
MONTEREY PENINSULA COMMUNITY COLLEGE DISTRICT

Citizens' Bond Oversight Committee

ANNUAL REPORT

2007-2008

Monterey Peninsula College • 980 Fremont Street • Monterey, CA 93940

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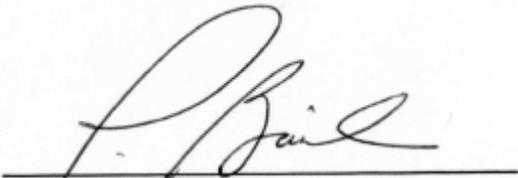
 June 9, 2008

 August 4, 2008

STATEMENT OF COMPLIANCE

This Annual Report is submitted to the Board of Trustees by the Monterey Peninsula Community College District Citizens' Bond Oversight Committee. The Committee advises that, to the best of its knowledge, the Monterey Peninsula Community College District is in compliance with the requirements of Article XIII A, Section 1(b)(3) of the California Constitution. In particular, bond revenue has been expended only for the purposes so described in Measure I. As prohibited by Article XIII A, Section 1(b)(3)(a) of the California Constitution, no funds were used for any teacher or administrative salaries or other operating expenses.

Respectfully Submitted By:



Peter Baird, Chair
Citizens' Bond Oversight Committee

Date: November 17, 2008

INTRODUCTION

At the election conducted on November 5, 2002, the Monterey Peninsula Community College District was successful in obtaining more than 55% voter approval to issue and sell general obligation bonds in the amount of \$145,000,000 to fund specific facility projects. The bond election was conducted under Proposition 39 regulations.

Pursuant to Education Code Section 15278, the Board of Trustees established the Citizens' Bond Oversight Committee (CBOC) at their meeting on February 25, 2003 to satisfy the accountability requirements of Proposition 39.

The Citizens' Bond Oversight Committee Bylaws, setting forth the duties and rights of the Committee, were also adopted by the Board at the February 25, 2003 meeting.

The three primary duties of the Citizens' Bond Oversight Committee are to inform the public concerning the District's expenditure of bond proceeds, review and report on the expenditure of taxpayers' monies, and advise the public on the district's compliance with Proposition 39.

SUMMARY OF THE COMMITTEE'S PROCEEDINGS AND ACTIVITIES FOR 2007-2008

Committee Membership

The Bylaws require that the CBOC consist of a minimum of seven members representing students, the business community, senior citizens organization, taxpayers association, college support organization, and the community at large.

Committee members serve without compensation and may be appointed for no more than two consecutive terms. Among those ineligible to serve are elected officials, employees, vendors, contractors, or consultants of the District.

Currently, the committee is composed of ten members, appointed by the Board of Trustees. In November 2007, Howard Gustafson, Rick Heuer, Jay Hudson, and Ken White completed their tenure on the committee, having served two consecutive terms. In addition, Leon Stutzman, representing the GENTRAIN Society, completed his first term and elected not to continue his membership for a second term. These members were recognized by the Board of Trustees for their service to the college and received certificates of commendation. Eleanor Morrice, representing the Associated Students of Monterey Peninsula College, also completed her first term in November 2007. Ms. Morrice agreed to continue her service on the committee and was reappointed to a second term.

As a result of these changes, five vacancies were created on the committee. Notices were placed in the Monterey Herald to solicit interested applicants. Applications were reviewed and interviews conducted by the Superintendent/President and five new members were recommended for appointment by the Governing Board: Scott Coté, Daphne Hodgson, and Gary Ray as representatives of the community at large; Mary Ann Kane, GENTRAIN Society representative; and Ronald Pasquinelli, Monterey Peninsula Taxpayers Association representative.

In accordance with the Bylaws, officers were selected at the annual organizational meeting on November 5, 2007. Peter Baird was appointed to the Chair position by Dr. Garrison and Steve Emerson was elected by the committee to serve as Vice Chair.

The officers and members who served during the past year are as follows:

Howard Gustafson, Jr.	2-year second term, 11/2005 – 11/2007
Rick Heuer	2-year second term, 11/2005 – 11/2007

Peter Baird, Chair	2-year initial term, 11/2006 – 11/2008
Scott Coté	2-year initial term, 11/2007 – 11/2009
Steven Emerson, Vice Chair	2-year initial term, 11/2006 – 11/2008
Daphne Hodgson	2-year initial term, 11/2007 – 11/2009
Jay Hudson	2-year second term, 11/2005 – 11/2007
Mary Ann Kane	2-year initial term, 11/2007 – 11/2009
Elinor Laiolo	2-year initial term, 11/2006 – 11/2008
Eleanor Morrice	2-year second term, 11/2007 – 11/2009
Ronald Pasquinelli	2-year initial term, 11/2007 – 11/2009
Gary Ray	2-year initial term, 11/2007 – 11/2009
Sondra Rees	2-year initial term, 11/2006 – 11/2008
Leon Stutzman	2-year initial term, 11/2005 – 11/2007
Ken White	2-year second term, 11/2005 – 11/2007

Meetings and Activities of the Citizens' Bond Oversight Committee

The committee conducts its meetings in accordance with provisions of the Ralph M. Brown Public Meetings Act, Government Code Sections 54950 et seq. Meeting notices and agendas are sent to members of the committee within the required period of time, posted at the Monterey Peninsula College Administration Building, and sent to local media.

During 2007-08, the committee convened four quarterly meetings. The annual organizational meeting of the committee was held November 5, 2007, with subsequent meetings held on March 3, 2008, June 9, 2008, and August 4, 2008. Meetings were located at the Sam Karas Room in the Library & Technology Center except for the June meeting, which was held at the MPC Education Center at Marina.

At the meetings convened during 2007-08, the committee received status updates on the bond projects and reviewed bond program expenditures. The June meeting included a tour of facility projects at the Monterey campus and at the college's sites at the former Fort Ord. Also, in January 2008, the District issued Series B and C bonds and the committee received a presentation from Monterey County Treasurer-Tax Collector, Lou Solton, on the investment of these bond funds. At the June meeting, the committee received a presentation on the District's bond website (www.mpc.edu/mpcbond/) which has been extensively updated to reflect current facilities projects and budget information. The bond website also includes a page

specifically designated for the committee's activities where the meeting schedule, agendas, minutes, and annual reports are posted.

Financial Report of the Citizens' Bond Oversight Committee

The first bond issuance was June 18, 2003. Total principal amount was \$40 million. The bond was refinanced in December 2005, increasing the principal amount to \$44,240,052. The second and third series of the bonds were issued in January 2008. In Series B, \$9,004,530 of taxable bonds were issued, with no time limit for expenditure. The principal amount in the Series C issuance was \$95,994,770 of tax exempt bond funds that are anticipated to be 85% expended within five years.

Expenditures and payments made from bond funds have been regularly reviewed and accepted by the committee during the course of the year. This annual report shows expenditures during the report period of October 1, 2007 through September 30, 2008 and total expenditures since bond inception.

MPC Bond Expenditure Report
July 1, 2003 through September 30, 2008

<u>Receipts:</u>	Prior	10/1/2007- 09/30/2008	Total
Bond Principal – Series A	\$40,000,000	\$0	\$40,000,000
Refinancing - Series A	\$4,240,052	\$0	\$4,240,052
Bond Principal - Series B, taxable		\$9,004,530	\$9,004,530
Bond Principal - Series C, nontaxable		\$95,994,770	\$95,994,770
Interest Income*	\$2,963,757	\$2,520,815	\$5,484,572
Total Receipts	\$47,203,809	\$107,520,115	\$154,723,924

Expenditures:

Completed Projects:

As Built Drawings	\$209,792	\$0	\$209,792
Automotive Technology -- HVAC	\$16,443	\$0	\$16,443
Business Computer Science Building - Seismic Design	\$5,412	\$2,570	\$7,982
Child Development Center	\$0	\$1,019,001	\$1,019,001
Demolition of Old Plant Services	\$63,522	\$0	\$63,522
Drafting Building	\$15,349	-\$1,375	\$13,974

Environmental Impact Report	\$154,163	\$0	\$154,163
Humanities Building - Seismic Design	\$16,375	\$0	\$16,375
HVAC Repairs	\$618,539	\$0	\$618,539
Infrastructure I (main campus utilities, parking lot A)	\$12,989,076	\$7,113,810	\$20,102,886
Infrastructure II (parking lots D, E, & F)		\$2,004,161	\$2,004,161
Landscaping	\$438,293	\$0	\$438,293
Lecture Forum Remodel	\$1,374,890	\$725,613	\$2,100,503
Life Science -- Elevator Evaluation	\$7,794	\$0	\$7,794
Master Signage Program	\$53,890	\$0	\$53,890
New Plant Services Building	\$487,574	\$0	\$487,574
Old Library Renovation Analysis	\$21,280	\$0	\$21,280
Miscellaneous	\$0	\$420	\$420
Physical Education (Stadium, Fitness Center, etc.)	\$16,856,177	\$369,570	\$17,225,747
Physical Science -- Elevator Evaluation	\$6,976	\$10	\$6,986
Roof Repairs	\$480,256	\$0	\$480,256
Social Science Remodel	\$576,777	\$280,403	\$857,180
Telephone System Upgrades	\$599,414	\$0	\$599,414
Vehicles	\$187,070	\$0	\$187,070
Walkway/Safety Improvements	\$225,630	\$0	\$225,630
Completed Projects	<u>\$35,404,692</u>	<u>\$11,514,184</u>	<u>\$46,918,876</u>
In Process:			
Auto Technology Addition		\$10,080	\$10,080
Bond Program Management	\$1,903,806	\$851,502	\$2,755,308
Education Center at Marina	\$1,201,605	\$517,545	\$1,719,150
Furniture/Equipment	\$256,477	\$72,354	\$328,831
Gym - Floor/Seismic/Bleachers		\$150,744	\$150,744
Infrastructure III		\$26,032	\$26,032
Music Theater		\$22,733	\$22,733
New Admin/Old Library Renovation	\$0	\$764,527	\$764,527
Public Safety at Seaside	\$366,958	\$605,229	\$972,187
Student Services Building	\$284,117	\$509,420	\$793,537
Student Center Building		\$9,705	\$9,705
Swing Space/Interim Housing	\$814,361	\$687,648	\$1,502,009
Total Expenditures	<u>\$40,232,016</u>	<u>\$15,741,702</u>	<u>\$55,973,719</u>

* Interest income is through June 30 of each fiscal year

**CAMPUS RENOVATION/CONSTRUCTION PROJECTS COMPLETED, IN PROCESS,
 AND PLANNED FOR THE FUTURE**
 September 30, 2008

COMPLETED:

<u>Project</u>	<u>Description</u>	<u>Funding Source</u>		
		<u>Prop 39 Bond</u>	<u>State & Other</u>	<u>Total Cost</u>
Library & Technology Center	This new 65,000 sq. ft., 3-story building houses the college's book and media collections and includes computer labs, classrooms, multi-media rooms, group study rooms, teleconferencing capability and a faculty lounge. The \$19.9 million project was primarily funded by the state, with \$438,000 provided by MPC bond funds. The facility was completed in July 2003.	\$438,293	\$19,470,000	\$19,908,293
Facilities Building	The new 18,440 sq. ft. building consolidates the plant services, warehouse, building maintenance, and grounds operations within one building. Old structures formerly housing these operations were demolished. The state funded \$2.48 million of the total project cost of \$2.97 million and MPC bonds provided \$488,000. This project was completed in fall 2003.	\$487,574	\$2,478,000	\$2,965,574
Early Start & Miscellaneous Projects	This group of projects include walkway and safety improvements, new IP phone system, new roofs on Life Science, Physical Science, Business-Computer Science, and Art Dimensional buildings, rebuilding the HVAC systems in Art Dimensional, Social Science, Business-Computer Science buildings, completing required campus wide CEQA reports, campus as-built site drawings, purchase of new vans and street cleaner. Dollar amounts given represent actual MPC bond expenses to date. Most of these projects were completed by 2004, with the exception of the campus CEQA environmental report, completed in March, 2006.	\$2,683,530	\$439,037	\$3,122,567

