



**MONTEREY PENINSULA COMMUNITY COLLEGE DISTRICT**  
Citizens' Bond Oversight Committee

Monday, March 4, 2013  
3:00 PM – Regular Meeting  
Sam Karas Room, Library and Technology Center  
Monterey Peninsula College

Meeting Minutes

MEMBERS PRESENT: Mr. Daniel Cervantes  
Mr. Wayne Cruzan  
Dr. Sophal Ear  
Mr. J. Fagan, Chair  
Mr. Stewart Fuller  
Mr. Birt Johnson, Jr., Vice Chair  
Mr. Bob Mulford  
Mr. James Panetta  
Mr. Niels Reimers

ABSENT: Mr. Rick Heuer  
Ms. Patty Rossi

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

OTHERS PRESENT: Mr. Joe Demko, Kitchell

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 Fagan.
2. **Introductions**  
Dr. Walter Tribley, the college's new Superintendent/President, was introduced.
3. **Public Comment**  
There were no public comments.
4. **Approval of November 5, 2012 Minutes**  
A handout providing follow-up to questions on the bills and warrants report recorded in the minutes of the November 5 meeting was distributed and reviewed. Dr. Ear noted his

comments on page 3, 2<sup>nd</sup> paragraph, were incorrectly attributed to Mr. Heuer, and asked for the minutes to be amended.

Motion made by Mr. Cruzan, seconded by Vice Chair Johnson, to approve the minutes of November 5, 2012 with the clarifications and amendments noted. Motion carried unanimously.

**5. Annual Report Follow-Up**

Changes made to the annual report after the November 5 meeting were reviewed. Mr. Ma noted interest income for the bond funds in 2011-12 increased to \$563,739 from the negative number reported in the November copy of the report. He explained the confusion was due to the way the County Treasurer records interest and management fees. To clarify interest earnings and fees for the report, an expense item was added to page 9 to reflect the management costs charged by the County Treasurer for the District's custom investment portfolio. Previously, this figure was shown as negative interest. Mr. Mulford asked for an explanation of these investments. Mr. Ma stated the District had \$10 million of custom investments in GE corporate bonds. Recently, half of these bonds were liquidated to meet project needs.

**6. Accept Bills and Warrants Report**

Chair Fagan asked the committee to proceed with their questions on the quarterly bills and warrants report by page. There were no questions on pages 1-2.

Mr. Mulford questioned if the rolling clothes racks and vinyl baskets on page 3 should have been operational budget purchases rather than bond expenditures. Mr. Demko explained the items were for the gym project, to collect athletic uniforms for laundering. Chair Fagan commented the amount was still consistent with the percentage of bond funds that could be used for non-capital expenses. Mr. Ma agreed, adding that up to 5% or \$7.5 million of bond funds were permissible. He acknowledged Mr. Heuer's past comments about there being a difference between what is legal versus what is appropriate. Mr. Ma said the District would be unable to equip college programs if bond funds were not used and the Governing Board concurs with this practice. Chair Fagan pointed to the difference between set-up and ongoing expense and asked if there was any indication of continuing expense. Mr. Ma explained the District has made clear that bond funds are not to be used for consumable expenses, which should be paid out of program funds. The equipment being questioned is expected to be in use for some time.

Chair Fagan noted the Cal Card purchases on page 3. Mr. Ma clarified the number of authorized purchasers on campus has been reduced from 65 individuals to 25. He acknowledged this was a good business practice that has been implemented at the District.

Also on page 3, Mr. Reimers commented the figures for the pool/tennis court renovation differed from the figures in the audit report (page 9). This discrepancy will be addressed during discussion of the audit report.

Moving to page 4, Mr. Cruzan asked about a purchase of equipment for the Life Science building from Steris Corporation with no further description provided. Mr. Ma said staff will report back with more detail about the type of equipment purchased. Vice Chair Johnson noted another purchase from Steris Corporation with the same price and asked if expenditures were tracked by purchase order to ensure no duplication. Ms. Barrios responded in the affirmative. She indicated she would check and report back.

