



MONTEREY PENINSULA COMMUNITY COLLEGE DISTRICT
Citizens' Bond Oversight Committee

Monday, June 13, 2016
3:00 PM – Regular Meeting
Sam Karas Room, Library and Technology Center
Monterey Peninsula College
980 Fremont Street, Monterey, California

Meeting Minutes

MEMBERS PRESENT: Mr. Thomas Gaspich
Mr. Rick Heuer
Mr. Birt Johnson, Jr.
Mr. Stephen Lambert
Ms. Sharon Larson
Mr. Rob Lee
Mr. James Panetta, Chair

ABSENT: Mr. Wayne Cruzan, Vice Chair
Mr. Hunter Harvath

STAFF PRESENT: Ms. Rosemary Barrios, Controller
Dr. Steve Crow, Vice President for Administrative Services
Ms. Vicki Nakamura, Assistant to the President
Dr. Walter Tribley, Superintendent/President

OTHERS PRESENT: Ms. Ivory Li, Piper Jaffray

1. Call to Order

The regular meeting of the Citizens' Bond Oversight Committee of Monterey Peninsula College was called to order at 3:00 PM by Chair Panetta.

2. Public Comment

Dr. Tribley recognized Mr. Johnson for his role as the keynote speaker at the Coalition of Scholarship Organizations' annual scholarship breakfast held in early June.

3. Approval of February 29, 2016 Minutes

Ms. Nakamura reported that Mr. Johnson had informed her of an error in the draft minutes regarding the number of members listed as absent during the votes taken at the meeting. A corrected copy of the minutes was distributed.

Motion made by Mr. Johnson, seconded by Mr. Lee, to approve the minutes of the February 29, 2016 meeting, with the corrections noted. Motion carried, with two abstentions.

AYES:	5 MEMBERS:	Gaspich, Johnson, Lambert, Larson, Lee
NOES:	0 MEMBERS:	None
ABSENT:	2 MEMBERS:	Cruzan, Harvath
ABSTAIN:	2 MEMBERS:	Heuer, Panetta

4. **Accept Bills and Warrants Report**

Chair Panetta advised the report would be reviewed by page and invited questions. There were no questions on page 1.

Regarding the expenditure for an awning at the Student Center on page 2, Mr. Johnson asked if Bruce Kiddle was a new contractor. Ms. Barrios responded he has been used before. Dr. Crow explained the awning adds a safety factor.

There were no further questions regarding the report.

It was moved by Ms. Larson and seconded by Mr. Johnson to accept the March 31, 2016 bills and warrants report. Motion carried unanimously.

AYES:	7 MEMBERS:	Gaspich, Heuer, Johnson, Lambert, Larson, Lee, Panetta
NOES:	0 MEMBERS:	None
ABSENT:	2 MEMBERS:	Cruzan, Harvath
ABSTAIN:	0 MEMBERS:	None

5. **Bond Expenditure Status Report**

Dr. Crow commented the report reflects minor activity that occurred during the period. He asked for questions. Mr. Gaspich asked about the miscellaneous category year-to-date expenditures of \$4,919. Ms. Barrios responded that the awning expenditure of \$3,000 was part of the miscellaneous expense. She said she would research previous expenditures made under this category and report back. Mr. Lee checked prior meeting documents and noted the remaining miscellaneous expenditure of \$1,919 for fiber installation at the Art Gallery.

Mr. Heuer asked if the Arts Complex project was partially completed. It was explained that the Art Dimensional building was not renovated as decisions were needed about its future. The result was that \$1.1 million in funding was reserved in the project budget. Mr. Heuer observed those funds could be used for another project.

6. **Bond Refinancing**

Dr. Tribble noted Dr. Crow brought forward to the District the opportunity for this bond refinancing. The District's bond underwriter, Ms. Ivory Li, Managing Director, Piper Jaffray, was introduced to make the presentation on the recent refinancing.

Ms. Li reviewed the history of the District's \$145 million bond Measure I, noting there was 65% voter approval in 2002, 10% above Proposition 39 requirements. The estimated tax rate was \$23.89

per \$100,000 assessed valuation. She clarified this rate was a political promise and not a legal maximum. The \$145 million of bond funds have been entirely issued by the District.

