

# MONTEREY PENINSULA COMMUNITY COLLEGE DISTRICT

## CITIZEN'S BOND OVERSIGHT COMMITTEE

Monday, August 17, 2009  
3:00 PM – Regular Meeting  
Sam Karas Room, Library and Technology Center  
Monterey Peninsula College  
980 Fremont Street

### Meeting Minutes

MEMBERS PRESENT: Mr. Peter Baird  
Mr. Steve Emerson  
Mr. Scott Coté  
Ms. Daphne Hodgson  
Ms. Mary Ann Kane  
Ms. Elinor Laiolo  
Ms. Eleanor Morrice  
Ms. Sondra Rees

ABSENT: Mr. Ron Pasquinelli  
Mr. Gary Ray

STAFF PRESENT: Ms. Rosemary Barrios, Controller  
Mr. Joe Bissell, Vice President for Administrative Services  
Dr. Douglas Garrison, Superintendent/President  
Mr. Steve Morgan, Director, Facilities  
Ms. Vicki Nakamura, Assistant to the President

OTHERS PRESENT: Mr. Joe Demko, Kitchell

#### 1. Call to Order

The regular meeting of the Citizen's Bond Oversight Committee of Monterey Peninsula College was called to order at 3:01 PM by Chair Baird.

#### 2. Public Comment

None.

#### 3. Status of Investment of Series B and C Bonds

Lou Solton, Monterey County Treasurer-Tax Collector, was present to provide an update on the District's bond fund investments and the impacts of the Chapter 11 bankruptcy filings by Lehman Brothers and Washington Mutual Bank on the County's investment portfolio.

He distributed a handout, including a daily report for the County's investments as of the morning. Mr. Solton reminded the committee that approximately half of the District's bond funds were invested in the general County portfolio and subject to the Washington Mutual and Lehman Brothers bankruptcy losses. The remainder of the District's bond funds were placed in custom investments with \$40 million invested in LAIF (Local Agency Investment

Fund), \$5 million in General Electric, and \$4 million in JP Morgan Chase. Mr. Solton reviewed page 4 of the handout showing the history of the District's earnings since February 2008.

He then referred the committee to page 6 of the handout regarding the allocation of losses related to the Washington Mutual and Lehman Brothers bankruptcies. The County investment pool earned \$14.1 million; however the losses of Washington Mutual and Lehman were \$29.8 million, for a net loss of \$15.749 million, or -0.0165%.

Mr. Solton shared breaking news that the County was able to sell the Washington Mutual assets for \$5.6 million, to accrue as unanticipated revenue. There were several reasons for selling these assets. The County is involved with San Mateo County in a legislative effort for recovery, which is focused on Lehman Brothers. He stated Congressman Barney Frank and San Mateo County's legislative representatives are supportive of TARP (Troubled Asset Relief Program) funds being used for this purpose. In contrast, the County's bankruptcy attorneys in New York don't see any recovery in the Washington Mutual bankruptcy. A buyer was found and the loss will be booked in this fiscal year, so the losses on page 6 will be reduced by \$5.6 million.

Mr. Solton reviewed the efforts to recover the \$10 million from the Lehman Brothers bankruptcy. A number of cities and counties across the country are involved. He noted page 7 of the handout is a letter from the National League of Cities to Treasury Secretary Timothy Geithner urging the use of TARP funds to purchase Lehman Brothers assets. The handout also included an article on page 8 showing the national media's interest in the issue and information on the class action suit against Lehman. Mr. Solton noted the last page states an estimate of reclaiming 15-20 cents on the dollar; however, he stated his belief that the recovery amount will be higher due to the litigation and legislative efforts underway.

Mr. Coté noted the total loss to the District six months ago was estimated at \$1 million. He asked what the loss would be today. Mr. Bissell did not have the current estimate. Mr. Solton stated he would communicate to the college if another recovery occurs.

#### **4. Approval of June 8, 2009 Minutes**

Chair Baird asked Mr. Bissell to follow-up on Bills and Warrants Report items identified in the minutes that needed further clarification. Mr. Bissell noted there were questions regarding the William Scotsman trailer rental and the overlap of dates. He stated Fiscal Services determined the first entry was correct, the second entry was for a different trailer, and the third entry was a duplicate payment. The vendor will be contacted.

Two corrections to the minutes were also noted. The attendance of Ms. Rees was not recorded and the date of the minutes approved should have been March 2, 2009. Motion to approve the minutes of the June 8, 2009 meeting with the corrections noted, was made by Ms. Laiolo and seconded by Ms. Morrice. Motion carried unanimously.

#### **5. Accept Bills and Warrants Report**

Mr. Bissell asked for questions or comments regarding the report.

Ms. Hodgson asked for clarification on several items. She questioned the appropriateness of an entry on page 3 for copier maintenance, several entries for the purchase of office supplies, and shredding expense on page 6. Mr. Bissell responded the copier and office supplies were for the construction manager and the shredding of documents was related to the move of offices to the new Administration Building. Mr. Emerson suggested these

expenses be recorded differently to avoid raising questions. Mr. Bissell said items for the construction manager would be identified in future reports.

