
MONTEREY PENINSULA COMMUNITY COLLEGE DISTRICT

Citizens' Bond Oversight Committee

ANNUAL REPORT

2008-2009

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

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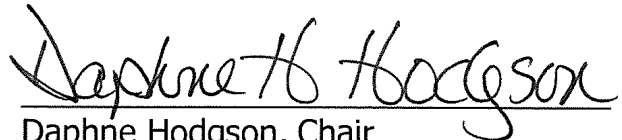
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STATEMENT OF COMPLIANCE

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:



Daphne Hodgson, Chair
Citizens' Bond Oversight Committee

Date: November 2, 2009

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 2008-2009

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 2008, four members (Peter Baird, Steve Emerson, Elinor Laiolo, and Sondra Rees) completed their initial term and were reappointed to serve an additional two-year term.

In accordance with the Bylaws, officers were selected at the annual organizational meeting on November 17, 2008. Peter Baird was appointed to serve as Chair for a second term by Dr. Garrison and Steve Emerson was elected by the committee to serve a second term as Vice Chair.

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

Peter Baird, Chair	2-year second term, 11/2008 – 11/2010
Scott Coté	2-year initial term, 11/2007 – 11/2009
Steven Emerson, Vice Chair	2-year second term, 11/2008 – 11/2010
Daphne Hodgson	2-year initial term, 11/2007 – 11/2009
Mary Ann Kane	2-year initial term, 11/2007 – 11/2009
Elinor Laiolo	2-year second term, 11/2008 – 11/2010
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 second term, 11/2008 – 11/2010

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.

The college's bond website (www.mpc.edu/mpcbond/) includes a page specifically designated for the committee's activities where the meeting schedule, agendas, minutes, and annual reports are posted.

During 2008-09, the committee convened four quarterly meetings. The annual organizational meeting of the committee was held November 17, 2008, with subsequent meetings held on March 2, 2009, June 8, 2009, and August 17, 2009. Meetings were located at the Sam Karas Room in the Library & Technology Center on the Monterey campus.

At the meetings convened during 2008-09, the committee received status updates on bond projects and reviewed bond program expenditures. At the March meeting the committee received a presentation from the project architect on the design of the first phase of the Education Center at Marina. The June meeting included a tour of facility projects at the Monterey campus. The committee also reviewed the investment of the District's Series B and C bond funds, in particular the impact of the Washington Mutual and Lehman Brothers bankruptcy filings on Monterey County's investment portfolio. Monterey County Treasurer-Tax Collector, Lou Solton, appeared at the November and August meetings to present a status update and answer questions. The committee also received a report from the District's bond counsel regarding a January 2009 Attorney General's opinion on the issuance of cash-out refunding bonds.

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.

The Series B and C funds were invested in Monterey County's investment portfolio. Actual interest earnings in 2008-09 were lower than originally projected due to the recession and the impact of the Washington Mutual and Lehman Brothers bankruptcy filings on Monterey County's investments.

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, 2008 through September 30, 2009 and total expenditures since bond inception.

MPC Bond Expenditure Report
July 1, 2003 through September 30, 2009

<u>Receipts:</u>	Prior	10/1/2008- 09/30/2009	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	\$0	\$9,004,530
Bond Principal - Series C, nontaxable	\$95,994,770	\$0	\$95,994,770
Interest Income*	\$5,484,572	\$2,141,055	\$7,625,627
Interest Write-off**		(\$1,878,835)	(\$1,878,835)
Total Receipts	\$154,723,924	\$262,220	\$154,986,144

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	\$7,982	\$0	\$7,982
Child Development Center	\$1,019,001	\$10,197	\$1,029,198
Demolition of Old Plant Services	\$63,522	\$0	\$63,522
Drafting Building	\$13,974	\$0	\$13,974
Environmental Impact Report	\$154,163	\$0	\$154,163
Family and Consumer Science Renovation	\$0	\$67,671	\$67,671