COMPLETED:

<u>Project</u>	<u>Description</u>	<u>Funding Source</u>		
		<u>Prop 39 Bond</u>	<u>State & Other</u>	<u>Total Cost</u>
Community Stadium	This project completely refurbished and modernized the existing campus football stadium, track, and softball fields. The upgrades include synthetic football/soccer and softball fields, an eight lane all weather track, new bleachers and support facilities. MPC bond funds covered most of the \$13.5 million cost, with \$100,000 received from a state waste tire grant program for the artificial turf installed on the football field. The project was completed in spring 2007.	\$13,406,672	\$100,000	\$13,506,672
Fitness Center	This new 12,750 sq. ft., two-story building provides classrooms, offices, and a weight room. The old structure was demolished. The project was completed August, 2007.	\$3,819,075		\$3,819,075
Child Development Center	This new three-building, 9,900 sq. ft. complex provides a child care facility serving the campus and community. The facilities also include a classroom and observation rooms that make up an academic laboratory to provide practicum experience for Child Development Program courses. The state funded \$4.4 million of the project with \$1 million contributed from MPC bond funds. The project was completed in October, 2007.	\$1,019,001	\$4,384,000	\$5,403,001
Infrastructure - Phase I	All of the campus infrastructure (underground utilities, roads, walkways, bridges, etc.) will be rebuilt under the bond program. Phase I makes up 77% of the total infrastructure work on campus and was completed in September, 2008.	\$20,102,886		\$20,102,886

COMPLETED:

<u>Project</u>	<u>Description</u>	<u>Funding Source</u>		
		<u>Prop 39 Bond</u>	<u>State & Other</u>	<u>Total Cost</u>
Lecture Forum	The existing 18,545 square foot instructional building was remodeled to upgrade technology and improve acoustics. The HVAC system was replaced, restrooms rebuilt, new seating and floor covering installed, and the building repainted. The majority of work was completed August 2007 with minor work completed in summer 2008.	\$2,100,503		\$2,100,503
Social Science	The existing 12,580 square foot instructional building was remodeled to meet current seismic and ADA standards. The bathrooms were rebuilt, the HVAC system replaced, and new furniture, paint, and floor coverings were added. The majority of the work was completed August 2007 with minor work completed in summer 2008.	\$857,180		\$857,180
Infrastructure - Phase II	This phase includes the rebuilding and expansion of parking lots D, E, & F, addition of campus wide emergency alarms, and rebuilding the baseball backstop. The parking lots and alarm installation were completed in August 2008; the backstop drawings are currently being reviewed by the Division of the State Architect.	\$2,004,161		\$2,004,161
Totals for Completed Projects		\$46,918,875	\$26,871,037	\$73,789,912

Note: Under Completed Projects, Prop 39 Bond amounts are actual expenditures to date.

IN PROCESS:

<u>Project</u>	<u>Description</u>	<u>Budgets</u>		<u>Total Cost</u>
		<u>Prop 39 Bond</u>	<u>State & other</u>	
Administration Building Renovations	The 19,040 sq. ft. former library building is currently being remodeled to house campus administrative offices. The state is funding \$2.715 million of the total cost with \$4.085 million contributed from MPC bond funds. The project is currently 65% complete. Office move-in is scheduled in spring 2009.	\$4,085,000	\$2,715,000	\$6,800,000
Auto Technology	This project consists of a remodel and addition to the existing facility. Schematic drawings are currently being worked on. Construction is scheduled June 2009 through January 2010.	\$1,000,000		\$1,000,000
Education Center at Marina	Temporary facilities have been installed on the Education Center site on Imjin Parkway and 3rd Avenue in Marina. The first permanent 12,000 square foot academic facility is currently being designed, with a planned opening in Spring 2011.	\$11,000,000		\$11,000,000
Family Consumer Science	The existing facility will be remodeled to repair the roof and upgrade the classroom. Roof repairs have been completed and classroom upgrades will be done over the semester break and completed January 2009.	\$500,000		\$500,000
Furniture & Equipment	New furniture has been installed in all lecture classrooms. Additional funds will be used to provide furniture for the Education Center at Marina, Public Safety Training Center, and new Student Services building.	\$4,000,000		\$4,000,000

IN PROCESS:

<u>Project</u>	<u>Description</u>	<u>Budgets</u>		<u>Total Cost</u>
		<u>Prop 39 Bond</u>	<u>State & other</u>	
Gym	The upper floor of the existing gym is being rebuilt and includes seismic upgrades and gym floor and bleacher replacement. MPC bond funds are covering 50% of the \$1.2 million estimated project cost, with the remaining 50% provided by the state. The project is scheduled to be completed in January 2009.	\$600,000	\$600,000	\$1,200,000
Infrastructure - Phase III	This phase includes new data cabling installed campus wide, the rebuilding of many sidewalks and parking lots B, C, & J, the installation of additional lighting and signage upgrades, an elevator at PE, and additions to disaster notification systems. Work will be completed in phases from May 2008 through September 2014.	\$3,800,000		\$3,800,000
Public Safety Training Center	Two existing former Army buildings on Col. Durham Rd. at the former Fort Ord are being renovated to provide classrooms and offices for public safety training programs. This project was successfully bid and construction began in July, 2008. The project will be completed in time for the Fall, 2009 semester.	\$9,000,000		\$9,000,000
Student Center Renovation	A remodel of the existing facility is planned. Schematic drawings are currently being worked on. Construction will be completed in phases, from June 2009 through August 2012.	\$4,700,000		\$4,700,000

IN PROCESS:

<u>Project</u>	<u>Description</u>	<u>Budgets</u>		<u>Total Cost</u>
		<u>Prop 39 Bond</u>	<u>State & other</u>	
Student Services Building	A new 22,000 sq. ft. building that will allow the consolidation of student services offices in one central location will be constructed adjacent to the current Student Center. The building design has been completed and drawings are currently at the Division of State Architect for review and approval. Construction is expected to begin in spring 2009. Completion of the project is estimated to be in spring 2010.	\$11,000,000		\$11,000,000
Swing Space/Interim Housing	Temporary space to house programs and services displaced by modernization projects is planned. Ten temporary modulars have been placed on campus and at the Education Center. Plans are currently being developed to convert the old administration building to temporary classrooms, and additional modulars for labs will be needed to accommodate the Life Science and Physical Science projects.	\$4,600,000		\$4,600,000
Totals for Projects In Process		\$54,285,000	\$3,315,000	\$57,600,000
Program Management	An outside firm is being used to manage the overall bond construction program. Funds to pay for these services are generated from interest earnings on bond funds. Amounts in the columns to the right represent actual expenses to date.	\$2,755,308		\$2,755,308

FUTURE:

<u>Project</u>	<u>Description</u>	<u>Budgets</u>		<u>Total Cost</u>
		<u>Prop 39 Bond</u>	<u>State & other</u>	
Art Studio/Art Ceramics/AD/IC	Rebuild existing Art Studio, Art Ceramics, Art Dimensional, and International Center buildings, and demolish existing Drafting building. The Final Project Proposal was submitted to the state Chancellor's Office in July 2008 to request 50% state funding support. The projected completion date of summer 2014 is contingent upon state funding approval.	\$5,646,000	\$5,646,000	\$11,292,000
Business Humanities	Rebuild existing Humanities and Student Services buildings, and demolish existing Business Humanities building. The Final Project Proposal was submitted to the state Chancellor's Office in July 2007 to request 50% state funding support and was approved. The project has state approval for drawings starting July 2009. The estimated project completion in 2012 is subject to the availability of state bond dollars for construction.	\$3,845,000	\$3,845,000	\$7,690,000
Business, Math, and Science Buildings	Rebuild existing Physical Science, Life Science, and Business Computer Science buildings. The Final Project Proposal was submitted to the state Chancellor's Office in July 2007 to request 50% state funding support. The projected completion date of spring 2012 is contingent upon state funding approval.	\$15,453,000	\$15,453,000	\$30,906,000
Gym - Showers/Locker Rooms	Rebuild existing shower and locker rooms, and demolish existing pool building. Drawings are currently being completed. Construction will be done in phases, starting spring 2009. The estimated completion of the project is 2010-11 and is subject to change.	\$3,000,000		\$3,000,000

FUTURE:

<u>Project</u>	<u>Description</u>	<u>Budgets</u>		<u>Total Cost</u>
		<u>Prop 39 Bond</u>	<u>State & other</u>	
Music/Theater	Renovate existing Theater and build new Music building, creating a Center for the Performing Arts. The existing Music buildings will be demolished. The Final Project Proposal was submitted to the state Chancellor's Office in July 2008 to request 50% state funding support. The projected completion date of spring 2013 is contingent upon state funding approval.	\$11,314,000	\$11,314,000	\$22,628,000
Nursing	Replace roof on existing facility and paint exterior. This project is scheduled to be completed fall 2014.	\$500,000		\$500,000
Pool and Tennis Courts	Rebuild pool and add one additional tennis court. The project is estimated to be complete in 2014-15.	\$5,000,000		\$5,000,000
Public Safety Training Center - Phase II (Parker Flats)	Construct new outdoor training facilities at the Parker Flats site at the former Fort Ord, including an emergency vehicle driving course, a live fire burn building, and a firing range. The Initial Project Proposal for this project was submitted to the state Chancellor's Office in July 2008 for state funding consideration. The Final Project Proposal is planned to be submitted in July 2009 to secure 50% state funding support.	\$6,000,000	\$6,000,000	\$12,000,000
	Totals for Future Projects	\$50,758,000	\$42,258,000	\$93,016,000
	Grand Totals	\$154,717,183	\$72,444,037	\$227,161,220

APPENDIX

COMMITTEE ROSTER

COMMITTEE MEETING AGENDAS

November 5, 2007

March 3, 2008

June 9, 2008

August 4, 2008

COMMITTEE MEETING MINUTES

November 5, 2007

March 3, 2008

June 9, 2008

August 4, 2008

MONTEREY PENINSULA COLLEGE

Citizens' Bond Oversight Committee Members

- Peter Baird, Chair, *Monterey Peninsula Chamber of Commerce*
- Steve Emerson, Vice Chair, *Marina Chamber of Commerce*
- Scott Coté, *Community member*
- Daphne Hodgson, *Community member*
- Mary Ann Kane, *GENTRAIN Society*
- Elinor Laiolo, *Carmel Foundation*
- Eleanor Morrice, *Associated Students of Monterey Peninsula College*
- Ronald Pasquinelli, *Monterey Peninsula Taxpayers Association*
- Gary Ray, *Community member*
- Sondra Rees, *Monterey Peninsula College Foundation*

COMMITTEE MEETING AGENDAS



Monterey Peninsula College

980 Fremont Street, Monterey, California 93940-4799 • 831/646-4000 • FAX 831/655-2627

Douglas R. Garrison, Ed. D., Superintendent/President

MONTEREY PENINSULA COMMUNITY COLLEGE DISTRICT
Citizens' Bond Oversight Committee

Monday, November 5, 2007
3:00 PM – Regular Meeting
Sam Karas Room, Library and Technology Center
Monterey Peninsula College

MEETING AGENDA

1. Call to Order

2. Public Comment

Members of the audience wishing to address the Citizens' Bond Oversight Committee may do so during the public comment period. Under provisions of the Brown Act, the Committee is prohibited from discussing or taking action on oral requests that are not part of the agenda. Comments are limited to three minutes per person or as determined by the committee.