Ms. Hodgson also asked if the entries for Lecture Forum HVAC drawings and service were related to earlier reconstruction work. Mr. Bissell responded the vendor did not bill for all of the fees and the error was discovered at the end of the year.

Chair Baird referred to an expense on page 4 for the Gym project and asked why the expense was moved to the capital outlay fund. Mr. Bissell explained when a project has multiple funding sources, all of the expenses are first charged to the bond. Then, the fees are back charged to the other funding sources, such as state capital outlay funds. Ms. Hodgson advised providing further explanation in this case, such as “moved to capital outlay fund for state funding.”

Chair Baird asked about an entry for repair on page 6 for Silvestri Construction and if it would be more appropriate to use “upgrade” to characterize the work. Mr. Bissell assured the committee the District can spend bond funds on maintenance and repair items. He stated most of the items on the existing buildings are related to maintenance.

Entries for Williams Scotsman on pages 7-8 were questioned. Chair Baird noted the rental periods overlapped and the expense varied between \$417.20 and \$637.20. Mr. Bissell said Fiscal Services will need to check the expenses and the trailers also need to be identified.

Mr. Coté noted an entry on page 6 for “purchase of equipment for new data center” from Cable Express was not specific enough. He also observed the District was purchasing a lot of refurbished equipment and asked if warranties were provided. Mr. Bissell responded yes.

Ms. Laiolo commented the report contained several errors in capitalization, such as Marina, AT&T, etc. Mr. Bissell said he would ensure future reports would be correct.

Ms. Morrice questioned an entry for a pull handle on page 6; she thought \$185.00 seemed high. Mr. Bissell explained the expense also included the installation of a lock set.

Motion to accept the Bills and Warrants Report was made by Ms. Hodgson and seconded by Ms. Morrice. Motion carried unanimously.

## **6. Bond Expenditure Status Report**

Mr. Demko reported smaller projects were being closed out, necessitating reconciliation. He also noted he was trying to get accurate cost of projects to update budget amounts. Ms. Kane noted projects over 100% in cost had negative amounts in parentheses. Mr. Demko explained the amounts reflected how much the projects were over budget. Mr. Bissell added that completed projects ended up being \$536,000 under budget; however, the column above showed that many projects were either over or under budget. There was discussion regarding the various reasons for the variances – supply costs, seismic, Division of the State Architect changes, etc. Mr. Bissell also noted further adjustments would be made to reflect year end (June 30) closing.

Chair Baird commented the new report format was easier to follow and expressed appreciation to staff.

## **7. Update on Facilities Projects, Timelines and Schedules**

Mr. Demko, the college's bond program manager, began his report with a review of the status of current facility projects.

### PE Fitness Building

Work is continuing. The elevator should be completed in two months.

### Public Safety Training Center at Seaside

Staff will be moving into the upper building on Thursday. The Marina Coast Water District requirements have been fulfilled. Landscaping and the irrigation system will not be installed until after the lower building is completed. The existing trailers will be removed and a walkway ramp will be installed to connect both buildings.

### Infrastructure

Mr. Demko indicated work on Parking Lot J would be completed to provide additional parking by the start of classes on Monday. The emergency broadcast system has also been installed.

### New Student Services Building

The bid came in \$1.2 million under budget. Grading has been completed and the site has been fenced.

### Auto Technology Building

Mr. Demko said a job walk for the classroom addition will take place next week and the bid date has been set for September 10, 2009.

### Baseball Backstop

This project has been completed.

### Swing Space

A swing space plan is being developed to address classroom needs. The former Administration Building will be converted to provide classrooms and science labs. Modularity will also be used.

### Facilities Committee

Mr. Demko reported the Committee was reassessing budgets and timelines.

Chair Baird asked when it was more cost effective to buy a modular vs. renting one. Mr. Demko responded 4.3 years has been a standard. Mr. Bissell added the District currently owns seven portables and after the Marina Education Center facility is completed, there will no longer be any rental trailers.

Vice Chair Emerson inquired about the Education Center and the timeline for completion. Mr. Demko indicated the Division of the State Architect (DSA) requested additional geotechnical data. The plans were submitted to DSA in February and are expected to be approved in another month. Bidding will hopefully occur in October.

Mr. Demko reviewed the construction schedule. Mr. Bissell noted the state released funding to allow the District to proceed with drawings for the Humanities, Student Services, and Business Humanities project.

## **8. 2008-09 Final Project Proposal Submissions**

Ms. Nakamura reported the District submitted Final Project Proposals for the Fort Ord Public Safety Training Center - Phase II, Music/Theater Project, and Arts Complex Project to the

state Chancellor's Office in July for consideration for state funding. As the Music/Theater and Arts Complex projects were resubmissions of proposals reviewed with the committee last year, she focused her PowerPoint presentation on the Fort Ord Public Safety Training Center Phase II project.