Completed Projects (continued):	Prior	10/1/2008- 09/30/2009	Total
Gym - Floor/Seismic/Bleachers	\$150,744	\$723,103	\$873,847
Humanities Building - Seismic Design	\$16,375	\$0	\$16,375
HVAC Repairs	\$618,539	\$0	\$618,539
Infrastructure I (main campus utilities, parking lot A)	\$20,102,886	\$777,510	\$20,880,396
Infrastructure II (parking lots D, E, & F)	\$2,004,161	\$458,286	\$2,462,447
Landscaping – Library & Technology Center	\$438,293	\$0	\$438,293
Lecture Forum Remodel	\$2,100,503	\$16,700	\$2,117,203
Life Science -- Elevator Evaluation	\$7,794	\$0	\$7,794
Master Signage Program	\$53,890	\$0	\$53,890
New Admin/Old Library Renovation	\$764,527	\$3,776,368	\$4,540,895
New Plant Services Building	\$487,574	\$0	\$487,574
Old Library Renovation Analysis	\$21,280	\$0	\$21,280
Miscellaneous	\$420	\$0	\$420
Physical Education (Stadium, Fitness Center, etc.)	\$17,225,747	\$10,821	\$17,236,568
Physical Science -- Elevator Evaluation	\$6,986	\$0	\$6,986
Roof Repairs	\$480,256	\$0	\$480,256
Social Science Remodel	\$857,180	\$6,517	\$863,697
Telephone System Upgrades	\$599,414	\$0	\$599,414
Theater Light Board	\$22,733	\$0	\$22,733
Vehicles	\$187,070	\$0	\$187,070
Walkway/Safety Improvements	\$225,630	\$0	\$225,630
Completed Projects	\$47,856,879	\$5,847,173	\$53,704,052
In Process:			
Auto Technology Addition	\$10,080	\$108,442	\$118,522
Bond Program Management	\$2,755,308	\$666,275	\$3,421,583
College Center Renovation	\$9,705	\$13,903	\$23,608
Education Center at Marina	\$1,719,150	\$81,121	\$1,800,271
Furniture/Equipment	\$328,831	\$95,454	\$424,285
Infrastructure III	\$26,032	\$1,626,516	\$1,652,548
Life & Physical Science	\$0	\$2,000	\$2,000
Public Safety at Seaside	\$972,187	\$5,563,715	\$6,535,902
Student Services Building	\$793,537	\$97,836	\$891,373
Swing Space/Interim Housing	\$1,502,009	\$366,273	\$1,868,282
In Process	\$8,116,839	\$8,621,535	\$16,738,374
Total Expenditures	\$55,973,718	\$14,468,708	\$70,442,426

* Interest income is through June 30, 2009
 ** All MPC bond funds are on deposit with the Monterey County Investment Pool. The interest write-off occurred due to the Lehman Brothers and Washington Mutual bankruptcy filings.

**CAMPUS RENOVATION/CONSTRUCTION PROJECTS COMPLETED, IN PROCESS,
 AND PLANNED FOR THE FUTURE**
 September 30, 2009

COMPLETED:

Note: For completed projects, Prop 39 Bond amounts listed are actual expenditures to date.

<u>Project</u>	<u>Description</u>	<u>Funding Source</u>		<u>Total Cost</u>
		<u>Prop 39 Bond</u>	<u>State & Other</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.	\$2,706,263	\$439,037	\$3,145,300

COMPLETED:

Note: For completed projects, Prop 39 Bond amounts listed are actual expenditures to date.

<u>Project</u>	<u>Description</u>	<u>Funding Source</u>		<u>Total Cost</u>
		<u>Prop 39 Bond</u>	<u>State & Other</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.	\$3,829,896		\$3,829,896
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.	\$1,029,198	\$4,384,000	\$5,413,198
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.	\$20,880,396		\$20,880,396

COMPLETED:

Note: For completed projects, Prop 39 Bond amounts listed are actual expenditures to date.

<u>Project</u>	<u>Description</u>	<u>Funding Source</u>		<u>Total Cost</u>
		<u>Prop 39 Bond</u>	<u>State & Other</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.	\$2,117,203		\$2,117,203
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.	\$863,697		\$863,697
Infrastructure - Phase II	This phase includes the rebuilding and expansion of parking lots D, E, & F, addition of campus wide emergency alarms, and rebuilding of the baseball backstop. The parking lots and alarm installation were completed in August 2008; the backstop was completed in August 2009.	\$2,462,447		\$2,462,447
Administration Building Renovation	The 19,040 sq. ft. former library building was remodeled to house campus administrative offices. The state funded \$2.715 million of the total cost with \$4.56 million contributed from MPC bond funds. Office move-in was accomplished in April 2009.	\$4,540,895	\$2,715,000	\$7,255,895

COMPLETED:

Note: For completed projects, Prop 39 Bond amounts listed are actual expenditures to date.