A question was asked whether the custodial equipment purchase on page 4 was new or a replacement. Mr. Ma explained the practice was to purchase new custodial equipment when a building was renovated. Mr. Demko added this was a one-time purchase.

Mr. Panetta noted the laundry equipment purchased represented a sizeable expense. Mr. Demko said the washer and dryer were commercial machines used to clean athletic uniforms. This purchase was for a second pair, augmenting the existing washer and dryer. The expense for installation was for both the new and existing pairs.

Mr. Mulford asked if the expense on page 6 for laundry service from Monterey Bay Laundry during the gym remodel was an operational expense. Mr. Demko explained the costs were evaluated and it was determined that outsourcing the laundry service was more economical than altering swing space to accommodate operation of the washer and dryer on site.

Chair Fagan asked about the ramp rental expense on page 7 for the former Kitchell portable trailer. Mr. Demko said the ramp was needed to meet Americans with Disabilities Act requirements when the trailer was converted to college use. Mr. Reimers asked about purchasing the ramp, and Mr. Demko explained it was more economical to rent the ramp as the trailer will be dismantled in June. Mr. Demko also clarified the District owned the trailer; Kitchell was the former occupant and the name was used only for identification purposes.

Mr. Mulford followed with several questions regarding Kitchell's services for the District. Mr. Demko explained Kitchell had a separate contract for each project for construction management and a percentage basis was used to determine the fees. Kitchell also provides bond program management and this expense is calculated on an hourly basis. Mr. Ma added Kitchell has assigned 2-4 people to be on campus and the contracts pay for overhead for those staff. Mr. Mulford asked for the total amount of expense for one month for the services provided by Kitchell. Mr. Demko stated every contract has been approved by the Board and would show the cost. Mr. Ma said he and Mr. Demko will provide the committee with an example of fees for a project, breaking out the expenses for all of the consultants used. In addition, Chair Fagan requested for the public's information a brief outline of the principal roles and responsibilities of the consultants that describes what they do for the District. The committee agreed with the Chair's request.

On page 9, Mr. Cruzan noted an expense for Bogner Sheet Metal related to repair of a water leak in the student services building where the air handlers were cleaned multiple times. He asked if the situation was resolved. Mr. Demko said discussion with the engineer finally resulted in a solution to the problem.

Chair Fagan inquired about the expense for Dolinka Group on page 9. Mr. Ma explained redevelopment agencies were recently dissolved by the state. These agencies owed redevelopment payments to school districts and community colleges. The Monterey County Office of Education contracted with Dolinka Group to determine the amounts owed to local school agencies and the District joined in the consortium.

Mr. Panetta questioned several expenditures for light fixtures on page 10 from Electrical Distributors, some described as pre-purchase. He asked about pre-purchase versus purchase and noted the difference in costs. Mr. Demko responded these expenditures

represented exterior light fixtures for walkways which are purchased directly from the vendor to match the existing fixtures on campus. He will bring back information on the cost; he believed the pre-purchase price reflected the actual cost.

Mr. Panetta followed with a question about two entries for purchase and installation of computer monitor arms on page 12 from Contrax. He asked about the disparity in price between the two orders, one for 9 at \$3,800 and the other for 20 at \$12,031. Ms. Barrios said she would research and report back to the committee.

Chair Fagan commented he was pleased to see local vendors being used by the District.

It was moved by Mr. Mulford and seconded by Mr. Cervantes to accept the December 31, 2012 bills and warrants report. Motion carried unanimously.

**7. Bond Expenditure Status Report and Cost Control Report**

Mr. Ma reviewed the December 31, 2012 bond expenditure status report. He commented two projects listed in the In Process section, the Marina Education Center and the Student Services building will be moved in the next report to the Completed section. Also, the Arts Complex will be moved from the Future section to the In Process section.

Chair Fagan asked about the change in the general contingency line item. Mr. Demko stated the general contingency was not established at the beginning of the bond program. When projects were completed, savings resulted, and the general contingency was created to hold these residual funds. Mr. Demko said the Marina Education Center and Student Services projects had savings of \$65,300 and \$18,612. These amounts will be added to the general contingency.

Mr. Demko reviewed the cost control report for active projects. He noted the Life Science/Physical Science project was \$3.7 million under budget.