3. Committee Membership Review

Committee membership will be reviewed by Dr. Garrison.

INFORMATION

4. Officers

The committee chair will be appointed by Dr. Garrison. Committee members will indicate their interest in serving as vice-chair and a vote will be taken.

ACTION

5. Approval of August 6, 2007 Minutes

ACTION

6. Accept Bills and Warrants Report

The list of payments from bond funds expended through September 30, 2007 will be reviewed for acceptance by the committee.

ACTION

7. Bond Expenditure Status Report

The monthly bond expenditure status reports for July, August, and September, 2007 will be reviewed with the committee. The October 2007 cost control report will also be presented.

INFORMATION

8. Annual Report for 2006-07

ACTION

The By-Laws state the Committee shall present to the Board of Trustees, in public session, an annual written report to include a statement indicating whether the District is in compliance with the requirements of Article XIII A, Section 1(b)(3) of the California Constitution and a summary of the Committee's proceedings and activities for the preceding year. A draft annual report will be reviewed for approval and presentation to the Board of Trustees.

9. Update on Facilities Projects, Timelines and Schedules

INFORMATION

A status report will be provided on all projects. The timelines and schedules for current facility projects will be reviewed.

10. Meeting Schedule (PLEASE BRING CALENDARS)

INFORMATION/ACTION

The following meeting dates are suggested:

Monday, March 3, 2008

Monday, June 9, 2008

Monday, August 4, 2008

Monday, November 3, 2008 (Annual Organizational Meeting)

11. Suggestions for Future Agenda Topics and Announcements

12. Adjournment

***RECEPTION following meeting to honor outgoing members and introduce incoming members.**

Posted: October 31, 2007



MONTEREY PENINSULA COMMUNITY COLLEGE DISTRICT
Citizens' Bond Oversight Committee

Monday, March 3, 2008
3:00 PM – Regular Meeting
Sam Karas Room, Library and Technology Center
Monterey Peninsula College

MEETING AGENDA

1. Call to Order

2. Introduction of New Committee Members

Mr. Scott Coté, Ms. Daphne Hodgson, Ms. Mary Ann Kane, Mr. Ronald Pasquinelli, and Mr. Gary Ray will be introduced.

3. Public Comment

Members of the audience wishing to address the Citizens' Bond Oversight Committee may do so during the public comment period. Under provisions of the Brown Act, the Committee is prohibited from discussing or taking action on oral requests that are not part of the agenda. Comments are limited to three minutes per person or as determined by the Committee.

4. Purposes, Duties and Authorized Activities of the Citizens' Bond Oversight Committee/Review of Ethics Policy Statement

INFORMATION

Mr. David Casnocha, bond counsel from Stradling, Yocca, Carlson, and Rauth, will provide an overview of the purpose of the Committee, its duties, and authorized activities as set forth in the Bylaws. Mr. Casnocha will also review the Citizens' Bond Oversight Committee Ethics Policy Statement.

5. Review of the Ralph M. Brown Public Meetings Act

INFORMATION

Mr. David Casnocha will briefly outline the requirements of the Brown Act as it relates to the conduct of Citizens' Bond Oversight Committee meetings.

6. Approval of November 5, 2007 Minutes

ACTION

- | | |
|---|-------------|
| <p>7. Accept Bills and Warrants Report
The list of payments from bond funds expended through December 31, 2007 will be reviewed for acceptance by the Committee.</p> | ACTION |
| <p>8. Bond Expenditure Status Report
The monthly bond expenditure status reports for October, 2007 through January, 2008, will be reviewed with the Committee.</p> | INFORMATION |
| <p>9. Bond Audit Report for 2006-07
The District's Bond Audit Report, for the fiscal year ended June 30, 2007, will be reviewed with the Committee.</p> | INFORMATION |
| <p>10. Series B and C Bonds Issuance
An update will be provided on the recent issuance of Series B and Series C bonds.</p> | INFORMATION |
| <p>11. State Capital Outlay Funding Process
The process for requesting state funding for community college facilities projects will be reviewed with the Committee.</p> | INFORMATION |
| <p>12. Update on Facilities Projects, Timelines and Schedules
A status report will be provided on all projects. The timelines and schedules for current facility projects will be reviewed.</p> | INFORMATION |
| <p>13. Meeting Schedule
Future meetings of the Committee are scheduled for:
Monday, June 9, 2008
Monday, August 4, 2008
Monday, November 3, 2008 (Annual Organizational Meeting)</p> | INFORMATION |
| <p>14. Suggestions for Future Agenda Topics and Announcements
Committee tour of facilities projects at June meeting</p> | |
| <p>15. Adjournment</p> | |

Posted: February 27, 2008



MONTEREY PENINSULA COMMUNITY COLLEGE DISTRICT
Citizens' Bond Oversight Committee

Monday, June 9, 2008
1:30 PM – Committee Tour of College Facilities Projects
3:00 PM – Regular Meeting
MT1, MPC Education Center at Marina
289 12th Street, Marina, CA

MEETING AGENDA

- 1. Call to Order**
- 2. Public Comment**
Members of the audience wishing to address the Citizens' Bond Oversight Committee may do so during the public comment period. Under provisions of the Brown Act, the Committee is prohibited from discussing or taking action on oral requests that are not part of the agenda. Comments are limited to three minutes per person or as determined by the Committee.
- 3. Approval of March 3, 2008 Minutes** ACTION
- 4. Accept Bills and Warrants Report** ACTION
The list of payments from bond funds expended through March 31, 2008 will be reviewed for acceptance by the Committee.
- 5. Bond Expenditure Status Report** INFORMATION
The monthly bond expenditure status reports for February 2008 through April 2008, will be reviewed with the Committee. The May 2008 cost control report will also be presented.
- 6. Investment of Series B and C Bonds** INFORMATION
Information will be provided on the investment of Series B and Series C bonds, which were recently issued.
- 7. Planning Discussion for 2007-08 Annual Report** INFORMATION
The Committee By-Laws state the Committee shall present to the Board of Trustees, in public session, an annual written report to include a statement indicating whether the District is in compliance

with the requirements of Article XIII A, Section 1(b)(3) of the California Constitution and a summary of the Committee's proceedings and activities for the preceding year. The format for the 2007-08 annual report, to be approved at the November 2008 meeting, will be discussed.

8. Update on Facilities Projects, Timelines and Schedules INFORMATION
A status report will be provided on all projects. The timelines and schedules for current facility projects will be reviewed.

9. MPC Bond Website INFORMATION
A presentation on the College's bond program website will be made.

10. Meeting Schedule INFORMATION
Future meetings of the Committee are scheduled for:
Monday, August 4, 2008
Monday, November 3, 2008 (Annual Organizational Meeting)

11. Suggestions for Future Agenda Topics and Announcements

12. Adjournment

Posted: June 4, 2008



MONTEREY PENINSULA COMMUNITY COLLEGE DISTRICT
Citizens' Bond Oversight Committee

Monday, August 4, 2008
3:00 PM – Regular Meeting
Sam Karas Room, Library and Technology Center
Monterey Peninsula College

MEETING AGENDA

1. Call to Order

2. Public Comment

Members of the audience wishing to address the Citizens' Bond Oversight Committee may do so during the public comment period. Under provisions of the Brown Act, the Committee is prohibited from discussing or taking action on oral requests that are not part of the agenda. Comments are limited to three minutes per person or as determined by the committee.

3. Investment of Series B and C Bonds

The recently issued Series B and C bonds have been invested with the Monterey County Treasurer's office. Lou Solton, Monterey County Treasurer-Tax Collector, will be present to provide information on Monterey County's investment policy and the investment of the District's bond funds.

INFORMATION

4. Approval of June 9, 2008 Minutes

ACTION

5. Accept Bills and Warrants Report

The list of payments from bond funds expended through June 30, 2008, will be reviewed for acceptance by the Committee.

ACTION

6. Bond Expenditure Status Report

The monthly bond expenditure status reports for May and June 2008 will be reviewed with the Committee. The June and July 2008 cost control reports will also be presented. As a follow up to the June 9 meeting, a list of proposed project title changes will also be discussed.

INFORMATION

- | | |
|---|---------------------------|
| <p>7. Update on Facilities Projects, Timelines and Schedules
 A status report will be provided on all projects. The timelines and schedules for current facility projects will be reviewed.</p> | <p>INFORMATION</p> |
| <p>8. 2008-09 Initial Project Proposal and Final Project Proposal Submissions
 The district's Initial Project Proposal for the Fort Ord Public Safety Training Center - Phase II and Final Project Proposals for the Music/Theater Project and Arts Complex Project, approved by the Governing Board on June 24, 2008, will be reviewed with the Committee. These proposals have been submitted to the state Chancellor's Office for consideration for state funding.</p> | <p>INFORMATION</p> |
| <p>9. 2010-14 Five Year Capital Outlay Plan
 The district's 2010-14 Five-Year Construction Plan, approved by the Governing Board on June 24, 2008, will be reviewed with the Committee. This plan reflects the college's priorities for facilities projects for the next five years and provides the context for the college's project proposals that have been filed with the state Chancellor's Office.</p> | <p>INFORMATION</p> |
| <p>10. Review of Format for 2007-08 Annual Report
 The Committee is required to issue a written annual report that indicates the District's compliance with the requirements of Article XIII A, Section 1(b)(3) of the California Constitution and includes a summary of the Committee's proceedings and activities for the preceding year. A draft version of the financial section, reflecting the format discussed at the June 9 meeting, will be provided at the meeting for review and discussion with the Committee.</p> | <p>INFORMATION</p> |
| <p>11. Meeting Schedule
 The next meeting of the committee is scheduled for:
 Monday, November 10, 2008 (Annual Organizational Meeting)
 The date of this meeting will be discussed.</p> | <p>INFORMATION/ACTION</p> |
| <p>12. Suggestions for Future Agenda Topics and Announcements</p> | |
| <p>13. Adjournment</p> | |

COMMITTEE MEETING MINUTES

MONTEREY PENINSULA COMMUNITY COLLEGE DISTRICT

CITIZENS' BOND OVERSIGHT COMMITTEE

November 5, 2007
3:00 PM – Sam Karas Room, Library & Technology Center

Meeting Minutes

MEMBERS PRESENT: Mr. Peter Baird
Mr. Steve Emerson
Mr. Howard Gustafson, Jr.
Ms. Elinor Laiolo
Ms. Eleanor Morrice
Ms. Sondra Rees
Mr. Leon Stutzman
Mr. Ken White

ABSENT: Mr. Rick Heuer
Mr. Jay Hudson

STAFF PRESENT: 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. R. S. Coté
Mr. Lynn Davis
Mr. Joe Demko, Kitchell CM
Ms. Daphne Hodgson
Ms. Mary Ann Kane
Mr. Ron Pasquinelli
Mr. Randy Porter, Kitchell CM
Mr. Gary Ray
Dr. Jim Tunney

1. **Call to Order**

The regular meeting of the Citizens' Bond Oversight Committee of Monterey Peninsula College was called to order at 3:06 PM by Chair Gustafson.