<u>Project</u>	<u>Description</u>	<u>Funding Source</u>		<u>Total Cost</u>
		<u>Prop 39 Bond</u>	<u>State & Other</u>	
Family Consumer Science	The existing facility was remodeled to repair the roof and upgrade the classroom. The project was completed January 2009.	\$67,671		\$67,671
Gym	The upper floor of the existing gym was rebuilt, including seismic upgrades and gym floor and bleacher replacement. The project was accomplished using a combination of state scheduled maintenance funding and MPC bond funds. The project was completed in January 2009.	\$873,847	\$600,000	\$1,473,847
Totals for Completed Projects		\$53,704,052	\$30,186,037	\$83,890,089

IN PROCESS:

<u>Project</u>	<u>Description</u>	<u>Budgets</u>		<u>Total Cost</u>
		<u>Prop 39 Bond</u>	<u>State & other</u>	
Auto Technology	This project consists of a remodel and addition to the existing facility. Construction is underway and is scheduled to be completed in January 2010.	\$1,000,000		\$1,000,000
Business Computer Science	Rebuild existing Business Computer Science building. The Final Project Proposal for the renovation of this building as part of the Business, Math and Science Buildings project was submitted to the state Chancellor's Office in July 2006 to request 50% state funding support and was approved. However, state bond funding for community college facility projects is uncertain. The district is considering funding this project with bond funds only. Drawings will be submitted to the Division of the State Architect by December 2009. Construction is scheduled to start May 2010, with completion in January 2011.	\$2,593,854		\$2,593,854
Humanities, Business Humanities, and Student Services	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 was allocated state funds to proceed with drawings starting August 2009 and the architect is currently working to have drawings to the Division of the State Architect in Spring 2010. 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

IN PROCESS:

<u>Project</u>	<u>Description</u>	<u>Budgets</u>		<u>Total Cost</u>
		<u>Prop 39 Bond</u>	<u>State & other</u>	
Education Center at Marina	Temporary facilities have been installed on the Education Center site on Imjin Parkway and 3rd Avenue in Marina. The plans for the first permanent 12,000 square foot academic facility are undergoing review by the Division of the State Architect. Construction is scheduled to begin Spring 2010, with a planned opening in Fall 2011.	\$11,000,000		\$11,000,000
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
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, additions to disaster notification systems, new greenhouses, and a generator for the data center. Work will be completed in phases from May 2008 through September 2014.	\$3,800,000		\$3,800,000

IN PROCESS:

<u>Project</u>	<u>Description</u>	<u>Budgets</u>		<u>Total Cost</u>
		<u>Prop 39 Bond</u>	<u>State & other</u>	
Physical and Life Science Buildings	Rebuild existing Physical Science and Life Science buildings. The Final Project Proposal for the Business, Math and Science Buildings project that included the renovation of these buildings and the Business Computer Science Building was submitted to the state Chancellor's Office in July 2007 to request 50% state funding support and was subsequently approved. However, state bond funding for community college facility projects is uncertain. The architect is currently working on revised schematic drawings and the district is considering funding this project with bond funds only.	\$18,532,645		\$18,532,645
Music Building	Renovate existing Music building. The Final Project Proposal for the Music Theater project that includes the construction of a new Music Building has been submitted annually to the state Chancellor's Office since July 2006 to request 50% state funding support. State funding for community college facility projects is uncertain and the district is considering a renovation to be funded with bond funds only. Drawings are scheduled in 2009-10. Remodeling work will be completed in phases after Division of State Architect approval of plans.	\$1,200,000		\$1,200,000
Public Safety Training Center	Two existing former Army buildings on Colonel Durham Road at the former Fort Ord are being renovated to provide classrooms and offices for public safety training programs. Construction began in July, 2008. The project will be completed in December 2009.	\$9,000,000		\$9,000,000

IN PROCESS:

