

# MONTEREY PENINSULA COMMUNITY COLLEGE DISTRICT

## CITIZEN'S BOND OVERSIGHT COMMITTEE

Monday, August 30, 2010

2:00 PM – Committee Tour College Facilities Projects in Marina and Seaside

3:00 PM – Regular Meeting

Room No. 101,

MPC Seaside Public Safety Training Center

2642 Colonel Durham Road

Seaside, CA

### Meeting Minutes

MEMBERS PRESENT: Mr. Peter Baird  
Mr. Steve Emerson  
Ms. Mary Ann Kane  
Ms. Elinor Laiolo  
Mr. Gary Ray, Vice Chair  
Ms. Sondra Rees

ABSENT: Mr. Michael Dickey  
Mr. Scott Coté  
Ms. Daphne Hodgson, Chair  
Mr. Ron Pasquinelli

STAFF PRESENT: Ms. Rosemary Barrios, Controller  
Mr. Pete Buechel, Purchasing Coordinator  
Dr. Douglas Garrison, Superintendent/President  
Mr. Steve Morgan, Director, Facilities  
Ms. Vicki Nakamura, Assistant to the President

OTHERS PRESENT: Mr. Joe Demko, Kitchell  
Mr. Niels Reimers  
Ms. Mary Zeeb

The committee convened at 2:00 PM for a tour of college bond projects at the Education Center at Marina and the Seaside Public Safety Training Center.

#### 1. Call to Order

The regular meeting of the Citizen's Bond Oversight Committee of Monterey Peninsula College was called to order at 3:05 PM by Vice Chair Ray.

#### 2. Public Comment

There were no public comments.

#### 3. Introduction of New Committee Member

Dr. Garrison reported Michael Dickey, the current student trustee, was appointed to serve as the student representative on the committee by the Governing Board on August 24, 2010. Mr. Dickey has been a student at MPC for the past two years. Mr. Dickey was not present.

#### **4. Status of Investment of Series B and C Bonds**

Lou Solton, Monterey County Treasurer-Tax Collector, was present to provide an update on Monterey County's investment portfolio and the District's bond fund investments. He distributed a handout of his presentation to the committee.

Mr. Solton began his report with a discussion of the County's cash situation. He explained the period between July 1 and November 30 is typically a dry period where cash balances decline due to delayed state payments and the cyclical nature of local revenues such as property tax payments. Due to the decline in the general portfolio and in preparation for state IOUs being issued, the County just issued tax revenue anticipation notes (TRANS) to cover the lower cash levels.

He noted there is currently \$900 million in the portfolio, and includes the \$40 million received from the TRANS just issued. Mr. Solton said the effective yield is 4.12%, reflecting the recovery of some of the funds lost due to the Washington Mutual and Lehman Brothers bankruptcies; the County was able to sell the Lehman Brothers funds. Regarding the recovery efforts, he reported the legislation being pursued by the County and others for a bail-out had died due to President Obama's signing of the financial regulations bill. Mr. Solton stated Monterey and San Mateo counties were still engaged in active litigation against Washington Mutual and Lehman Brothers and he was confident that additional funds would be recovered. Of the \$29.8 million lost, \$7.7 million has been recovered to date. Mr. Baird asked who pays attorney fees. Mr. Solton responded the law firm was working on a contingent basis and would receive 25% of the amount recovered.

Mr. Solton indicated 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. The General Electric note is yielding approximately 5% and will mature in August 2011. The JP Morgan Chase note has a floating rate and will mature in May 2011. He said these investments would be kept unless the District directs otherwise.

Mr. Solton concluded his report with a comment he would be retiring in four months and future updates would be provided by his replacement. Ms. Mary Zeeb, Assistant Treasurer-Tax Collector was introduced.

Dr. Garrison commented that the maximum amount that can be invested in LAIF has been changed from \$40 million to \$50 million. He asked if the District could make that change in its investments. Mr. Solton answered yes, but an application would be necessary since the result would be Monterey County's limit of \$90 million would be exceeded.

#### **5. Approval of June 7, 2010 Minutes**

Dr. Garrison distributed a handout prepared by the District's controller, Rosemary Barrios, as a follow-up on the Lehman Brothers and Washington Mutual bankruptcy write off item identified in the minutes. In 2008-09, the interest received was \$2,141,055 and the write-off amount was \$1,878,835, resulting in net interest of \$262,220. The amount recovered and posted in 2009-10 was \$356,574.97.