2. **Public Comment**

None.

3. **Committee Membership Review**

Dr. Garrison noted that membership of the Committee was in transition. Four members, Howard Gustafson, Rick Heuer, Jay Hudson, and Ken White, will be completing their tenure on the Committee, having served two consecutive terms. In addition, Leon Stutzman, will be completing his first term and leaving the Committee. Mr. Heuer and Mr. Stutzman were representatives of the Monterey Peninsula Taxpayers Association and the GENTRAIN

Society, respectively. As “designated seats”, both of these organizations were contacted for replacements. Ron Pasquinelli will be representing the taxpayers association and Mary Ann Kane will be the new representative of the GENTRAIN Society. Dr. Garrison stated the remaining vacancies on the Committee will be for representatives of the community at-large. Notices were placed in the newspaper and six applications were received. Scott Coté, Daphne Hodgson, and Gary Ray have been appointed to represent the community at-large. Dr. Garrison noted the incoming members had been invited to attend the meeting and he introduced them to the Committee.

Dr. Garrison recognized Mr. Gustafson, Mr. Heuer, Mr. Hudson, Mr. White, and Mr. Stutzman for their service on the Citizen’s Bond Oversight Committee. Each (with the exception of Mr. Heuer and Mr. Hudson who were not in attendance) was presented with a framed certificate of appreciation.

College trustees, Lynn Davis and Jim Tunney, were introduced by Dr. Garrison. Mr. Davis, Chair of the Governing Board, expressed thanks on behalf of the Board to the outgoing Committee members.

4. Officers

Dr. Garrison informed the Committee that Peter Baird had agreed to serve as chair for the next year. Dr. Garrison thanked Howard Gustafson for his leadership as chair of the Committee during the past year.

Nominations were opened for vice-chair. Motion to approve Steve Emerson’s nomination was made by Mr. Gustafson, seconded by Ms. Laiolo. The vote was unanimous in support of Mr. Emerson’s election.

5. Approval of Minutes

Motion to approve the minutes of the August 6, 2007 meeting was made by Mr. Emerson and seconded by Mr. Stutzman. Motion carried, with one abstention (Ms. Laiolo).

6. Accept Bills and Warrants Report

Mr. Bissell noted several credits were reflected in the report. On page 1 under the Fort Ord Public Safety project, there was a credit of \$19,250 due to a double billing to the architect that was caught and reversed. Under the Lecture Forum project on page 2, a credit of \$188,631 for a heating and ventilation repair resulted when the expense was charged to state Scheduled Maintenance funding. Another credit of \$64,493 for Scudder Roofing for the Lecture Forum bridge repair on page 7 also was due to state Scheduled Maintenance funds being used. Mr. Bissell explained the next credit of \$181,860, appearing on page 8 under the Old Library project, was due to the state providing 50% of the funding for the building renovation. Under the PE Field/Track project, the credit of \$100,000 for artificial turf reflects grant funding received from the state waste tire program. The final credit of \$4,200, appearing on page 10 under seismic retrofit projects, was a result of the expense being moved to the Social Science renovation project. Mr. Bissell stated this project category would be eliminated in the future as only one seismic project was completed.

Chair Baird asked about the report title and also recommended that it would be clearer if “Year to date through September 30” was added. Mr. Bissell responded that the report actually covered the period from inception of the bond to September 30, but only showed financial activity for the quarter.

Chair Baird noted the same expense for construction zone fencing was listed for both the Lecture Forum and Social Science Buildings. He asked if the expenses were separate or a possible duplicate. Mr. Bissell explained that one firm was hired to provide fencing and the bill might have been split between the two projects. He said he would confirm the billing was correct.

A question was also asked about the expense "to haul away contaminated dirt from Fort Ord" listed under the Physical Education Field/Track project. Mr. Bissell explained that soil was removed from the stadium field and moved to the college's Fort Ord site where additional fill was needed. The soil was later found to be contaminated with asbestos pipe and the soil had to be removed. The expense was charged to the physical education project.

Motion to accept the bills and warrants report was made by Mr. Emerson and seconded by Mr. Gustafson. Motion carried unanimously.

7. Bond Expenditure Status Report

Mr. Bissell reviewed the July, August, and September reports. Chair Baird noted that the Auto Technology Building and Drafting Building projects were listed as closed projects on the bills and warrant report, but were listed as 2% complete on the monthly expenditure reports. Mr. Bissell said these were small projects to replace the furnaces and were done out of sequence. Rather than continue to carry the projects on the reports, he stated the items will be closed out until the projects are restarted.

Chair Baird asked for clarification of a credit to the UC Regents for \$6,517 on the September report. Mr. Demko said he would research the item and report back.

A question was asked about interest income. Mr. Bissell said bond monies have been invested with the Monterey County Treasurer and are currently earning 5.2% interest. He added that the interest income was intended to pay bond program management fees. Mr. Bissell reported \$2.9 million in interest income has been received and \$1.8 million has been expended for bond program management through September, leaving the college \$1 million ahead.

8. Annual Report for 2006-07

Dr. Garrison stated the Committee is required to complete a written annual report for submission to the Board of Trustees. A draft annual report was included with the agenda for the Committee's consideration.

Mr. Bissell reviewed the financial summary on page 7. He reported that from August 2006 through September 2007, \$25 million had been spent, resulting in a total expenditure of \$40.3 million of bond funds. Mr. Bissell stated the college was in the process of issuing the second series of bonds, having reached the 85% expenditure level. A cash flow analysis has shown that \$70 million will be spent in the second series and \$25 million in the third series. He said the same companies will be used to complete the issuance of the bonds. The college anticipates selling the bonds and receiving the cash in late December or early January.

Dr. Garrison said the annual report was required to meet the requirements of Proposition 39. To provide more information to the public at large, he reported he is working with Rich Montori, Public Information Officer, to publish an annual report in spring that would combine information from the MPC Foundation and the college. He also mentioned the college is

launching a new website, with a webpage devoted to the activities of the Citizen's Bond Oversight Committee.

Mr. Coté asked if the combined annual report would be funded from the bond. Dr. Garrison responded that both would be funded by the college's general fund as operational costs. Chair Baird commented that the planned publication would be an affirmation of the public's commitment and a reminder of the work that is proceeding.

Motion to approve the annual report for submission to the Governing Board was made by Mr. Gustafson and seconded by Mr. Emerson. Motion carried unanimously.

9. Update on Facilities Projects, Timelines and Schedules

Mr. Demko, the college's bond program manager, reviewed the specific facility projects.

Stadium

Mr. Demko reported the dedication of the facility was held. He noted the field drained well during the recent rainstorm.

PE Fitness Building

The building has been completed. In response to a request from the state, an elevator will be installed to accommodate both the gym and fitness building. It is hoped that work on the elevator will begin soon.

Child Development Center

Mr. Demko stated the project is complete and a notice of completion has been filed. This project was 100% state funded, with \$362,000 provided by the state for equipment.

Public Safety Training Center (Fort Ord)

A self-certification process is being used to renovate the existing buildings on the site. The usual process is for building plans to be reviewed by the Division of the State Architect (DSA) for six months. In this case, there are no drawings available for the former army buildings. A structural analysis has indicated the buildings could be reused. Reuse of the buildings will save money and support "green" design principles. Meetings have occurred with DSA to enable the college to self-certify the buildings and Mr. Demko reported the process is on track. Plans were submitted to DSA in October and it may be possible for bidding to occur in March. Construction work will then start in the summer and the project will be completed in a year.

Satellite Center (Fort Ord)

Mr. Demko stated the college is currently leasing space for classrooms at the UCMBEST facility. Two portable buildings have been purchased for classrooms and installed on the college's site. Two additional modular buildings will be rented to provide administrative and restroom facilities. Lighting is currently being installed.

Infrastructure

The campus infrastructure upgrade was intended to be a 2-year project. After 10 months, the project is 85% complete. Mr. Demko said the goal was to install the infrastructure before the winter rains came and noted the project was completed 8 months ahead of schedule. He lauded Granite Construction's work.

Old Library

This \$5 million project is 50% state funded. Mr. Demko reported the project was out to bid and the deadline was extended one week. Sixteen general contractors have expressed interest in the project. There will be a significant amount of seismic work involved.

Student Services Building

Mr. Demko reported the location and layout of the building have been determined. When the engineering work has been completed, the plans will be submitted to DSA. Bidding will occur in late summer.

Lecture Forum

Seating has been installed and audiovisual problems were resolved. All work was completed by the start of the school year.

Parking

It was noted that just over 200 additional parking spaces have been added to campus, including the Library Technology Center and Child Development Center areas.

Dr. Garrison asked Mr. Bissell to discuss the role of the Facilities Master Plan Redo Committee. Mr. Bissell stated the committee consists of 14 representatives from various areas of the campus. The committee reviews estimated costs and discusses project priorities and scenarios that are frequently shifting. He said the intent is to complete all of the planned facilities projects although some may not be as grand as originally planned. Mr. Coté observed that perceptions on campus need to be managed when projects are modified. Mr. Bissell explained the college must be able to justify the need for its proposed projects in terms of enrollment demands and capacity load ratios to qualify for state funding. Mr. Bissell reviewed the Math-Science project as an example of a project that did not meet these criteria and thus, did not qualify for state funding.

Dr. Garrison added that programmatic needs are pre-eminent in facilities planning; however, the college operates within a state system and must be sensitive to state standards. He agreed it was important to manage expectations. The next guidepost will occur in December when the college will learn of the state Chancellor's Office decision regarding funding for projects submitted last July. Projects may need to be realigned based on those state decisions.

Mr. Emerson inquired about the status of the property exchange at the college's education center site in Marina. Dr. Garrison reviewed the situation regarding the Cypress Knolls development and how the use of Third Avenue would have split the campus. A land exchange was negotiated with the City of Marina to give a contiguous piece of property to the college. This land exchange still needs to be signed off by the U.S. Army and the U.S. Department of Education. The documents have been completed, but signatures are still needed.

Dr. Garrison reported the architectural design has been redone to recognize the change in parcels. The preliminary design was presented to the Governing Board in October and will be approved by the trustees at their meeting in November for submittal to DSA. He said the first phase of the education center in Marina will take 3 years to complete. Subsequent phases will be developed in increments to respond to population growth in the area.

10. Meeting Schedule

The meeting dates of March 3, June 9, August 4, and November 3 (annual organizational meeting) were adopted for 2008.

11. Suggestions for Future Agenda Topics and Announcements

Dr. Garrison requested Mr. Bissell to provide the Committee with an overview of the process for applying for state funding at the next meeting.

As the new members will be seated at the next meeting, Ms. Nakamura suggested that district bond counsel, David Casnocha, be invited to provide an orientation regarding the Committee's role and responsibilities and to review the Brown Act.

Ms. Morrice recognized college staff and Mr. Bissell for their efforts regarding the bond program.

Mr. Stutzman expressed his appreciation for the Committee's work and the quality of the college's facilities.

Chair Baird welcomed the new members and acknowledged Ms. Nakamura's efforts to distribute the agenda earlier.

Ms. Hodgson requested past financial reports to review in preparation for joining the Committee in March. Mr. Bissell said copies of past bills and warrants reports would be provided to her.

12. Adjournment

The meeting was adjourned at 4:11 p.m.