**8. Bond Auditors' Reports for 2010-11**

Mr. Ma reported two independent audit reports have been prepared, the first is a financial audit and the second is a performance audit. These audit reports are required to be prepared annually. He referred the committee to page 2 of the financial audit showing an amount due of \$1,756,717 from the District. Mr. Ma explained this figure is for the Humanities building project, which is 50% state funded. The amount was advanced from bond funds and will be reimbursed by the state. He said there were no findings on either the financial or performance audits.

Mr. Reimers asked about the \$51,578 remaining construction commitment for the Pool/Tennis Courts Renovation on page 9 of the audit. Chair Fagan asked if the commitments are outstanding accounts payables. Mr. Demko responded that Ms. Barrios must re-encumber amounts owed at the end of the fiscal year and the auditors project forward what is remaining on the contract. Ms. Barrios clarified the amount represents the remaining funds on the open purchase order that are owed to the vendor and will be paid out. Mr. Ma added that the Pool/Tennis Court project is in the design phase and the architect's contract is for \$100,000, thus, there is \$51,000 remaining on the contract. Construction has not been started yet, so he understands why the description is confusing.

**9. Monterey County Treasurer's Investment Report**

Mr. Ma reported the District is required to invest with the County Treasurer. The interest rate is currently very low. There is some flexibility, noting the District has \$5 million invested in GE corporate bonds. The remaining bond funds are in liquid assets.

**10. Update on Bond Refunding**

Mr. Ma reported on the status of the refinancing of a portion of the District's bonds. The amount eligible for refinancing is \$28.6 million. Refinancing would reduce the interest rate on the bonds from approximately 4.9% to 1.97%, with no extension of the bond term. He said the amount of savings for the District's taxpayers is estimated at \$600,000 to \$800,000. Mr. Ma emphasized the District will not be getting any additional funds as a result of the refinancing. As the interest rate of the District's Series B and C bonds is well above 4%, he said it was an opportune time to refinance the bonds and generate savings. He and Dr. Tribley will be making a presentation to the bond credit rating agencies on March 15.

**11. Facilities Construction Plan Update**

Mr. Ma gave a presentation on the revised District's facilities construction program that were recommended by the Facilities Committee and approved by the Governing Board on November 28, 2012. He gave an overview of the facilities plan budgets, noting that some current or completed projects were over the approved budget amount and some were under, generating net savings overall of \$699,144. He reported there were a few projects slated to get underway that needed budget adjustments, including the Student Center renovation which had been budgeted at \$4 million. This project is now estimated at \$5 million. The Arts Complex project was also adjusted from \$4.3 million to \$5.7 million. Mr. Ma said this project was no longer relying on state funding since the next state bond will not be on the ballot until 2014, at the earliest. He noted the general contingency comprised of \$1.689 million in savings is being reallocated to projects under the revised plan.

Mr. Ma reviewed the plans for the upcoming projects. The Arts Complex project will completely renovate the Art Studio and Art Ceramics buildings. He said the new Student Center renovation plans were presented to the District's student government. Mr. Cervantes commented students were excited by the plans. Mr. Ma said the plan relocates the food service operation, bookstore, security office, and student government area within the building. The design is intended to re-establish the Student Center as a "hub" on campus. He showed an artist's rendering of the renovation, featuring an outdoor eating area with fireplace. The final project is the Pool/Tennis Courts renovation, budgeted at \$2 million. The tennis courts renovation will be bid as an alternate in the event the pool comes in over budget.

Dr. Tribley asked about the priority of the Student Center renovation versus the pool and tennis courts project. Mr. Ma responded the Student Center project will be bid before and completed ahead of the pool and tennis courts project.

Mr. Ma concluded his presentation with a review of the new plan for the music facilities. This project cannot get underway until the Arts Complex is finished. The existing facilities will be renovated and a new recital hall will be constructed under a phased plan. Phase I will renovate the existing buildings and the District will apply for state matching funds for this project. Phase II consists of the new recital hall with 297 seats and will be funded solely by donations. Mr. Reimers noted the theater is a performance space as

well. Mr. Ma said there was a plan a few years ago to have a performing arts hall for both the spoken word and music. The plan was re-evaluated and the decision was made to stay with two performance facilities.