She noted there were three bond refinancing issuances that have been completed. The amount of savings generated for the taxpayers was approximately \$500,000 from the first refinancing in December 2005, \$1.4 million in the second refinancing in May 2013, and \$28 million in the third financing completed in June 2016, for a total of \$30 million. Mr. Gaspich asked if there was insurance on the bonds. Ms. Li responded no, that the District's rating was better than the bond insurers.

Ms. Li reviewed the tax rate performance history of the bond. She commented the tax was underlevied in 2014 at \$15.77. The shortfall was made up in 2015 when the County set the tax rate at \$32.47. The average tax rate over the past 12 years has been \$22.09.

She explained a bond refinancing is similar to refinancing a home mortgage, where a higher interest rate is replaced by a lower rate. In the 2016 bond refinancing, the interest rate of 5.03% was lowered to 2.87%, resulting in a total savings to the taxpayers of \$28 million. In response to a question from Mr. Gaspich, Ms. Li indicated the total cost of the refinancing was \$800,000, which was subtracted from the refunding bond proceeds.

Ms. Li reviewed a summary chart showing municipal bond interest rates currently at historic lows. She stated the bonds will remain on the tax roll for 18 more years, until 2034. Ms. Li noted the savings will be distributed in the later years of the bond. Mr. Johnson asked what triggers a bond refunding. She explained that she monitors the term and interest rate of the bond to determine when a bond refunding might be fiscally appropriate.

Ms. Li closed her presentation with the press release on the bond refinancing that was shared with the community. Ms. Larson asked if the bonds are being paid down and what happens in 2034. Ms. Li explained the bonds will be paid off in 2034 and taxpayers will no longer have to pay taxes related to Measure I. Mr. Gaspich asked for the outstanding principal on the bonds. Ms. Li did not have the exact figure and said she would provide.

Mr. Heuer commented the voters only authorized a certain amount for Measure I bond projects in 2002. Referring to the 2005 bond refinancing where \$4.2 million of bond proceeds were allocated for college bond projects, he contended it would be illegal if these funds were actually spent.

Staff will report back to the Committee regarding the outstanding principal on the bonds and the refinancing issue raised by Mr. Heuer.

7. Monterey County Treasurer's Investment Reports

Dr. Crow reported interest rates remain low as shown in the December 31, 2015 and March 31, 2016 quarterly investment reports issued by the Monterey County Treasurer. There were no questions.

8. Facilities Planning Update

Dr. Crow distributed an outline for a facilities master plan for the District, to cover the period 2016-2030. He stated the outline has been through the Facilities Committee and will be used as a basis for

gathering data. He reviewed the outline, noting MPC is an aging campus which will cost more to retrofit. Ms. Larson asked when the plan would be completed. Dr. Crow said the plan would be presented to the Board of Trustees in the next few months. Mr. Johnson asked about prioritization of upgrades to facilities. Dr. Crow agreed a prioritization would need to be done. He said he would also put together phases for the plan, to be determined by the availability of state and local bond funding.

9. Superintendent/President's Update

Dr. Tribley stated Dr. Crow's work on facilities planning will provide the basis for a future bond measure. He continued with his update. Dr. Tribley noted the college would be hosting an accreditation team in October for a site evaluation. He said MPC had completed a self-study describing the college's efforts to fulfill accreditation standards. The site evaluation and self-study will result in a decision by the Accrediting Commission regarding the college's continued accreditation.

Dr. Tribley also reported a consultant team from the Collaborative Brain Trust was hired to assist MPC with an external review, which was completed in May. The team consisted of retired community college administrators who were experts in finance, academic scheduling, etc. Dr. Tribley discussed the college's recent financial problems and the causes. He said the consultant team reported on three areas: fiscal, enrollment management, and governance processes. The team recommended a number of changes, including more efficiency in enrollment management and course scheduling, and changes in participatory governance processes.

10. Meeting Schedule

Chair Panetta reviewed future meeting dates:

- Monday, August 29, 2016
- Monday, November 7, 2016 (Annual Organizational Meeting)

11. Suggestions for Future Agenda Topics and Announcements

Mr. Johnson requested a facilities planning update.

12. Adjournment

Motion made by Mr. Johnson and seconded by Ms. Larson to adjourn the meeting at 3:59 PM. Motion carried unanimously.

AYES:	7 MEMBERS:	Gaspich, Heuer, Johnson, Lambert, Larson, Lee, Panetta
NOES:	0 MEMBERS:	None
ABSENT:	2 MEMBERS:	Cruzan, Harvath
ABSTAIN:	0 MEMBERS:	None