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MONTEREY PENINSULA COMMUNITY COLLEGE DISTRICT

CITIZEN'S BOND OVERSIGHT COMMITTEE

March 3, 2008

3:00 PM – Sam Karas Room, Library & Technology Center

Meeting Minutes

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

ABSENT: None

STAFF PRESENT: 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

1. Call to Order

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

2. Introduction of New Committee Members

Dr. Garrison introduced Mr. Scott Coté, Ms. Daphne Hodgson, Ms. Mary Ann Kane, Mr. Ronald Pasquinelli, and Mr. Gary Ray. Chair Board welcomed the new members to the committee.

3. Public Comment

None.

4. Purposes, Duties and Authorized Activities of the Citizens' Bond Oversight Committee/Review of Ethics Policy Statement

Mr. David Casnocha, the district's municipal bond counsel, was introduced to provide an orientation on the role of the committee for the new members. Mr. Casnocha noted the college's bond, Measure I, was approved with 55% voter approval. He explained the bond was approved under Proposition 39 requirements which lower the threshold for passage of general obligation bonds from 66% to 55%. Proposition 39 bonds have additional obligations to establish and staff a citizen's oversight committee; complete an annual financial performance audit; and provide for greater project specificity to allow the public to determine if funds are being spent appropriately.

Mr. Casnocha stated the committee's Bylaws, approved by the Board of Trustees in 2003, summarize the committee's role and responsibilities. He noted the committee's meetings are subject to the Brown Act and most of the business and deliberations of the committee should be conducted in public. There should be no need for closed sessions. He advised the committee to avoid getting together as a group and discussing oversight committee business outside of regular meetings or conducting serial meetings.

Mr. Casnocha then reviewed the roles and responsibilities set forth in Section 3 of the Bylaws. The committee has three main duties. The first is to review bond expenditures to assure the public that monies are being spent appropriately on Measure I projects and not on teacher/administrator salaries. Mr. Casnocha advised the committee to use Exhibit B of the district's bond measure resolution to determine the projects authorized by the voters for bond expenditures. He further noted that Proposition 39 included the phrase, "no money for teacher/administrator salaries." The state attorney general issued an opinion that the law was intended to exclude teaching and curriculum activities and bond funds could be expended on the salary and overhead of district employees administering bond projects. However, Monterey Peninsula College has elected not to do so.

Mr. Casnocha said the committee had a further duty to inform the public regarding its expenditure review. This responsibility is not set forth in law; the committee may use its own discretion to determine its communication methods, such as publishing a column in the newspaper or having the CBOC Chair update the Board of Trustees at a public meeting.

The third duty is to provide an annual written report. Mr. Casnocha said the committee could follow the model used in the past or change to a different format.

Referring to page 2 of the Bylaws, Mr. Casnocha explained community colleges have used bond funds to leverage state funding. Thus, projects may be funded by a combination of bond and state funds; however, he cautioned that the committee's oversight role is limited to bond funds.

Mr. Casnocha reviewed Section 4 of the Bylaws that describes the authorized activities of the committee. The bond financial audit report may be reviewed by the committee. In addition, the committee may inspect college grounds and facilities (e.g., through a tour), review the deferred maintenance and master plan, and review the efforts of the district to maximize bond funds. He said this last activity is not defined and the college should communicate its efforts, such as private/public partnerships, to the committee.

Mr. Casnocha noted that committee members' terms are limited to two 2-year terms. The Bylaws established an initial 1-year term for some members to ensure continuity of membership through the staggering of terms.

He reviewed Section 7 regarding the technical and administrative support to be provided to the committee, including preparation and maintenance of a website.

5. Review of the Ralph M. Brown Public Meetings Act

Mr. Casnocha continued his orientation for the new members by briefly reviewing the Brown Act public meeting requirements. He emphasized that the committee's discussions should be conducted in open session and members should avoid doing any committee business outside of the meeting.

Chair Baird asked about the committee's authority. Mr. Casnocha described a hypothetical situation where a bond expenditure seemed inappropriate and staff was unresponsive to the

committee's request for more information. In this example, Mr. Casnocha said the committee could then go to the Board of Trustees and explain the committee was being "stonewalled" by staff. The committee's authority ends there; the committee has no further recourse other than issuing a public statement. Mr. Casnocha stated the remedy for any violations rests with a taxpayer; only a taxpayer can bring a lawsuit regarding waste of college funds.

Ms. Morrice asked if any taxpayer could bring suit regarding an inappropriate expenditure. Mr. Casnocha responded that the taxpayer would need to reside within the District to have standing in a lawsuit.

In conclusion, Mr. Casnocha advised forwarding any questions that may arise regarding the Bylaws or whether a project was authorized for bond funds to him through Joe Bissell. He said there would be no charge to answer questions or attend meetings.

6. Approval of Minutes

The minutes showed a question was raised at the November meeting regarding a UC Regents expense. Mr. Bissell reported that an error was made in the vendor number used, and the check to the UC Regents was voided and reissued to the actual vendor, M3. Ms. Morrice asked if there was further information regarding a construction zone fencing expense referenced in the minutes. Mr. Demko responded the expense had been split equally between the Lecture Forum and Social Science projects and the charge was not a duplicate.

Motion to approve the minutes of the November 5, 2007 meeting was made by Ms. Rees and seconded by Mr. Emerson. Motion carried unanimously.

7. Accept Bills and Warrants Report

Chair Baird asked for clarification on two items. Under the Fort Ord Public Safety project, he noted there were two items listed for the same amount of \$6811.12 and asked if this was a duplicate charge. Mr. Demko explained the 20% architect's fee is paid in equal monthly installments. The second item concerned a credit from the City of Monterey under the Infrastructure Project. Mr. Bissell responded that Fishnet Road is partially City property and the refund pertained to work the College completed on that portion.

Ms. Morrice asked how the furniture/equipment category related to the bond projects. Mr. Bissell said bond funds can be used to purchase equipment. The expenditure in question involved the cart used to transport disabled students. She also asked about an expense listed for Archaeological Consulting to identify bones. Mr. Bissell said that bones found on site were identified to be cow bones. The site was former pastureland.

Mr. Emerson suggested that when fees are split, it would be helpful if the expense was identified as 1 of 6, for example.

Motion to accept the bills and warrants report was made by Mr. Emerson and seconded by Ms. Morrice. Motion carried unanimously.

8. Bond Expenditure Status Report

Mr. Bissell explained the Bills and Warrants report is the "official" expenditure report for the district and is prepared by the district's Controller, Rosemary Barrios. The monthly Bond Expenditure Status Report is a more current report and is prepared by Joe Demko, the bond program manager. He works with Ms. Barrios to reconcile his figures. Mr. Demko noted he also uses different categories than those appearing on the Bills and Warrants report.

Mr. Demko referred to the two right hand columns of the report, labeled “% Cost Complete” and “% Schedule Complete.” He pointed to the Child Development Center and noted the project is 0% cost complete, but 99% schedule complete. This discrepancy is due to the project being primarily state-funded. Mr. Demko added that a typical project runs three years with the first year devoted to design of the project, representing 25% of the total project cost. The third year is the construction phase which constitutes 75% of the total cost.

Chair Baird noted a discrepancy under the Infrastructure category where San Jose Blue is listed for a credit of \$9,769 for document printing. He questioned if the credit should be \$9,000 from the City of Monterey and \$769 from San Jose Blue, according to the Bills and Warrants Report.

Chair Baird also asked about the Old Library project and observed it did not show up in the Bills and Warrants report. Mr. Bissell said this omission showed the difference between the two reports. The Old Library project is 50% funded by the state. Mr. Bissell said Mr. Demko’s report shows the charges as 50:50; however, the district expends the state funding first with the bond funds being used last. The Bills and Warrants report will not show the expenditures until bond funds are used. Mr. Demko added that he uses his report to project costs to compare with the total cost.

Mr. Pasquinelli stated the report shows the Lecture Forum project is 95% schedule complete, but 70% cost complete. Mr. Demko responded a lag of 60-90 days was typical in making payments. He advised tracking the Encumbrances column for the most important expenditure information.

9. Bond Audit Report for 2006-07

Mr. Bissell reviewed the bond audit report. He directed the committee’s attention to pages 3, 4, and 5 which indicated the auditors’ findings. Mr. Bissell reported there were no exceptions in procedures; no exceptions in compliance; bond proceeds and expenditures were accounted for separately; every expenditure tested complied with Measure I; and there were no adjustments to the District’s financial records.

Mr. Pasquinelli asked about a local audit firm being used to conduct the audit. Mr. Bissell said that very few firms do college audits.

Chair Baird noted the auditor’s letter stated the firm was not engaged to express an opinion. He commented that this statement dilutes the findings. Other members also questioned the auditor’s statement. Ms. Hodgson explained that the auditing firm was making the distinction that it could not offer an opinion on the financial statements of the bond as a whole. Mr. Bissell said the same firm performs the financial audit for the entire district and he questioned why it could not express an opinion. He offered to discuss with the firm and report back to the committee at the next meeting.

10. Series B and C Bonds Issuance

Mr. Bissell reviewed the recent issuance of Series B and C bonds. He said a letter was sent to the committee regarding the district’s upcoming bond sale. He reported the bonds were sold in January and \$105 million was deposited in the County treasury.

Mr. Bissell said the original plan was to issue four series of bonds, Series A for \$40 million and Series B, C, and D at \$35 million each. The bond series would be issued in three year increments, with 12 years to issue all the bonds and 15 years to spend the funds. The final maturity date, or when the bonds would be paid back, was projected to be 2042. Per

Measure I, the bonds are repaid with homeowners' property taxes, at a rate of \$23.89 per \$100,000 of assessed valuation.

In 2003, the district issued the Series A bonds at \$40 million and 4.58% interest. In 2005, the district refinanced the Series A bonds at 4.37% interest with a final maturity date of 2035 instead of 2042. Since the Series A bonds were sold, construction costs have increased by 30%. Mr. Bissell said the timing in January appeared favorable for selling the next series of bonds. The district evaluated its five year construction plan and shortened the construction timeline from 9 to 6 years. The remaining bonds were split between two series. Series B bonds in the amount of \$9,004,530 were sold as taxable bonds at 4.9% interest and a final maturity date of 2021. Series C bonds in the amount of \$95,994,770 were issued as non-taxable bonds at 4.85% interest and a final maturity date of 2034.

Mr. Casnocha explained that general obligation bonds are fully obligated by the public entity issuing the bonds. He said the district's general fund is not obligated to the bond debt, which is solely secured by property taxes. Mr. Casnocha noted that in Monterey County, bonds can be sold on the authority of the trustees, alone. The debt service is then given to the county tax collector who determines the annual tax rate. Per Measure I, the tax rate cannot exceed \$23.89.

Mr. Casnocha noted the district wanted to access the full \$145 million of bond funds sooner than in the original plan. He said the usual requirement is to spend 85% of the bond proceeds within three years. However, there is an exception where bonds can be sold to fund a five year construction plan, providing the district with five years to spend the funds. Regarding the taxable bonds issued by the district, the spending requirements don't apply so these funds will be spent last, after the non-taxable bonds. Mr. Casnocha said the advantage gained is that the district has \$105 million earning interest that can be used on Measure I projects. He added that since the bonds were sold, the bond market has declined and the cost of bond insurance has doubled. Mr. Casnocha concluded the district's sale occurred just under the wire.

Mr. Coté asked if the \$105 million must be spent within five years. Mr. Casnocha responded that \$95 million must be expended. If the district doesn't meet that expectation at the end of five years, Mr. Casnocha said the district will advise that the interest earned is no higher than the bond rate and thus, no profit was earned. Secondly, Mr. Casnocha said the district will be subject to an IRS audit, where the test will be if an objective third person would conclude that given the facts and circumstances, the drawdown was correct. If not, there would be a tax assessment on the district.

