Regular Meeting No. 16

The Citizens Oversight Committee met for Regular Meeting No. 16 on Thursday, September 18, 2008, in Community Room 159 in the Center for Innovation at Citrus College, 1000 West Foothill Boulevard, Glendora, California 91741-1899.

Members Present
Mark Ferrari  Patricia Myers  Yvonne Bullock  Nikki Hull  Joseph Guarrera  Star Dominguez

Support Staff
Carol Horton  Judy Rojas  Dr. Geraldine Perri

Guests
Meredith Johnson – Fulbright & Jaworski LLP
Ariane Lehew – School Advisors
Andy Gonzales – School Advisors
John Serpa
David “Dean” Kays
Sharon Lewis

Members Absent
Jon Hart

I. CALL TO ORDER
Mr. Ferrari called the meeting to order at 3:30pm.

II. INTRODUCTIONS
Mr. Ferrari called the roll of the committee members. Mr. Hart was absent.

The committee members introduced themselves to the attendees. Mrs. Patricia Myers has been on the committee for one year. She is a long time fan of Citrus and was a past member of the Foundation. She is a member at large. Star Dominguez is the student representative. She has been involved in student government for two years including president of ASCC and a member of the Foundation board. Joe Guarrera represents a business organization. He has
retired as Community Services Director of the City of Azusa and has owned the Monrovia Ice Company for 25 years. He is also chairman of the Azusa Golden Days Parade and involved with many other civic organizations. Nikki Hull represents a senior citizen organization. Ms. Hull was a Community Services Commissioner for the City of Glendora for six years. Yvonne Bullock is a member at large from Duarte. She works for the Duarte Unified School District at the middle school. She is active in the Monrovia/Duarte town council. She is also a CSEA president. Mark Ferrari is the chairman of the committee who represents a member of the Foundation and has been on the committee for one year. He has a business in Monrovia and lives in Glendora. He has had the opportunity to work with the past members and hopes to continue in their footsteps.

Sharon Lewis, past chair, introduced herself and thanked the board of trustees, Dr. Viera, Carol, Judy and Ariane and staff for making this job a wonderful experience. She learned quickly her responsibilities and was given all of the information that she needed to understand the bond and construction process. It was a privilege to be on this committee with the other members, Bill Bird, David Kays, John Serpa, Bobbie Wenrick, Phyllis Fritz and Jesse Sanchez. She added that she has seen so much happen in the years since she had graduated from Citrus Union High School in 1950 and feels that Citrus has grown into one of the most beautiful campuses and has a great staff to serve the five communities of our district. John Serpa from Claremont agreed with what Sharon said. He added that he appreciates the reports from Bob Bradshaw and Carol Horton at each meeting to keep the committee up to date on the projects. Dr. Kays wanted to thank the Administrative Services Department and the project team for making this a very enjoyable experience because it is always fun to work with something that is accomplishing its goals and creating things that are good for the people who are receiving the work that is done. The oversight committee is very important to every bond issue. We can be certain up to this point and time that every dollar that has been spent has been spent on what it was intended for.

Carol Horton introduced Dr. Geraldine Perri, our new President/Superintendent. Dr. Perri was President of Cuyamaca College for seven years, prior to that Vice President of San Diego Mesa College, and Dean of Career Education at Mt. San Jacinto College. Her career prior to that was 17 years in the City University of New York City system as faculty and Dean of Academic Affairs. During her tenure as President at Cuyamaca a bond measure was passed for $207 million and she was pleased to see completion of 3 of the 4 buildings on the plan and some major renovation projects. Besides the community support it is exciting what a bond measure does in reinvigorating a campus. She thanked the members of the committee for volunteering their time and she values their job on the committee.

Meredith Johnson introduced herself. She is the district bond counsel along with Lisalee Wells and Ann Rohlin from Fulbright & Jaworski LLP. The role of the bond counsel is to work with the district during their bond issuances to make sure that all legal requirements are met. An important role is an opinion that is issued at closing that states that interest on the bonds is tax exempt for investors. After
the bonds are issued they work with the district to be sure that funds are spent on the proper projects and are available for advice as needed.

The staff introduced themselves; Carol Horton, Vice President of Finance and Administrative Services and Judy Rojas Administrative Assistant to Carol Horton.

Ariane Lehew and Andy Gonzales of School Advisors support the district in the Measure G campaign, the Citizens Oversight Committee and the Annual Report. Ariane stated that she is pleased to see the promises made to the community through Measure G come to fruition.