Ms. Nakamura noted the Phase II project will construct facilities for skills training required by the District's police, fire, and emergency service training programs. The three main components consist of an emergency vehicles operation course (EVOC), a four-story burn tower for firefighter training, and a firing range. The EVOC and burn tower will be located at the Parker Flats site and the range at the MOUT (Military Operations in Urban Terrain) facility at the former Fort Ord. She indicated the total budget for the project is \$12 million, with 50% being funded by the District's bond program and 50% proposed for state funding.

#### **9. 2011-15 Five Year Capital Outlay Plan**

Mr. Bissell stated the Final Project Proposals (FPPs) are submitted as part of the Five-Year Capital Outlay Plan. In evaluating the FPPs, the Chancellor's Office looks at gross square feet and assignable square feet of facilities at the District and compares to state standards for efficiency. Reviewing the list of District projects in the Five-Year Plan, he said five have been submitted for state funding, four on the main campus and one at the Fort Ord Center. Two have been approved for state funding, the Business, Math, Science Buildings project and the Humanities, Business-Humanities, Student Services project. Mr. Bissell noted there will be further changes to the plan in the near future.

#### **10. Facilities Committee Planning Update**

Mr. Bissell reported the Facilities Committee has been discussing changes to the existing facilities plan. He reviewed the diagram listing both the current facilities plan and the proposed plan. Mr. Bissell distributed a copy of the June 23, 2009 Board agenda item that describes the Facilities Committee proposal. He stated the Facilities Committee believes major changes are needed due to three main reasons. First, state funding is uncertain, resulting in projects being delayed. Secondly, the current economic situation has led to a favorable bid climate. Construction costs will be lower if projects are built within the next few years. The third reason is the District's facilities continue to deteriorate.

Mr. Bissell stated the Facilities Committee wants to reduce the District's dependence on state funding for facilities and get projects completed in the next 4-5 years. Under the Facilities Committee proposal, state funding would be reduced from \$42 million to \$9.8 million. Only two projects are proposed to be constructed with state funding, the Humanities, Student Services, Business Humanities project and the Public Safety Training Center Phase II project. To achieve the reduction in state funding, the project budgets have been reduced to reflect lower bid amounts.

He reviewed the changes in projects being proposed (items in blue on the diagram):

- Business, Math, Science Buildings project – this project would have upgraded the facilities to current state standards. In a remodel, upgrading would be unnecessary so the restroom upgrade would be eliminated.
- Pool and Tennis Courts – these facilities would remain the same size as existing; a sixth tennis court would not be added.
- Music/Theater project – The Music Building would be remodeled in its current location. Most of the funding would be expended on the Theater to make the building accessible to the disabled.
- Infrastructure – The original budget of \$42 million is reduced.

Mr. Bissell stated that the College's request for \$32 million in state funding remains in effect. Dr. Garrison added the College will not turn down state funding, but getting the funds is probably unlikely. He noted other colleges have had local bonds approved and are submitting project proposals for state funding. Also, the state is two years behind in placing a higher education facilities bond on the ballot. Dr. Garrison noted the Facilities Committee proposal is an aggressive plan with a shift in strategy from replacement to renovation. He stated the premise was sounder in the current circumstances.

Ms. Rees asked about the roof in nursing. Mr. Bissell said the project would be deferred and handled as a scheduled maintenance expense.

Ms. Morrice inquired if a state facilities bond was expected in 2010. Dr. Garrison responded yes; however, it is unknown if the voters will approve.

Mr. Bissell concluded his report by stating the revised plan has not been approved. There is general concurrence from the Board and campus. A swing space plan still needs to be finalized that will keep classes open during the construction period. He hoped the Facilities Committee will be able to approve the swing space plan and timeline by the end of September. Then, the revised facilities plan will be taken to the Board.

#### **11. Committee Membership Review**

Dr. Garrison reviewed the committee roster. He noted the initial terms of five members would be completed in November. All five members have been contacted to see if they would be willing to serve a second term and so far, Dr. Garrison has received positive responses from three members. He also noted that Ms. Morrice, the student representative, would be completing her second term in November and the vacancy has been discussed with Michael Dickey, the new student trustee.

#### **12. Format of 2008-09 Annual Report**

Dr. Garrison noted changes were made last year in the format of the Committee's annual report. He asked if there was concurrence in continuing with the new format. There were no objections from the Committee. Mr. Emerson stated the format was well-received.

#### **13. Meeting Schedule**

The meeting schedule for the remainder of the year was reviewed by the committee:  
Monday, November 2, 2009 (Annual Organizational Meeting)

#### **14. Suggestions for Future Agenda Topics and Announcements**

A tour of the Seaside Public Safety renovation project on Col. Durham Road had been proposed for the August meeting; however, the facility is not yet complete. A grand opening is being planned for the fall. It was suggested to schedule a future meeting at the Seaside Public Safety facility.

#### **15. Adjournment**

The meeting was adjourned at 5:22 p.m.