Mr. Pasquinelli asked if the ad valorem tax was based on property value or fixed. Mr. Casnocha answered that the rate of taxation will change due to adjustments in the assessed value. He said growth in the assessed value is assumed so the tax rate should remain about the same. Mr. Casnocha stated the tax rate may exceed \$25, but that is not projected to occur. Mr. Bissell added the assessed value is estimated to grow at 4%. Citing the current housing market situation, Mr. Pasquinelli stated a concern with local property tax rates falling. Chair Baird agreed that the growth in assessed value would probably fall if property sales slow down.

Mr. Ray stated the College should be commended on getting the bonds sold. Ms. Morrice stated appreciation for the CBOC being notified of the College's intent to sell the bonds.

11. State Capital Outlay Funding Process

Mr. Bissell distributed a hand-out listing facility projects being funded by both the bond and the state and providing a breakdown of funding amounts. Mr. Bissell cited the stadium project as an example where an alternative source provided funding; the project received \$100,000 in funding from the state waste tire grant program for the artificial turf and track. However, the largest source of non-bond funding is state capital outlay dollars.

The district must compete with other community colleges for capital outlay funding provided through state bond measures. There are nine different categories for funding and a maximum of 200 points are awarded to projects based on various measures, such as capacity load ratio, the age of facilities, etc. Points are also awarded for local matching dollars, up to 50 points for a 50% match.

Mr. Bissell reviewed the hand-out. The first group of projects is in process or completed. He indicated the Library & Technology Center was a project primarily funded by the state, with only a minor amount of bond funds used. In contrast, the Old Library project is funded 50:50 by the state and the bond. The second group of projects has also been approved by the state for 50:50 funding and is dependent on the state bond measure passing in November 2008. The third group consists of future projects that the district will submit to the Chancellor's Office for state funding consideration.

12. Update on Facilities Projects, Timelines and Schedules

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

PE Fitness Building

The college expects to go out to bid soon on the elevator.

Public Safety Training Center at Seaside

Mr. Demko explained that a self-certification process is being used to renovate the existing buildings on the site. Testing of the buildings is required since there are no drawings available for the former army buildings. The DSA (Division of the State Architect) approval process has been slow. It is hoped that the project can be bid soon.

MPC Education Center at Marina

Mr. Demko stated the modular buildings have been installed and classes are being offered at the site. Student enrollment has increased. Another modular will be installed.

Infrastructure

Progress is continuing. Mr. Demko noted the contract for the campus infrastructure upgrade extends through December 2008, but the contractors hope to finish early, in summer.

New Lecture Forum Bridge

The bridge will be installed next month.

Old Library

This project is \$1 million over the original budget due to seismic work. However, bids were received and the approved bid was \$500,000 under the estimate.

Facilities Master/Funding Plan Reworking Committee

The Facilities Redo Committee continues to meet. Mr. Bissell said the committee continues to look at different scenarios for projects and funding.

New Student Services Building

A presentation on the building design was made to the Board of Trustees on February 26. The architect's estimate is within budget. The trustees accepted the plans and the drawings are being completed. Mr. Demko reported a new parking lot will be constructed as part of the building plan.

Lecture Forum

This project is close to being finished.

13. Meeting Schedule

The remaining meeting dates for 2008 are June 9, August 4, and November 3 (annual organizational meeting).

14. Suggestions for Future Agenda Topics and Announcements

A tour of facilities projects as part of the next meeting was discussed. Dr. Garrison proposed touring the projects at Colonel Durham in Seaside and at the campus site in Marina. Ms. Rees suggested holding the next meeting at the Marina site.

Ms. Hodgson stated she had reviewed the annual reports in preparation for the meeting and noticed a gap in detail in the numbers presented. She indicated the annual report needs to be expanded and be more complete to be of value to the public. She mentioned that she only learned today that the Library project was funded by the state and asked why it was not included in the report.

Dr. Garrison noted the difference between a bond projects report vs. an annual report on the committee's proceedings. He said the annual report covers a specific timeframe and the Library building was not constructed during the annual report time period. Dr. Garrison added the college is developing a glossy report on the bond projects to share with the public. He suggested this publication may be a better vehicle to inform the public than the committee's annual report.

Ms. Rees stated the report would help educate the public in preparation for the November state bond measure. Dr. Garrison offered to bring a recommendation for a new report to the June meeting to discuss with the committee.

Mr. Emerson suggested expanding the website to explain how projects were funded. Ms. Hodgson added that the cost of projects is not clear to the public. Mr. Coté commented the information would also show the College's success in getting state funding. Mr. Pasquinelli supported Ms. Hodgson's suggestion. He said the taxpayers association would be reviewing the November bond measure and it would be beneficial to show that the Monterey Peninsula would receive some of the funding.

15. Adjournment

The meeting was adjourned at 4:54 p.m.

MONTEREY PENINSULA COMMUNITY COLLEGE DISTRICT

CITIZEN'S BOND OVERSIGHT COMMITTEE

June 9, 2008

1:30 PM – Committee Tour of College Facilities Projects
3:00 PM – Regular Meeting, MT1, MPC Education Center at Marina
289 12th Street, Marina, CA

Meeting Minutes

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

ABSENT: None

STAFF PRESENT: Ms. Suzanne Ammons, Administrative Assistant to the Vice
President for Administrative Services
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

The Committee convened at 1:30 PM for a tour of college bond projects.

1. Call to Order

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

2. Public Comment

There were none.

3. Approval of Minutes

Mr. Bissell reported back on a question from the March meeting regarding why the auditor did not give an opinion on the financial statements of the bond. The auditor explained the firm was only hired to do a performance audit on the effectiveness of the District's bond expenditure procedures rather than a financial audit that would have resulted in an opinion. Thus, there will be no opinion given this year; however, Mr. Bissell said that next year's audit will be structured to provide one.

Motion to approve the minutes of the March 3, 2008 meeting was made by Mr. Emerson and seconded by Mr. Ray. Motion carried unanimously.

4. Accept Bills and Warrants Report

Mr. Bissell stated this quarter's report represents \$4.6 million in checks that were issued for bond expenditures. Chair Baird asked about an expenditure under Swing Space on page 9 of the report regarding removal and installation of carpet at the Fort Ord Center. Mr. Demko confirmed that the work involved both removal and installation. Ms. Hodgson asked if an expenditure for the weight room listed under Swing Space should be moved to the Physical Education project. Mr. Bissell explained the weight room had been converted from a building used for swing space.

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

5. Bond Expenditure Status Report

Mr. Bissell explained the monthly Bond Expenditure Status Report is prepared by Joe Demko, the bond program manager. Mr. Demko noted the columns labeled "% Cost Complete" and "% Schedule Complete" are provided to give information on the status of a project.

Chair Baird asked for clarification of a few items. He noted the Old Library is project #29 on the report, but the Old Library also shows as a closed project in the Bills and Warrants report. He asked if the items under project #29 in Mr. Demko's report are reflected in the Bills and Warrants report. Mr. Bissell explained that the former library building was originally planned to become the student services building and an architectural assessment was made. It was determined there was not enough space to house all of student services, so the assessment of the building was one of the Early Start projects completed at the beginning of the bond program. Dr. Garrison added the project name for the Old Library needs to be updated to reflect the current project concept.

Ms. Hodgson suggested it would be helpful to have consistency in the names of projects. Mr. Demko noted the projects are numbered in the Bond Expenditure Status report and these numbers could also be added to the Bills and Warrants report to provide correlation. Ms. Hodgson stated her preference for a visual association with a title. Chair Baird indicated his support for a numbering system to aid in identifying the projects in the Bills and Warrants report.

Chair Baird also inquired about a credit for a duplicate payment in the Bills and Warrants report. He asked if that credit would also show in the Bond Expenditure Status report. Mr. Bissell answered it may not as the two reports are separate; however, Mr. Demko does reconcile his report with the Bills and Warrants report. Mr. Bissell added the two reports are duplicative, but they provide different information. Chair Baird noted the Bond Expenditure Status report begins with February, and the Bills and Warrants report reflects the quarter beginning in January, so the reports do not correlate.

Referring to the Cost Control report, Ms. Morrice observed there was a projected surplus showing for the Lecture Forum and Social Science Building projects. Ms. Rees noted the same report shows the Physical Education project as over budget by \$1,194,691 and asked about the source of funding for the overage. Mr. Bissell replied contingency funds were used for the overruns. He said the Facilities Committee continually reassesses the scope of work for the projects. Mr. Coté stated a concern that 30% of the contingency has been expended. He said it would be helpful to see a running total of the contingency funds.

Dr. Garrison explained the majority of cost overruns on the Physical Education project resulted from infrastructure-related soil and grading issues. The cost overrun with Building 24 was due to the Division of State Architect requesting further changes after the plans had been approved. Dr. Garrison added that the District must continually revise its long-term construction plan due to the state capital outlay funding process. The state higher education bond measure proposed for November 2008 includes \$20 million for two District projects. The bond may not be placed on the ballot because of political reasons so the next election opportunity will be in 2010. The two District projects will then be delayed. As a result, there must be a constant review of projects.

6. Investment of Series B and C Bonds

Mr. Bissell reviewed the presentation materials provided by the County Treasurer, Lou Solton. He reported he met with Mr. Solton regarding the District's large bond issuance and the best investment strategy to achieve three goals:

1. No loss of principal
2. The funds must be liquid to enable use for projects.
3. Increase interest earnings

Mr. Bissell reviewed the recent Series B and C bonds issuance. Series B resulted in \$9 million of taxable bonds being issued, with no time limit for expenditure. Series C provided \$97 million of tax exempt bond funds that are anticipated to be 85% expended within 5 years. He noted, however, the expenditure of these funds will depend on other factors, such as the timing of state bond measures to provide state funding for the District's projects. If the funds are not expended within five years, there will be no penalty; however, there may be a tax assessment on the interest earned.

Mr. Bissell explained that \$40 million of the bond funds was invested in the Local Agency Investment Fund (LAIF), a pool of funds from schools and other public entities. In Mr. Solton's report, LAIF was earning 4.26% interest, but currently, the rate is 3.1%. Mr. Bissell said these funds are readily available for the District's use.

He continued that \$9 million is invested in medium-term notes and \$58 million are invested in the County pool. Mr. Pasquinelli asked for an explanation of the 11 basis points for the medium term notes. Mr. Emerson stated a concern with some of the financial institution funds in the County investment portfolio and asked if there were any limitations on the County's investment choices. Mr. Bissell suggested inviting Mr. Solton to a future meeting to provide further information.

Mr. Ray stated there are statutory provisions that determine the limits on the County's investments. Mr. Emerson noted a paper loss of \$6 million on the pool and asked at what point does the District act to move funds from the pool to certificates of deposit. Ms. Hodgson commented that the share of these investments in the County pool is a very small percentage. The County's investment policy allows 5% of the pool to be in investment grade funds so the County probably is in compliance. She added that \$40 million is the maximum amount that can be invested in LAIF. Mr. Bissell noted the County has \$40 million in LAIF and the college has an additional \$40 million in LAIF. He added that Monterey County is very conservative in its investments.

Mr. Emerson said the trend was of concern. He indicated his interest in having Mr. Solton attend a meeting to provide further information on the investment portfolio and policy. Mr. Coté asked if the investment of bond funds was within the Committee's purview. Dr. Garrison responded the authority to make changes is with the Board of Trustees. However, the Committee can make a recommendation to the Board. Mr. Pasquinelli requested that Mr. Solton be invited to attend the next meeting.