**12. Update on Facilities Projects, Timelines and Schedules**

Mr. Demko reviewed the status of projects.

Humanities – Mr. Demko reported construction has started. The goal is to complete the project ahead of schedule.

Theater – The project is 97% complete. A punch list is being reviewed and move-in is scheduled during spring break.

Life Science/Physical Science – Mr. Demko said good progress is being made, sheet rock is being installed. Completion of the project is important as physical science occupies a large amount of swing space.

Swing Space – Mr. Demko spoke about the challenge of meeting the specific swing space needs of student center operations, such as the bookstore and security. A portable kitchen has been acquired for food service.

Bid Sequence – Mr. Demko said the Arts Complex project will be bid in the next few weeks. The second bid will be for the Student Center renovation which involves structural work and asbestos abatement. The budget for that project has been increased by \$1 million to cover the increased scope of the plans just shared with the committee. After the two bids are received, the pool and tennis courts project will be evaluated as the amount of funding available is determined.

**13. Meeting Schedule**

The meeting schedule was reviewed; future meetings are scheduled for:

Monday, June 17, 2013

Monday, August 5, 2013

Monday, November 4, 2013 (Annual Organizational Meeting)

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

The June meeting will include a tour of facilities projects on the Monterey campus.

Mr. Cervantes announced he will be graduating and the June meeting will be his last meeting as the student representative. He said he has enjoyed working with the committee.

**15. Adjournment**

Chair Fagan adjourned the meeting at 4:40 PM.

MONTEREY PENINSULA COMMUNITY COLLEGE DISTRICT  
CITIZENS' BOND OVERSIGHT COMMITTEE  
Monday, June 17, 2013

**Follow-up Items from March 4, 2013 CBOC Meeting**

Per the Meeting Minutes, #5 Accept Bills and Warrants Report:

1. Moving to page 4, Mr. Cruzan asked about a purchase of equipment for the Life Science building from Steris Corporation with no further description provided. Mr. Ma said staff will report back with more detail about the type of equipment purchased. Vice Chair Johnson noted another purchase from Steris Corporation with the same price and asked if expenditures were tracked by purchase order to ensure no duplication. Ms. Barrios responded in the affirmative. She indicated she would check and report back.

**Per Fiscal Services staff:**

**The equipment purchase was for installation, testing and training cost for 1 steam sterilizer in the life science lab. Staff determined this purchase was listed twice in error on the report only; there was no double payment. The next bills and warrant report will be adjusted to correct the total expense amount.**

2. Mr. Panetta questioned several expenditures for light fixtures on page 10 from Electrical Distributors, some described as pre-purchase. He asked about pre-purchase versus purchase and noted the difference in costs. Mr. Demko responded these expenditures represented exterior light fixtures for walkways which are purchased directly from the vendor to match the existing fixtures on campus. He will bring back information on the cost; he believed the pre-purchase price reflected the actual cost.

**Cost information will be provided at the next meeting.**

3. Mr. Panetta followed with a question about two entries for purchase and installation of computer monitor arms on page 12 from Contrax. He asked about the disparity in price between the two orders, one for 9 at \$3,800 and the other for 20 at \$12,031. Ms. Barrios said she would research and report back to the committee.

**Per Fiscal Services staff:**

**In the first entry, purchased 20 ELITE series articulating monitor arms at \$5,685.54 (cost \$5,301.20, plus sales tax \$384.84), applied credit of \$1,800.94 for return of 5 pneumatic lift exam stool with arm rest. The payment made was for \$3,802.87 (\$5,685.54 minus \$1800.94 = 3,884.60). The payment was shorted \$81.73. The additional amount owed of \$81.73 will be paid to the vendor. No installation or freight charges were included on this order. Unit price of \$265.06 for each articulating monitor arm.**

**The second entry was for the purchase of 9 ELITE series articulating monitoring arms at \$2,385.54, plus installation charges of \$5,672 and freight and sales tax, \$3,974.34. The total cost was \$12,031.88. Unit price of \$265.06 for each articulating monitor arm.**