III. APPROVAL OF MINUTES OF JUNE 5, 2008 MEETING
Mr. Ferrari asked if everyone was able to review the minutes from the June 5, 2008 meeting. Mrs. Myers motioned that the minutes be approved as presented. The motion was seconded and the minutes were unanimously approved.

IV. PUBLIC COMMENT
No public comments.

V. COMMITTEE ORIENTATION
Meredith Johnson the district bond counsel presented a Power Point program titled “Bare Bones of School and College District Bonds and Citizens’ Oversight Committees”. General obligation bonds are payable from property taxes levied on all properties in the district. There are two laws under which community college districts can issue bonds; one is proposition 39 which was enacted in 2000 and before that proposition 46. Prop 39 requires a citizen oversight committee. Proposition 39 requires a 55% vote to pass where prop 46 required 2/3 vote to pass. The procedural steps are as follows: 1.) The district calls for the election. 2.) Voters pass at 55%. 3.) The district appoints the citizen oversight committee within 60 days of the election. 4.) The district issues series A or first series of bonds. 5.) The district prioritizes and builds projects. 6.) COC reports to the taxpayers. Carol Horton noted that Measure G was for $121 million and series A was a $21 million issuance. We do not issue all $121 million at one time. Ms. Johnson added that according to IRS Code the district issues enough bonds to cover the projects for a period of three years. It does not mean that the district has to issue every three years but it just means that they need to spend the issued bonds within three years. Mrs. Myers asked if the state legislature could annex any of our bond funds. Ms. Johnson stated that the funds are safe at the county treasury and only the district can access those funds. Carol Horton noted that the bond ratings are actually higher due to the state of the economy. Ms. Hull asked if we have any time limits on issuing bonds. Ms. Johnson noted that there is not a time limit on issuing bonds, only the 3 year spending requirement on the issued bonds. Mr. Serpa asked what have we issued so far. Mrs. Horton stated that we have issued Series A for $21 million and a little over three years later we issued Series B for $40 million. We are half way through our bond and have about $16 million left of the Series B issuance. We will probably have another issue late winter or early spring next year. Ms. Johnson continued to
explain that the maximum tax rate is $25.00 per $100,000 in assessed valuation (not price) based on the tax roll at the county. This is a promise to the voters as well as a statute. The district must also spend money only on the listed projects in the bond language. The priorities are promised to the community, but as times change and costs change the priorities may also change. The district also promised to establish a Citizens’ Oversight Committee to report back to the community. The proceeds of the bonds are held at the county treasury and are not accessible to anyone other than the district and can only be spent on district projects noted in the bond language that the voters approved. The oversight committee must be established 60 days after the election and must be made up of at least 7 members and the members must represent certain community organizations; 1.) Senior Citizen Organization 2.) Taxpayer Association Representative 3.) Local Business Representative 4.) Foundation Member and 5.) Enrolled Student. This committee is subject to the Brown Act and has certain requirements for open and accessible meetings for the public. The committee’s job is to oversee and comment to the public on the district use of bond funds. It is district’s staff responsibility to make decisions as to when to issue bonds and what projects to spend bond funds on. Then the committee comes in once the bonds have been issued and oversees how the district spent funds. There is no advisory role of the committee. The heart of the committee’s responsibility is to report to the community how the district money is spent and how the projects are progressing. In order to avoid conflict of interest the members of the committee may not include district staff, vendors or contractors and it is recommended that no immediate family members are on the committee.

Ms. Hull asked about Brown Act restrictions about gathering outside of this meeting. Ms. Johnson stated that it was different with a committee than with a governing board because you are not making decisions. This group must follow Brown Act meeting protocol. Mrs. Horton noted that it is the committee’s responsibility to report to the community what we are doing with the bond funds even if the report is negative. The independent auditors provide a report to this committee letting the committee know if the district is in compliance financially and in performance. Mr. Serpa noted that it is easy to disseminate information by taking copies to the public library. The committee will be supported by the district but not by bond funds. An annual performance and financial audit is required for the bond funds. Ms. Johnson recommended that the committee look around the district to see what projects are being worked on and to talk about district efforts to implement cost efficiency in the projects. The Brown Act requires that an agenda be posted 72 hours before the meeting and the public is welcome to attend and speak at the meeting. There cannot be any secret meetings. No action can be taken on items not on the agenda. Materials provided at the meeting must be made available to the public.