7. Planning Discussion for 2007-08 Annual Report

Dr. Garrison noted a concern was shared at the last meeting that the Committee's annual report only addressed the previous 12 months rather than being a comprehensive review of the entire bond program. He reviewed the format of the 2006-07 Annual Report and the various sections included in the report. Ms. Nakamura was asked to provide a historical overview of how the annual report evolved. She recounted that samples of annual reports from other community college bond oversight committees were reviewed and this particular format was favored by the Committee for its first annual report. The simplicity and clarity of the format was deemed sufficient to describe the Committee's proceedings and the same format continued to be used for subsequent reports.

Referencing the Bylaws, Dr. Garrison said the annual report must include a statement of the District's compliance and a summary of the Committee's proceedings. He concluded that the previous annual reports fulfilled those requirements. He proposed considering examples from other colleges and asked the Committee for their input regarding additional information to include.

Ms. Hodgson agreed the current report meets the requirements; however, she noted there was no information on the Library and Technology Center, the Physical Education project, and the amount of state matching funds. She recommended the financial section of the report include the original budget, the expenditures to date, the bond expenditures to date, the state bond expenditures to date, total expenditures to date, and the annual expenditures. By providing this information, she said it would be apparent to the public that only a certain amount of taxpayer's monies were used for the projects. Ms. Hodgson cited the new Library as the top headliner project of the bond and it was not included in the annual report.

Dr. Garrison agreed the split between bond and state funds would be informative. He mentioned the Library and Technology Center was not a bond-funded project. Dr. Garrison stated the funding of projects was complex as the District was doing everything possible to find additional sources of funds. Mr. Bissell agreed that a spreadsheet listing all of the funding sources could be very complex.

Mr. Coté concurred with Ms. Hodgson that capitalization information was needed and the public needs to be informed that the bond funds are being matched. He suggested grouping the additional sources under the heading "other sources." Ms. Hodgson agreed that "other sources" would be adequate and recommended adding an explanatory narrative. She also advised changing the titles of projects to be clearer and more visual for the public, citing "as built drawings" as an example of a name with no meaning.

Chair Baird expressed appreciation for Ms. Hodgson's perspective regarding informing the public from her experience working with the City of Seaside. In addition to the compliance side, he said there was a need for informal communication with the public. Chair Baird said the College should be sharing "feel good" stories with the community. He advised that ongoing communication would be beneficial in developing the support needed if the College placed another bond measure before the voters. Mr. Coté agreed that cultivating the public's support now would make it easier to pass another bond later. Mr. Emerson stated informing the public was a big priority and suggested the website could be used for outreach to the public.

Dr. Garrison summarized the input received. The annual report should be changed to clarify the sources of funds, use more consistent descriptive language for project titles, and

include a document that captures what has been accomplished in the College's capital improvement plan.

Ms. Hodgson said the annual report is required, but a glossy publication was also needed. Ms. Rees asked about the joint glossy report the College was developing with the MPC Foundation. Dr. Garrison said that report has not yet come to fruition.

Mr. Bissell noted accounting rules have changed and projects will need to be capitalized, so there would be no extra work involved in providing the capitalization information in the annual report. He proposed keeping the annual report format as is and providing an appendix with further detail regarding other funding sources.

Ms. Hodgson stated the inclusion of the capitalization page in the report makes the bond expenditure page relevant. The consensus of the Committee was to add a page before or after the bond expenditure page showing the capitalization. The page should only include the major projects.

Ms. Morrice commented the current spreadsheet was too simple and she was unable to understand the categories. She advised adding footnotes or including more information.

Dr. Garrison recapped the Committee's discussion. The financial section of the annual report should consist of three parts:

- i) Narrative, organized by project, with a couple of sentences describing the project and including timeline, planned completion date, and total project cost. Also, for each project, the funding sources should be listed.
- ii) Funding source report laying out expenditures for the entire capitalization program of the college and all funding sources. Include other projects (beginning with the Library & Technology Center), not just the bond projects. List as "other."
- iii) Required annual expenditure page with bond, state, and other funding listed.

Dr. Garrison noted the annual report was due to the Committee in November. A progress report will be brought to the August meeting.

There was discussion about whether to use rounded or actual numbers in the financial section. Ms. Hodgson recommended using rounded numbers in the narrative and rounding to \$10,000, without reconciling. Only the annual expenditure portion of the report needs to reconcile. Others favored using the actual numbers and saving staff time.

Ms. Rees asked how this section could be used beyond the annual report. She proposed distributing to the public as a glossy publication and public relations piece. Dr. Garrison said the document can be placed on the website and be a glossy publication; however, the glossy publication will cost money. Ms. Kane suggested adding a page to the College catalog for cost effectiveness. Dr. Garrison stated it was an interesting idea to utilize other college publications to share this information.

Chair Baird asked that a draft of the expanded financial section be shared at the August meeting. Mr. Ray commented that the Board of Trustees will ultimately determine how the annual report is used.

8. Update on Facilities Projects, Timelines and Schedules

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

PE Fitness Building

The elevator plans are being reviewed by the Division of the State Architect (DSA).

Public Safety Training Center at Seaside

Mr. Demko said bids are due on June 12. Construction is anticipated to take one year to complete.

MPC Education Center at Marina

Mr. Demko reported the architect is working on the drawings for the permanent building. Meetings have occurred with the City of Marina regarding design topics. The project is expected to be bid in fall 2008.

Infrastructure

The infrastructure project is almost finished. Old transformers are being removed. Improvements to upper parking lot A will be completed by Granite during the summer.

New Lecture Forum Bridge

The bridge will be completed shortly. The old bridge will be demolished as soon as communication lines to the campus are connected.

Old Library

This project is four weeks behind schedule due to additional structural work. When the structural and soil issues are addressed, it is hoped that some time can be made up.

Facilities Master/Funding Plan Reworking Committee

The Facilities Redo Committee continues to meet. Project budgets have been discussed and include state and other funding.

New Student Services Building

The drawings have been submitted to DSA. The College hopes to start the project in spring 2009 after the rainy season. Estimated construction time is one to one and a half years.

Lecture Forum

Minor items remain.

Parking Lots D, E, and F

Work has started on lot F. There was concern about underground utility lines, but the project is expected to be complete in July.

PE Gym

Bids have been received. Schedules may be delayed due to the amount of time required for DSA approval of the drawings.

IPP/FPP Process

Project proposals have been submitted to the state Chancellor's Office for funding consideration.

Chair Baird noted it was reported at the last meeting that the master schedule timeline had been shortened from nine to six years. He asked if this impact was reflected in the current schedule. Mr. Bissell said the shorter timeframe should be reflected.

9. MPC Bond Website

Ms. Nakamura provided a demonstration of the bond program website accessible to the public on the Internet. She reviewed the Committee's webpage which includes the membership list, meeting calendar, and committee documents. The meeting agendas, minutes, annual reports, Bylaws, and bond resolutions are all available on the webpage for

downloading. Ms. Nakamura also showed the information and photographs available on the website for each of the bond projects and acknowledged Mr. Bissell's assistant, Suzanne Ammons, for her work on the project pages.

10. Meeting Schedule

The remaining meeting dates for 2008 are August 4 and November 3 (annual organizational meeting). Dr. Garrison requested the November meeting date be rescheduled to November 10 to accommodate Ms. Nakamura's scheduling conflict. The change was accepted.

11. Suggestions for Future Agenda Topics and Announcements

Mr. Pasquinelli requested the meeting agenda be distributed sooner to allow adequate time to review the reports.

12. Adjournment

The meeting was adjourned at 4:58 p.m.

vn

MONTEREY PENINSULA COMMUNITY COLLEGE DISTRICT

CITIZEN'S BOND OVERSIGHT COMMITTEE

August 4, 2008

3:00 PM – Regular Meeting, Sam Karas Room, Library and Technology Center
Monterey Peninsula College, Monterey, CA

Meeting Minutes

MEMBERS PRESENT: Mr. Peter Baird
Mr. Scott Coté
Mr. Steve Emerson
Ms. Daphne Hodgson
Ms. Elinor Laiolo (arrived at 3:55 PM)
Ms. Eleanor Morrice
Mr. Ron Pasquinelli
Mr. Gary Ray
Ms. Sondra Rees

ABSENT: Ms. Mary Ann Kane

STAFF PRESENT: Mr. Joe Bissell, Vice President for Administrative Services
Dr. Douglas Garrison, Superintendent/President
Ms. Vicki Nakamura, Assistant to the President

OTHERS PRESENT: Mr. Joe Demko, Kitchell
Ms. Marilynn Gustafson, MPC Foundation

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

There were none.

3. Investment of Series B and C Bonds

Mr. Lou Solton, Monterey County Treasurer-Tax Collector, was present to provide additional information on the investment of bond proceeds.

Mr. Solton reviewed the official statements for the two bond issuances. Series B was the smaller of the two; \$9 million of taxable bonds were issued. Series C was larger at \$95 million and also tax exempt. A total of \$107 million was deposited in the County treasury in January.

He reported he met with Mr. Bissell to discuss the investment strategy and drawdown of the funds based on the projects. Three approaches were used to meet the liquidity and investment needs of the District. Forty million was invested in LAIF (Local Agency Investment Fund managed by County treasurers), with \$40 million being the statutory limit for agency investment. Nine million was invested in medium term notes (3 year notes) and

the remaining \$58 million in the County general portfolio. Mr. Solton stated LAIF is the sole investment vehicle for small and medium size public agencies in California and a stark decline in yields has occurred recently. He said the medium term notes were split between JP Morgan Chase (\$4 million) and General Electric (\$5 million).

Mr. Solton distributed a copy of the County's investment policy that must be adopted annually by the Board of Supervisors. He said the portfolio size is \$1 billion, of which \$150 million are custom investments (such as the MPC bonds) that are not subject to distribution. He noted the assets earned \$900,000 in the 6 months ending June 30th.

Mr. Pasquinelli commented the six month earnings on the MPC investments seemed light. Mr. Solton replied the medium term notes were not purchased until April and May. Mr. Pasquinelli asked if there was any exposure to mortgage debt. Mr. Solton's response was there was none.

Noting the decline in LAIF earnings from 4.6% to 2.9%, Mr. Coté asked about the decision-making process and why funds weren't shifted from LAIF to other custom investments. Mr. Solton explained that the college needs liquidity to pay for project costs. As none of the assets are insured, he did not want the funds tied up in investments. Chair Baird asked if Mr. Solton would change his approach if he was working under the direction of the MPC trustees. Mr. Solton responded he would do so only if he had more specificity regarding how the funds aligned with the drawdown schedules. He explained if a one year approach was used and assets were tied up in an investment, the college may need the funds in month 10. If this timing coincided with a low period, the college would not want to sell the investment at a loss. Mr. Solton concluded there was not a huge advantage between "overnight money" and a one year investment approach.

Mr. Coté asked if the college should stay liquid to be able to "buy low and sell high." Mr. Solton agreed with the goal, but observed that if the college bought investments now to take advantage of the down market, the assets would be tied up. He said staying liquid allows flexibility.

It was stated that the college and Mr. Solton need to keep in touch regarding market conditions. Chair Baird inquired whether regular meetings occurred between Mr. Bissell and Mr. Solton. Mr. Bissell replied he receives regular reports and reviews.

Dr. Garrison commented that if the college was only looking at investments, Mr. Coté's approach could be utilized. However, the District must balance liquidity with the sequencing of projects. He explained that since the state bond election will not occur this November, the college will need to reexamine projects and their sequencing as well as the liquidity of funds.

