

MONTEREY PENINSULA COMMUNITY COLLEGE DISTRICT

CITIZEN'S BOND OVERSIGHT COMMITTEE

Monday, March 1, 2010
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. Peter Baird
Mr. David Collyer
Mr. Scott Coté
Mr. Steve Emerson
Ms. Daphne Hodgson, Chair
Ms. Mary Ann Kane
Ms. Elinor Laiolo
Mr. Ron Pasquinelli
Mr. Gary Ray, Vice Chair
Ms. Sondra Rees

ABSENT: None

STAFF PRESENT: Ms. Rosemary Barrios, Controller
Mr. Joe Bissell, Vice President for Administrative Services
Mr. Pete Buechel, Purchasing Agent
Dr. Douglas Garrison, Superintendent/President
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 Hodgson.

2. Public Comment

There were no public comments.

3. Introduction of New Committee Member

Dr. Garrison introduced David Collyer, the new student representative on the committee. Mr. Collyer is the current Vice President of Finance for the Associated Students of MPC.

4. Approval of November 2, 2009 Minutes

Chair Hodgson asked Mr. Bissell for an update on the items identified in the minutes needing follow-up. Mr. Bissell noted there was a question regarding the Investment of Bond Funds agenda item, specifically whether the entries for Lehman Brothers and Washington Mutual indicated a write off on both since only the Washington Mutual assets were sold by the County. Mr. Bissell stated both assets were sold at \$5,625,000; however, the district should have received \$450,000 as a credit against the loss. He is still evaluating the data and will provide an update at the June meeting.

Mr. Bissell also reported the new facilities plan was approved by the Board of Trustees at the December 15, 2009 meeting. All projects listed in the Annual Report reflect the updated version of the plan.

Motion to approve the minutes of the November 2, 2009 meeting was made by Mr. Baird and seconded by Vice Chair Ray. Motion carried unanimously.

5. Accept Bills and Warrants Report

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

Mr. Baird had several questions on the report. He noted there were several charges by Axiom Engineers for the New Administration Building project on page 6. The first expense covered the period for June 28, 2009 to July 25, 2009. He questioned whether the period should be through August 29, 2009 since the cost was double. Under the swing space category on page 7, Mr. Baird referred to the list of entries for trailer rental and asked if a billing was missing for the period, July 29 to August 28, 2009.

He followed with questions regarding entries for Kitchell under the general institutional bond management category. On page 8, he noted there were two entries for program management services for June and asked if there was duplication involved. On page 9, he noticed there was a gap in the entries for program management services for the period August 24 through September 20 and for September 29 through October 25. Mr. Bissell responded he would look into these items and report back at the next meeting.

Chair Hodgson asked about two entries for professional services for the period ending July 24, 2009 from Hammel, Green, and Abrahamson under the new Student Services Building project on page 1. Mr. Demko explained the billings may be for more than one project; Mr. Bissell said he would verify.

She also inquired about the entries for Swinerton Builders under the Student Services Building project and questioned why the District was paying retention payments in addition to the payments for construction. Mr. Buechel explained the retention payments to Swinerton are deposited in an interest bearing account. The District is a co-signer on this account and must co-sign for any withdrawals. This approach was also used with Granite Construction. The benefit to the contractor is that interest is being earned. Vice Chair Ray observed there was no assurance that the retention payment was deposited. Mr. Buechel responded the District receives a statement on the deposit. Chair Hodgson asked if the value of retention payment no. 16 was correct. Mr. Bissell said staff would check.

Referring to page 4, Chair Hodgson noted there was a retention payment made for the Gymnasium project; however, no payments appeared in this report or in the previous period's report. Mr. Bissell responded he would review and report back.

Chair Hodgson asked about furniture and equipment purchases showing on page 6 for the new Administration Building project. She wondered why these purchases were not included under the overall furniture and equipment category as was the case in other bond projects. Mr. Bissell replied this project was state funded; equipment money was provided and required a district match. He explained these expenditures must be expended within the project budget.

Under the general institutional bond management category on pages 8-9, Chair Hodgson noted several small expenses for document printing, etc. that should be listed with a specific project. In addition, construction management services for the student services project should be moved to that category. Mr. Bissell agreed the student services project expense

should be moved. He noted the other expenses were small and construction management was not set up for those projects.

Chair Hodgson commented on the large amount of expense for the greenhouse project under the infrastructure category and asked why the greenhouse was not treated as a separate project. Mr. Bissell explained the infrastructure category includes several smaller projects to simplify management. He added Division of State Architect approval was not required on the greenhouse and the project became larger than originally planned.

Motion to accept the bills and warrants report was made by Ms. Kane and seconded by Ms. Rees. Motion carried unanimously.

(Note: See attachment to the minutes for follow-up and clarification of the items identified above.)

6. Bond Expenditure Status Report

Mr. Bissell stated budgets and totals have been changed on the report to reflect the new facilities plan. Mr. Baird complimented Mr. Bissell and his staff on the clarity of the reports. He said the new report formats are easier to understand for the committee as well as the layman.

Mr. Demko distributed a corrected cost control report. The construction bid and change order contingency amounts were corrected for the Education Center at Marina project.

7. Bond Auditors' Reports for 2008-09

Mr. Bissell reviewed the two auditors' reports. He stated the first report is an audit of the general financial statements related to the bond. The auditor did not identify any problems with the financial statements nor with the internal controls and offered no findings. Mr. Bissell said the report was very positive.

The second report is a performance report in which specific procedures are identified to undergo a review for compliance with Proposition 39 bond requirements, including a test of 25% of expenditures. Mr. Bissell said the auditor tested 35% of expenditures and no exceptions were found.