Ms. Barrios was asked to provide information on the questions regarding the Kleinfelder entries noted in the minutes. The Kleinfelder entries under the Student Services Building project and the Automotive Technology project should have read for the period "through" December 6, 2009. The other Kleinfelder entries under the Automotive Technology project should have been for the period "through" January 3, 2010.

Motion to approve the minutes of the June 7, 2010 meeting was made by Mr. Emerson and seconded by Ms. Rees. Motion carried unanimously, with abstentions by Ms. Kane and Ms. Laiolo.

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

Dr. Garrison stated Ms. Barrios and Mr. Buechel, purchasing coordinator, were present to respond to questions regarding the report. (Vice Chair Ray left the meeting and Dr. Garrison acted as chair for the remainder of the meeting.)

Mr. Emerson asked about the pumping needed at the Public Safety Training Center, cited on page 3. It was explained that there was excess runoff due to spring rains despite the bioswales that had been built on site. Pumping was necessary on two occasions to prevent water from flowing to the adjacent Monterey College of Law site. An engineering remedy has been developed to address the issue.

Mr. Baird questioned payments made to First National Bank on pages 5-6 under the Education Center at Marina project. Mr. Demko, the college's bond program manager, explained the items were retention payments for the project made directly to the bank. When the project is completed, the bank is then directed to release the retention amount to the contractor. Mr. Baird stated the payments may cause confusion as no vendor is named in the description. He suggested the description should state, "retention payment ... for Dilbeck Construction," to improve clarity. Mr. Emerson added the contractor's name should also be provided in the vendor column next to the bank's name. It was agreed to provide this information in future reports.

Mr. Baird asked about several hazardous material surveys conducted by M3 Environmental Consulting under the Humanities, Business-Humanities, and Student Services project on page 14. Mr. Demko explained surveys were performed on the three separate buildings included in the project. Mr. Emerson suggested the similarity of the building names may cause confusion again. Mr. Demko indicated building numbers could be added to help clarify.

Ms. Laiolo followed with several questions. She asked about HGHB providing construction administration services for the Automotive Technology Building project on page 2. Mr. Demko said the description should have read "architectural" administration services. She also noted two entries for Peninsula Office Solutions on page 6 where the same date was included in the periods of service for copier usage. Mr. Buechel explained the meter reading could have occurred on the same day; however, no double-charging would have resulted as the meter reading is continuous. Ms. Laiolo also asked about an entry on page 10 for under reported hazardous waste to the Board of Equalization. She asked why a two year period was cited and if a penalty was involved. Mr. Buechel said the fee was based on the previous year's load and should have been for a one year period. There was no fine paid. Ms. Barrios indicated she would check the invoice.

Dr. Garrison noted there was no longer a quorum and advised the item would be carried forward for approval at the next meeting.

## **7. Bond Expenditure Status Report**

Mr. Demko reported the Governing Board had just approved new budgets for the projects on August 24, 2010. The bond budgets would be revised in subsequent reports.

Mr. Baird commented the amounts shown in the bond budget balance column for the new Student Services Building and Public Safety Training Center renovation projects are off by 1

dollar. He said he understood that the discrepancy was due to rounding up or down, but he expressed concern that the figures be exact to prevent the perception that an error had occurred.

Mr. Baird pointed out two other discrepancies. Under the in process section of the report, the total of the first column, Total Budget with Other Funds, appeared to be incorrect by \$10 million. He explained the total amount listed under the Total Bond Budget column was higher, and the only difference between the two columns was the Humanities project. Mr. Baird also noted an error for the Art Dimensional project under the future projects section. The payment of \$15,628 was not reflected in the bond budget balance. Dr. Garrison stated staff would follow up and correct these two items.

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

Mr. Demko reviewed the status of current facility projects.

Education Center at Marina Permanent Facilities - Mr. Demko reported underground issues have been resolved and the project is making good progress. He estimated construction should be finished in March or April. He said this project will have budget savings which have been allocated to a general contingency in the revised budget approved by the Governing Board.

Infrastructure - Mr. Demko indicated the trellis near the Student Center had been removed to address the “clear connections” recommendation in the Physical Master Plan. Removal of barriers and structures such as the trellis will improve the visibility and location of buildings for students and visitors. The drawings for parking lot B have been submitted to the Division of the State Architect (DSA) and work will be completed as weather and time permits.

New Student Services Building - Mr. Demko reported negotiations with the architect were occurring to address costs and omissions. The project is one month behind and the contractor is trying to make up time by completing the plastering and window installation concurrently.

Auto Technology Building - The addition is finished. The exterior has been painted and new equipment installed.

Swing Space - Mr. Demko reported DSA has approved the swing space plans. The five portable trailers will be installed adjacent to theater by January.