Ms. Morrice expressed concern about lower ratings on the medium term notes. Mr. Solton responded that state statute specifies that securities being purchased must be rated "A" or higher. He discussed the recent situation where bond insurers were rated inappropriately and commented that rating agencies are not as reliable as before. Mr. Solton assured the committee he evaluates the fundamentals before investing, rather than relying on ratings.

Mr. Ray asked if there was any restriction on the earnings of bond investments in terms of use. Mr. Bissell answered yes -- the same restrictions for the principal also apply to earnings.

4. Approval of Minutes

Motion to approve the minutes of the June 8, 2008 meeting was made by Ms. Hodgson and seconded by Ms. Rees. Motion carried unanimously.

5. Accept Bills and Warrants Report

Mr. Bissell reported the report reflects \$3.7 million more in bond expenditures than the prior report. He noted that Pete Buechel, the District's purchasing specialist, was present to answer any questions regarding specific expenditures.

Mr. Coté asked about a DVD repair in the Lecture Forum that seemed expensive at \$3,700. Mr. Bissell explained a new podium touch panel was installed and a special company was used to handle the audiovisual renovations for the Lecture Forum. Mr. Buechel added that the total cost to redo the AV equipment for this building was \$250,000, a decrease from the original estimate of \$1 million.

Mr. Coté noted 2 entries on page 5 for the purchase of a UHF microphone and asked if one was a duplicate. Mr. Bissell said he would check and report back at the next meeting. Mr. Coté followed with a question regarding the difference between a payment application and retention payment, as listed on page 8 of the report. Mr. Demko explained a contract typically has 10% of the total amount removed for retention. He clarified that a payment application is the payment itself, thus, a \$100,000 payment would specify \$90,000 for payment and \$10,000 for retention.

Mr. Pasquinelli noted there were several entries for San Jose Blueprint. Mr. Demko stated when a job is bid, contractors are charged for the drawings they use. San Jose Blueprint issues invoices to help the District track these payments.

(Ms. Laiolo arrived at this time.)

Ms. Hodgson referred to the Visiplex expenditure on page 7 under "Furniture/Equipment" and said it was difficult to determine which project was involved. Mr. Bissell replied the purchase was for a mass emergency notification system with 33 speakers being located across the campus -- \$39,000 for equipment and \$13,000 for installation. Ms. Hodgson added that it was also hard to track items in the Infrastructure category and suggested subcategories should be used in both categories.

Mr. Bissell explained furniture was purchased for several buildings across the campus. Bond projects do not have individual furniture and equipment allocations. Dr. Garrison suggested that furniture be better identified, such as "institutional furniture" to address Ms. Hodgson's concern. Mr. Bissell stated that future furniture expenditures will be purchased for specific projects, and will be so designated.

Chair Baird had several questions about the Child Development Center (CDC). He observed the project is characterized as essentially complete, and yet on-going expenses continue. He inquired about a \$53,000 expenditure for demolition since the CDC was located on a different site. Mr. Baird noted the Infrastructure/Parking category also showed CDC expenses. He asked why expenses were incurred post-2008, since the state was no longer funding the project.

Mr. Bissell responded it was not clear cut when the construction phase of the CDC project ended and the maintenance phase began. He agreed the project should be closed and bond expenditures should be ended. Mr. Bissell said funding was retained from the contractor and the college has continued to find items. He added state funding does not cover every expenditure, such as building demolition.

Chair Baird asked about the expenditure on page 12 for M3 Environmental Consulting for investigation of transite pipe debris. Mr. Bissell explained soil from the football field was excavated and moved to the college's site at Fort Ord when the stadium and field were renovated. This soil was found to contain transite pipe debris and treated. Subsequently, in the area adjacent to the football field by the tennis court, small particles were found that were identified by M3 as both shale and asbestos. This contamination was also cleaned up.

Chair Baird commented he appreciated the questions being asked by the committee and the information provided in response. Mr. Bissell suggested committee members call him a day in advance of the meeting when there are questions regarding specific entries so he could research and provide information by the time of the meeting.

Motion to accept the bills and warrants report was made by Mr. Emerson and seconded by Mr. Coté. Motion carried unanimously.

6. Bond Expenditure Status Report

Mr. Demko reviewed the proposed title changes for the project listings in the monthly bond expenditure status report. He said if the group agreed, he would make the changes effective with the next report. Ms. Hodgson proposed "Swing Space" be expanded to "Temporary Facilities Campuswide." It was agreed to change the title to "Swing Space/Interim Housing."

Chair Baird asked for clarification of the meaning of "C2G PAAs" on page 2 of the cost control report. Mr. Demko answered C2G is the name of the firm, and PAA stands for project amendment and is a change order.

Ms. Hodgson noted a difference in the amount of expenditures listed on the Bills and Warrants report vs. the Bond Expenditure Status Report through June 30th. Mr. Bissell explained the two reports were not designed to tie in together and the projects listed are different on the two reports. He has asked Mr. Demko to work with the District's Controller, to describe the projects in the same way in both reports.

Mr. Coté asked about the expenditure of \$378,000 for compensable rain delays for the P.E. Fields project listed on page 2 of the Cost Control Report, item #6-D. Mr. Demko explained there were four months of compensable delays and he offered to provide more detail at the next meeting.

7. Update on Facilities Projects, Timelines and Schedules

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

PE Fitness Building

The Division of the State Architect (DSA) is expected to approve the elevator soon.

Public Safety Training Center at Seaside

Mr. Demko said the bids received in June were \$1 million under budget. Construction is anticipated to take ten months.

MPC Education Center at Marina

Another temporary modular building has been installed. Mr. Demko reported the architect will present the drawings for the permanent building to the trustees at the August Board meeting.

Infrastructure

Mr. Demko indicated the infrastructure project will be complete in another month, 3-4 months ahead of schedule. Phase I was over budget due to change orders. The overage was deducted from the Phase II budget.

New Lecture Forum Bridge

The bridge is complete and in use.

Old Library

Mr. Demko noted this state funded project has had many problems due to structural conditions, termite damage, and drainage issues. The contract bid was under budget; however, the change orders have been large. Project completion is now estimated for late March; but it is hoped the schedule can be accelerated.

New Student Services Building

DSA is currently reviewing the drawings.

Parking Lots A, D, E, and F

Asphalt is being put in. Work was started on upper lot A and work should complete by the start of Fall semester.

PE Gym

The floor is being installed.

8. 2008-09 Initial Project Proposal and Final Project Proposal Submissions

Ms. Nakamura reported on the District's efforts to leverage local bond funds with funding from the state. She reviewed the state capital outlay funding process and explained two steps were involved for each project. The first step is to submit an initial project proposal or IPP to the state Chancellor's Office, describing the project concept and establishing a preliminary scope and budget. If the Chancellor's Office is supportive, the second step is to submit a final project proposal or FPP in the next year in July. Ms. Nakamura explained the FPP is more detailed and provides an analysis of alternatives as well as establishes the final scope and project costs. Architectural drawings are also included in the final project proposal.

In July, the District submitted an IPP for the Public Safety Training Facility at Parker Flats and two FPPs for the main campus -- one for the Arts Complex, and a resubmission of the Music Theater project. Ms. Nakamura reviewed components of the three projects as well as the projected timeline and costs for each. Questions were raised regarding the elevator in the Music Theater project. She responded she would bring more information to the next meeting.

9. 2010-14 Five Year Capital Outlay Plan

Mr. Bissell reviewed the Five Year Capital Outlay Plan submitted to the state in July. He explained the Chancellor's Office system for evaluating projects and assigning points to a project. He stated the District is seeking state funding for five projects in the Five Year Construction Plan: Business, Math, Science buildings project; Music/Theater; Ft. Ord Public Safety – Phase II; Humanities, Business-Humanities, and Student Services project; and the Arts Complex.

Mr. Bissell reported state funding was approved for the Business, Math, Science project and the Humanities, Business-Humanities, and Student Services project. However, funding is dependent on the state bond election which is scheduled for November, but appears likely to be deferred. He speculated the Humanities project will probably be funded even though

the Business, Math, Science project is a higher priority for the District. The funding of the Humanities project will end up shifting the District's priorities and affect project timing and cash flow. Dr. Garrison concurred the District's project priorities will change due to what happens with state funding.

Mr. Coté asked how these projects fit in with the master schedule. Dr. Garrison said the five year plan presents a snapshot of the sequencing and funding of the projects. If the Humanities project is funded, the schedule will change and cause a reevaluation of the projects.

Vice Chair Emerson commented the Parker Flats project has tremendous use and asked about the ability to find secondary non-state funding, such as Homeland Security or fire training funding. Other funding sources may enable the timeframe of the project to be accelerated. Dr. Garrison responded other funding was possible; however, current partnerships are with public agencies with limited budgets. He noted Homeland Security funding was allocated to states and then to regions, with dollars being used for training and equipment rather than capital projects. Ms. Laiolo asked if funds were received from another source, would the college be penalized by the state. Dr. Garrison's response was no.

10. Review of Format for 2007-08 Annual Report

Mr. Bissell distributed a handout of the proposed format for the financial section of the Annual Report. He reviewed the format which provides three separate spreadsheets for projects completed, in process, and planned for the future. The completed projects are listed in chronological order and provide a description and actual expenses. The in process projects section is more complicated and will provide four columns of figures showing budgeted amounts for the bond and state, the total cost, and Prop 39 expenses to date. The future projects list returns to a three column format.

Dr. Garrison explained the District tried to provide a document that would address the committee's input and still be understandable to the public. He referred to the different purposes of the report, to meet the fiduciary responsibility and statutory requirements vs. informing the public. He acknowledged the importance of the public being able to understand and appreciate the enhancements made to the institution as well as the dollar figures; however, the financial section must be understandable and tie back to the total expenditures for the year.

Ms. Hodgson commented the format was a good solution to address the committee's input. She was pleased with the reports and advised keeping the three reports separate to help clarify the differences between the reports.

Mr. Coté observed the overall total of the bond was originally \$145 million, but the current amount was \$153 million due to refinancing. He suggested a footnote was needed to explain the change in the bond amount.

Mr. Pasquinelli asked if the additional \$8.5 million should go back to the taxpayers, since the approved amount was \$145 million. Mr. Bissell said it was legally permissible to spend the refinancing amount on projects. Ms. Hodgson added that the college will only collect \$145 million from the taxpayers and the extra \$8.5 million was due to investment earnings. She emphasized the college was not spending more nor taking \$153 million from the taxpayers.

Dr. Garrison said the trustees approved the expenditure of the earnings.

Mr. Emerson noted the college is a living, breathing campus with ongoing needs that can be met with these additional funds.

Mr. Ray stated the timeframe for building projects extends far into the future. He advised it would not be wise to retire the debt until closer to the end as bad years of returns can occur.

Ms. Morrice commented the new financial section provides the right amount of information. She concurred the three separate sections should be included.

Mr. Pasquinelli agreed with Mr. Coté that the \$153 million needed to be identified, showing the amount of interest earned and attributed to projects.

Chair Baird recapped the committee's comments and stated everyone appears to be comfortable with the proposed format. Mr. Coté demurred until he could read through the report.

11. Meeting Schedule

The remaining meeting date for 2008 is November 10 (annual organizational meeting). Mr. Emerson indicated a conflict with the November meeting date. Ms. Nakamura will contact members to determine an alternative date.

12. Suggestions for Future Agenda Topics and Announcements

There were none.

13. Adjournment

The meeting was adjourned at 6:20 p.m.

vn