VI. BOND REPORT – REVENUE AND EXPENDITURES
Carol Horton reviewed the Revenue Bond Construction Fund Report that was provided to the committee. Each of the bond projects are listed on this report. Salaries of the district are not paid out of the bond. There are certain employees that are paid out of the bond that are related specifically to bond projects. The Bond Project Manager, Bob Bradshaw, his Administrative Assistant, Lori Amato,
a buyer and a Project Construction Supervisor, Jim Scinocca, and DSA (Department of State Architect) inspectors. Those salaries are in the across projects line item. The Enterprise System is a new information system for Instruction and Student Services that replaced our 35 year old home grown system. The Center for Innovation notice of completion will go to the Board of Trustees in October. The Fine Arts Building has been planned and designed and it is our final new building with the bond projects. Vocational Technology was listed on the bond projects, but it was state funded. If there are cost overruns or we want to purchase additional equipment we can use bond funds. The Main Gym remodel is in the working drawings phase. This will make us in Title 9 compliance. Campus-wide roofing is considered a regular maintenance project and we try to keep these projects out of the bond. HVAC upgrades are not scheduled maintenance but were intended to be upgraded with the installation of the new Central Plant. The new Central Plant produces cold water at night during off peak hours to cool the buildings during the day and also has boilers for the cooler weather. The Central Plant has allowed us to spend less on electricity with more square footage and more students even with the rates going up. To capture the savings that we could with the Central Plant we needed to upgrade several buildings on campus. The Liberal Arts Building had faculty offices that were taken out and classrooms reinstated. We also remodeled the restrooms on the first floor. This remodel was inspired by students who came to the Physical Resources Committee who gave a report on automatic flushers, sinks and hand dryers for a class project. If this restroom works well we will implement this in other areas of the campus. Hayden Hall is the oldest building on campus built in 1934 and is set to be renovated. We cannot start this building until the Student Services is complete because the Health Center which is housed in Hayden Hall will be moving from Hayden Hall to Student Services. We have applied for state funds for this project and hope to split the costs between state and bond funds. We always look for other resources before we use the bond funds. The state also funded 100% of the Math/Science Building. The funds listed on the report are for equipment only which was not funded by the state. The East Quad and campus-wide walkways and turf replacement were included in the bond. The Softball Fields are being used. We now have a parking lot where the old field used to be. The new fields have lights, scoreboards, bleachers and restrooms. We have some funds for swing space for people that are misplaced due to construction. We spent all of the first $21 million issuance during the three year allotted time frame. Carol was happy to report that we did not have to pay anything back to the IRS for the interest earned on the $21 million. Ms. Johnson explained that there is a yield on the bond and the district is allowed to keep those interest earnings if the interest rate is below the bond yield. Only the interest earnings above the yield must be rebated back to the IRS. That is a security feature for the public so that districts do not issue large amounts solely for the purpose of making money. The return is averaged over the first five years. Mrs. Lewis asked if the district can keep the interest earnings. Yes, we can keep it. Mrs. Horton reported that we try to keep our construction management costs within those earnings so that our bond funds are spent on construction projects only. Mr. Guerrera asked about the report time frame. This report provided was only for this fiscal year. Mrs. Hull commended Mrs. Horton for looking for other funding
sources other than the bond funds. Mrs. Hull asked if we have a surplus of bond funds after the existing projects are complete how will we put new projects in? Mrs. Horton stated that we will probably go back to the college community to begin the master planning process again. Mrs. Horton stated that if we get through all of the projects that we plan to do and have money left over it would be wonderful. We want to accomplish everything that we have promised to the campus. The flexibility of the two projects that did not have to be fully bond funded has helped us. Also the inflation that we have built in to the projects has given us some flexibility. Mrs. Hull asked if the funds will be depleted at some point. Mrs. Horton felt that it would be spent with all of the continuing program needs. Mr. Kays noted that in the original bond language has enough latitude to allow for the opportunity for state funding. We issue additional bonds based on our project load.

VII. CONSTRUCTION UPDATE
Carol Horton distributed a Bond Program Status Report dated September 18, 2008. It includes a brief oversight of all of the projects. Mrs. Horton stated that this is our busiest year of so far since the bond has passed. We have four projects in process right now; the Softball Field, Field House and Concession Building, Vocational Technology Building and Student Services. The Field House is a 16,000 ft, two story building that will have locker/shower rooms for both visitor and home teams for several different sports. The second floor has faculty/coaches offices. There are weight rooms and training rooms also. The Concession Building has ticket sales area and arched entrance to the stadium. This contractor has had some scheduling problems but the project should not be too late. It should have been finished by the end of December but it will probably be done in spring 2009. The stadium is usable during construction. The Vocational Technology Building, though it is not a bond project, is reported to this committee. We have a large and long existing Automotive Technology program. This is a 2 phase project. Phase 1 should be ready for occupancy by late spring with offices, classrooms and an engine shop. Two old buildings along Barranca will be torn down for Phase 2 which will be all of the automotive bays. Construction will start in February and will be a 9 month project. Mr. Guarrera asked if the Diesel program was still ongoing. Mrs. Horton stated that the program was still active. It is not part of the Vocational Technology Building because it has a separate building.

