

Members Absent: Marcia Fritz, Janet Myles, Chris Reeg

District

Representatives:

Jon Sharpe, Deputy Chancellor
Theresa Matista, Associate Vice Chancellor, Finance
Vincent Montoya, Director, Facilities Management
Kim Sayles, Supervisor, Grants & Contracts
Van T. Tran, Accountant, Grants & Contracts
Jennifer Delucchi, Deputy Chancellor's Executive Assistant

Guests:

Brice Harris, Chancellor
Carrie Bray, Director of Accounting
Bryce Gibbs, Matson & Isom

INTRODUCTIONS

Chair Bob Blymyer called the meeting to order at 12:05 p.m.

APPROVAL OF MINUTES

The July 24, 2008 and October 15, 2008 minutes were considered for the Committee's approval. A motion was made by Martin Kennison, and seconded by Dan Lawrence, for approval of the July and October minutes. *Motion carried, Ayes: 6; Abstention: 1 (Bernau).*

REPORTS

Measure M

Chancellor Harris thanked the Committee for their support of Measure M. In his opinion, it was in large part because of four groups that this measure passed: the Citizens' Bond Oversight Committee, the Metro Chamber, the Organized Labor Organization, and the Los Rios Employees. Jon and Vince talked about the projects that can be fast-tracked into development. There are six projects, totaling \$115 million, that are ready to begin as quickly as possible in order to pump the taxpayers' money back into the local economy. The parking structure at ARC, the remodeling of Hughes Stadium, landscaping of physical education/athletic fields at CRC and FLC, the CRC Architecture/Construction Management, and ARC Student Center are among the projects. Jon said we will see increased activity in the near future on the college campuses. The majority of the architecture, construction, and other services are provided by local companies. In

addition, the bidding climate is perfect for fast-tracking some of these projects. Jerry asked about a press release regarding the passage of Measure M and the stimulus to the local community. The Chancellor said that thank you letters will be mailed to 300-400 community leaders and donors, but the District has decided not to do a press release at this time, as it may be confusing with the current operational budget issues. Jon said that after the Board approves the election certification on Dec. 17th, revised bylaws will be presented to them in January to appoint this Committee to oversee Measure M. Jon echoed the Chancellor's appreciation to the Committee for their endorsement and support of the bond measure.

Budget Update

Jon updated the Committee on the proposed mid-year budget reductions. The current proposal includes elimination of the .68% COLA for apportionments. A schedule was distributed to the Committee that provided detail on how the mid-year reductions will directly impact Los Rios. The District is working on reflecting the mid-year reductions to its Program Development Funds. Some one-time funds will be used to cover some ongoing costs in the short-term, but the District will not compromise its financial future. Jon said that community colleges don't expect to be held harmless; however, this proposal does not affect higher education proportionately compared to K12, so we are resisting. There is a possibility that community colleges will have to cap enrollment. This is projected to impact over 262,000 students system-wide. A chart that demonstrates the correlation between headcount enrollment and unemployment was also shared with the Committee. Bob asked if other states that have higher tuition fees have similar looking enrollment/unemployment charts. Jon suspects so, but has not seen specific data regarding that. Jon mentioned an article that was published in the Sacramento Bee yesterday regarding the nationwide ratings of college tuition. California received a C, primarily because of its affordable community college fees. He said the rating probably would have probably been a D or F otherwise.

Review of Expenditures

Theresa presented a summary of the Measure A Bond expenditures through October 15, 2008 and provided an update on bids awarded since the last meeting. It was reported that \$203.9 million in bond funds has been appropriated (this includes a portion of interest income) for projects and \$128 million has been expended. Margaret asked if there is a time limit on when the interest can be spent. Theresa said that interest earned on a series must be expended before we begin spending the next series. Encumbrances to date amount to \$29.8 million. The total change since the July meeting is \$24 million (in expenditures and encumbrances). Theresa also presented a summary of the financial activity by college location. She mentioned that the balance across the colleges is good as ARC and CRC are approaching SCC and FLC in appropriations and expenditures. She said SCC and FLC were higher initially because the SCC parking structure was an early project, and FLC will always be a higher because it is a brand new campus. Jane asked if the bond measure required the colleges to distribute funds evenly. Theresa said no, but we like to see that the money is shared throughout the District. Jon added that only the projects listed on the original bond measure ballot can be funded, and because there is growth throughout the District, the needs were fairly even, particularly due to the centers development. Jerry asked a question about invested funds. Jon said that the bond funds are invested by the County Treasury, which has a reasonably conservative investment policy. We have not incurred any losses. Everything that we have invested in so far, the government has backed. Jon added that the protection of principal is the highest priority per the investment policy. Theresa reported that the appropriations to date amount to 77% of the total Measure A authorization. The expenditures and encumbrances are at 60%. Approximately \$32 million of the \$70 million Series C issuance has been expended as of October 15, 2008. 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 October 15, 2008 are \$352.5 million. Total expenditures to date are \$208 million and encumbrances are \$65.9 million. A detailed list of changes to existing projects and the addition of new projects was presented to the Committee. Theresa reported that thirty-one projects have been completed and eight are under construction. A list of completed projects and new projects planned to bid through July 2009 was provided.

Project Updates

Vincent Montoya presented an update on all the active bond funded projects and provided color photos of each project in its current phase of construction.

Audit Review

Jon reminded the Committee that, as part of the Proposition 39 requirements, an annual audit must be performed by a third party auditor. Bryce Gibbs from Matson & Isom and Carrie Bray, Director of Accounting Services for Los Rios Community College District attended the meeting to present the Measure A Bond Fund Financial Statements, which were mailed to the Committee prior to the meeting. Once again, there were no findings in the audit of Measure A funds. The Audit Report will be presented to the Board of Trustees on December 17th. Bryce commended district staff. Carrie added that the tax assessment rates are remaining lower than what was originally projected.

FUTURE MEETINGS

The next Citizens' Bond Oversight Committee meeting will be on March 26, 2009 at Sacramento City College. The Committee discussed possibly touring a couple of the other colleges that afternoon as well.

Bob recognized Suzie Chock Hunt for her service to the Citizens' Bond Oversight Committee meeting. Today is her last meeting. She thanked the district staff for their meeting organization and clear reporting.

Jon said he'd like to add Centers Development to a future agenda. The Board of Governor's recently approved the CRC - Elk Grove and SCC - Davis Education Centers.

ADJOURNMENT

Bob adjourned the meeting at 1:35 p.m.

jd

cc: Board of Trustees
Executive Staff