8. Update on Facilities Projects, Timelines and Schedules

Mr. Demko, the college's bond program manager, reviewed the status of current facility projects.

Education Center at Marina Permanent Facilities - Mr. Demko reported 22 bids were received, all under budget. He noted 19 bids were in the \$4 million range and credited the architect for the plans being clear. Mr. Demko said the bid was awarded to Dilbeck and Sons, a local contractor.

Infrastructure - Mr. Demko indicated some sidewalks have been finished and the greenhouse project is also essentially complete. He said the amphitheater seating replacement turned out well and praised the contractor, Dilbeck and Sons. The project was accomplished at 60% of the budget. Mr. Demko said the generator (to keep the computer system and phones functioning during a power outage) for the new Administration Building was still being commissioned and had not been installed.

New Student Services Building - Mr. Demko reported concrete has been poured and the roof should be installed by the end of the month. The project is a few weeks behind; however, he anticipated the project will catch up.

Auto Technology Building - The metal siding is being installed.

Old Administration Building/Swing Space - Mr. Demko reported work to convert the former Administration Building into classroom swing space is essentially complete. Additional work is being done at the entrance to the building. The initial users are the business and computer science programs; the move will be completed during spring break.

Additional swing space for the life and physical science programs is planned adjacent to the theater. The swing village will need to be in place by 2011.

Facilities Committee - The committee continues to meet.

Humanities/Old Student Services/Business Humanities - Mr. Demko reported the Chancellor's Office had allocated state funds left over from the previous state bond for construction of this project in the 2010-11 budget.

Theater - The architect is working on the design.

Life Science/Physical Science Buildings - Work on the drawings is being completed.

Mr. Baird asked about the meaning of the asterisks on the project schedule document. Mr. Demko responded the asterisks indicate projects that may be moved up in the schedule. Mr. Baird noted the Gymnasium Building showers were to be completed before the pool/tennis courts project and the schedule shows these projects being reversed in terms of timing. Mr. Demko explained the projects are being reviewed by the architect and phasing should be determined by the next meeting. Mr. Bissell added the asterisks denote projects where timing and budgets need to be re-evaluated.

9. Meeting Schedule

The committee agreed to a change in the August meeting date. With this change, the remaining meetings for the year are scheduled for:

Monday, June 7, 2010

Monday, August 30, 2010

Monday, November 1, 2010 (Annual Organizational Meeting)

10. Suggestions for Future Agenda Topics and Announcements

It was suggested to invite Lou Solton to a future meeting. A tour of Monterey campus projects was proposed for the June meeting and a tour of the Fort Ord projects at the August meeting.

Dr. Garrison shared with the committee that Mr. Bissell had announced his retirement, effective on August 30. The search for his replacement has been initiated and will conclude in June.

Dr. Garrison also invited the committee to attend the groundbreaking ceremony for the Education Center at Marina, scheduled on April 15.

11. Adjournment

The meeting was adjourned at 4:05 p.m.

CITIZENS' BOND OVERSIGHT COMMITTEE

Follow-up Items for the March 1, 2010 meeting:

1. Update on Lehman Bros. and Washington Mutual – Assets were sold, but \$450,000 was not received as a credit against the loss. Mr. Bissell will provide an update at the June 7, 2010 meeting.
2. Bills and Warrants Report through December 31, 2009

Peter Baird Questions

- Page 6, Axiom Engineers - first entry should be June 28 to August 29? (double the cost of others)
Yes, there were 2 invoices paid, each for \$925, first invoice for service June 28, 2009 - July 25, 2009, second invoice for service July 26, 2009 - August 29, 2009.
- Page 7, William Scotsman, Trailer rental – 7/29 billing is missing?
 - **Unit MDT-47207 6/29/09-7/28/09 and 7/29/09 - 8/28/09 payment is reflected on the July thru September Bond Oversight Committee report for \$1965.82**
 - **Unit CPX 66223 7/24/09-8/23/09 payment is reflected on July thru Sept Bond Oversight Report for \$421.09**
 - **Unit CPX 67301 7/3/09-8/02/09 payment is reflected on the July thru Sept Bond Oversight Report for \$421.09**
- Page 8, Kitchell – why 2 entries for program management services for June?
The payment for \$32,638 for 6/22/09-7/26/09 is the July payment not June.
- Page 9, Kitchell – entries for 8/24/09 through 9/20/09 and 9/29/09 through 10/25/09 – why the gap?
The 9/29/09 through 10/25/09 date should read 9/21/09 through 10/25/09

Daphne Hodgson questions

- Page 1, HGA – why 2 entries for period ending July 24, 2009?
 - **The payment on 10/8/09 for \$25,028.32 for the period ending July 24, 2009 was for Post Construction Services.**
 - **The payment on 12/3/09 for \$10,949.89 should have had a date for the period ending October 23, 2009 and not July 24, 2009, for Post Construction Services.**
- Page 3-4 – Retention payments #16, are values correct?
 - **Yes, the retention payment values are correct, the total retention payment was \$8,446.71, the payment was split between two Purchase orders due to the balance of the original PO. We are no longer splitting invoice payments, so this shouldn't happen in the future.**

- **The same situation occurred with the Dilbeck & Sons payment for payment application #16 the total payment was \$160,487.29, but the payment was split between two Purchase Orders.**

- Page 4, Gymnasium – Retention payment, however, there are no payments showing in this report nor in previous period's report?
This was a prior year liability from June 30, 2009, payment to vendor made in prior year 08-09, retention was setup as a liability but paid in the 09-10 year.

- Page 9, Kitchell – Expense for construction management services for Student Services project should be moved to Student Services – Joe agreed.
The expenses have been moved to the Student Services Project and subtracted from Bond Management.