VIII. WEBSITE UPDATE
Mrs. Lehew wanted to make sure that the committee members were aware that all minutes, agendas and reports that are received at these meetings are posted on the Citrus College website under the Bond Oversight Committee link. This is part of the way that this committee communicates with the community on the status of the bond projects and funds.

IX. ANNUAL REPORT
Mrs. Lehew stated at the December meeting we will focus on the annual report. She will be coming to the committee with a fairly close to complete draft, have it proofed by the committee and presented to the Board of Trustees and posted to
the website by early 2009. The report will be comprised of a reporting period of January through December. Andy Gonzales distributed some different looks for the 2008 report. Roy LaBomme takes photographs that are used in the report. Following the examples of the look is an outline of the report with the types of items that we are proposing for the report. In the next few weeks the members will hear from Judy and Andy to schedule photos and to gather biographical information for the report and the website. Mark Ferrari is in the process of working with Mrs. Lehew on a letter from him as the chair of the committee. Mrs. Lehew also mentioned that one very important part of this annual report is the statement that you have reviewed the annual performance and financial report and find it in order.

X. RETIRING COMMITTEE REPORT

Mr. Ferrari would like the outgoing members to share their experiences on the committee. Mr. Kays wanted to encourage the new members to go through their binder that they received and to let them know that they are responsible to the voters who have voted for this bond measure that the projects are included in the bond language. This information will help you to do your job better. Mr. Kays noted that Carol has hired internal staff to manage the construction projects that could do the job very well and she is saving a lot of money by doing it this way. In talking to the community you need to be aware of the projects and their status. The committee members should also be familiar with the master plan that the bond measure was issued on. Informing the community is very important. Annual Reports can be taken to the library as Mr. Serpa did and Mr. Kays did a presentation and provided reports at the University Club of Claremont. Mr. Kays appreciated the detailed reports that Bob Bradshaw provided and the cost saving measures that he talks about. Mr. Kays said that if you are well informed of the projects you feel comfortable in stating that the funds are being spent on the items that they were intended for. It is a very interesting and informative assignment and you will be helping the school and the community. Mr. Serpa asked Mrs. Horton if this is about a 10 year construction period. Mrs. Horton stated that the master plan is a 10 year master plan to meet the goals and needs of the college. We can spend the college out in any amount of years but our plan was 10 to 15 years to build everything out. Periodically we re-evaluate where we are cost wise with our projects. We put about 18% per year to adjust for increased costs. We will probably start the last major construction project in the 7th year of the bond passing. We have worked very hard to get that done. Mr. Guerrera asked if the bids are coming in higher or lower right now. Mrs. Horton responded that we have a couple of architects in the district; one of them that we have used for the last 30 years that specializes in community college construction. That firm has most of the major buildings. These buildings have been part of our planning since the late 1980’s or early 1990’s. Their bids come in right on target or a little less than cost estimates. We have a couple of architects that are newer to community colleges but they are ok. About 6 years ago construction costs really escalated but we have adjusted our figures to meet that inflation and we are ok. On the Student Services Building the bids came in about 11% higher. When we design buildings we design based on the cost per square foot that the state allows and the staff plans within those parameters. If a
building comes in 19% higher than the estimated amount that we submitted to the state, we are required to do value engineering or cutting of the project. Mrs. Horton stated that since she has been at Citrus we have not had to value engineer any project. Mr. Guarerra asked if we are subject to the Field Act. Mrs. Horton stated that we were. Mr. Guarerra also asked if we had to abide by prevailing wage. Mrs. Horton responded that we do.

Mrs. Horton appreciated all the comments that Mr. Kays made because he is an expert in the construction field and did build a city in Saudi Arabia and she is glad to hear that we have proven to Mr. Kays that we can handle these projects. In her career the college will probably not go out for another bond. When the college has the need to go out for another bond this committee serves as our ambassadors and you communicate to the community and the voting public that we have been good stewards of their money and done what we promised to do and did it economically and in the right way.

XI. REQUESTS OF STAFF/ITEMS FOR FUTURE MEETINGS
None

XII. SCHEDULE OF UPCOMING MEETINGS
December 4, 2008 – Administration Building – Room 206

XII. ADJOURNMENT
The meeting as adjourned at 5:20pm.

Respectfully submitted,

Judy Rojas
Administrative Assistant
Office of the Vice President of Finance and Administrative Services