Facilities Committee - The committee has been discussing the feasibility of renovating the theater into a performing arts center. Options have been identified to convert the theater to accommodate both drama and music performances. Other colleges are being contacted to see if one facility can successfully serve both programs. Dr. Garrison provided background regarding the issue. He said the original budget was reduced by half to \$11 million total, with \$9.1 million allocated to the theater project. Dr. Garrison charged the committee with the task of evaluating the theater conversion into a performing arts facility. He said it is feasible, but whether this approach is appropriate for MPC is still being determined.

Business-Computer Science Building – Mr. Demko reported the project was on schedule and within budget.

Humanities/Old Student Services/Business Humanities - Mr. Demko said he and Steve Morgan, Director of Facilities, met with Chancellor's Office staff to request more funding for equipment.

Theater – Cost estimates have been received and reflect the change to relocate the elevator to the inside of the building.

Life Science/Physical Science Buildings – Mr. Demko said drawings will be submitted to DSA soon.

Music Building – Dr. Garrison stated the future direction of the music program was being clarified. The renovation of this facility needs to provide quality instructional and rehearsal space. Performance is only a small part of the program. He reported the woodpecker holes are gone; the siding was replaced over the summer using scheduled maintenance funding rather than bond funds.

Gym First Floor/Pool/Tennis Courts – Mr. Demko explained the sequencing order for the project. The gym needs to be renovated before the existing pool building can be demolished. Team sports schedules are also being considered. He indicated the current budget is not large enough to complete the tennis court work and will be adjusted. The tennis courts will probably be completed separately since the work can be completed ahead of the other components. He said the gym drawings will be ready to submit to DSA in September.

Student Center – Mr. Demko reported schematic drawings have been completed by the architect. Several options have been considered. The goal is to use the space more efficiently with minimal structural changes. The design also provides for the Student Center to interface with the new Student Services building. He said this area will become the hub of student activity on campus. An outside terrace will be provided in conjunction with food service operations.

Outside Lockers Adjacent to the Art Buildings – Mr. Demko said the architect is completing drawings for this project.

## **9. Facilities Construction Plan Update**

Dr. Garrison reported the revised facilities construction plan was approved by the Governing Board on August 24. He said the revision was prompted by the low interest return on the bond fund investments and the write-off for the Lehman Brothers bankruptcy of \$1.8 million. The original facilities plan had been developed with assumptions leading to a \$153 million bond budget to complete projects. In the revised plan, project budgets have been adjusted and a contingency of \$1.6 million has been created from budget savings. The revised plan lowers the amount of bond funding needed to \$149,239,351. Dr. Garrison stated the revised plan has been reviewed by the Facilities Committee, the advisory committees, and the College Council before acceptance by the Board.

He emphasized the plan was not just a renovation of the Monterey campus, but provided for the creation of a multi-site campus. With the permanent facilities opening at the Education Center at Marina next fall, discussions will be occurring during the year regarding implementation. He observed the District's policies and procedures would need to be evaluated as they were written with one campus site in mind. Dr. Garrison stated this development would be a major transformation in the institution and identity of the college.

Mr. Emerson suggested the possibility of corporate sponsorship of the Parker Flats facility providing additional funds. Dr. Garrison responded the District may need to look for alternative funding for that facility since state funding is uncertain. Additional funds may be available from other agencies that will use the facility.

**10. 2012-16 Five Year Capital Outlay Plan**

Ms. Nakamura reported the District's 2012-16 Five-Year Construction Plan was also approved by the Governing Board on August 24, 2010. She stated the plan reflected the revised facilities construction plan which reduces the reliance on state funding through scope modifications and lower project cost estimates. As a result, the plan shows only 3 of 14 projects in the plan being submitted for a state funding match. Ms. Nakamura explained the priority order of the projects was determined by Mr. Bissell, based on which projects were under construction, those submitted for state funding, and the projects necessary to complete before others could proceed. There were no questions.

**11. Committee Membership Review**

Dr. Garrison reviewed the membership terms. There are four members whose tenure on the committee will end with the November meeting. He said organizations will be contacted in September to solicit applications for membership on the committee. The new members will be appointed at the October Board meeting and invited to attend the November committee meeting.

**12. Meeting Schedule**

The remaining meeting for the year is scheduled for:  
Monday, November 1, 2010 (Annual Organizational Meeting)

**13. Suggestions for Future Agenda Topics and Announcements**

There were none.

**14. Adjournment**

Dr. Garrison adjourned the meeting at 4:50 p.m.