<u>Project</u>	<u>Description</u>	<u>Budgets</u>		<u>Total Cost</u>
		<u>Prop 39 Bond</u>	<u>State & other</u>	
Student Center Renovation	A remodel of the existing facility is planned. Schematic drawings are currently being worked on.	\$4,700,000		\$4,700,000
Theater	Renovate existing Theater building. The Final Project Proposal for the Music Theater project that includes the renovation of the Theater Building has been submitted annually to the state Chancellor's Office since July 2006 to request 50% state funding support. State funding for community college facility projects is uncertain and the district is considering funding the renovation with bond funds only. The architect is currently working on drawings for submittal to the Division of the State Architect in June 2010. Construction is scheduled to begin in January 2011.	\$9,305,000		\$9,305,000
Student Services Building	A new 22,000 sq. ft. building that will allow the consolidation of student services offices at one location will be constructed adjacent to the current Student Center. Construction began in August 2009. Completion of the project is estimated to be in November 2010.	\$11,000,000		\$11,000,000
Swing Space/Interim Housing	Temporary space to house programs and services displaced by modernization projects is planned. Temporary modulars have been placed on campus and at the Education Center. Construction is currently in progress to convert the old administration building to temporary classrooms. Six additional modulars for labs are planned to accommodate the Life Science and Physical Science projects.	\$4,600,000		\$4,600,000
Totals for Projects In Process		\$84,576,499	\$3,845,000	\$88,421,499

IN PROCESS:

<u>Project</u>	<u>Description</u>	<u>Budgets</u>		<u>Total Cost</u>
		<u>Prop 39 Bond</u>	<u>State & other</u>	
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.	\$3,421,583		\$3,421,583

FUTURE:

Note: Changes to future projects are anticipated to accommodate probable changes in state funding. Cited dollar amounts are estimates and subject to change.

<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 re-submitted to the state Chancellor's Office in July 2009 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
Gym - Showers/Locker Rooms	Rebuild existing shower and locker rooms, and demolish existing pool building. Construction will be done in phases, starting summer 2010. The estimated completion date for the project is 2011 and is subject to change.	\$3,000,000		\$3,000,000

FUTURE:

Note: Changes to future projects are anticipated to accommodate probable changes in state funding. Cited dollar amounts are estimates and subject to change.

<u>Project</u>	<u>Description</u>	<u>Budgets</u>		<u>Total Cost</u>
		<u>Prop 39 Bond</u>	<u>State & other</u>	
Nursing	Replace roof on existing facility and paint exterior. This project is being considered for completion with state/local scheduled maintenance funds rather than bond funds.	\$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 and MOUT sites at the former Fort Ord, including an emergency vehicle driving course, a live fire burn building, and a firing range. The Final Project Proposal for this project was submitted to the state Chancellor's Office in July 2009 for 50% state funding consideration.	\$6,000,000	\$6,000,000	\$12,000,000
	Totals for Future Projects	\$20,146,000	\$11,646,000	\$31,792,000
	Grand Totals	\$161,848,134	\$45,677,037	\$207,525,171

APPENDIX

COMMITTEE ROSTER

COMMITTEE MEETING AGENDAS

November 17, 2008

March 2, 2009

June 8, 2009

August 17, 2009

COMMITTEE MEETING MINUTES

November 17, 2008

March 2, 2009

June 8, 2009

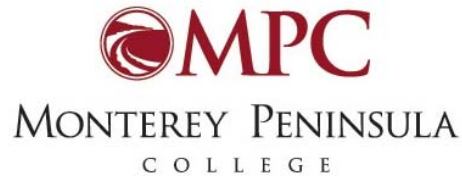
August 17, 2009

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 COMMUNITY COLLEGE DISTRICT
Citizens' Bond Oversight Committee

Monday, November 17, 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. 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. Status of Investment of Series B and C Bonds

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 discuss the impacts of the recent Chapter 11 bankruptcy filings by Lehman Brothers and Washington Mutual Bank on the County's investment portfolio.

INFORMATION

6. Approval of August 4, 2008 Minutes

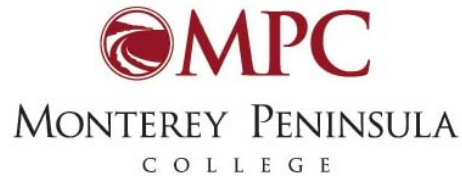
ACTION

7. Accept Bills and Warrants Report

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

ACTION

- 8. Bond Expenditure Status Report** INFORMATION
- The September 30, 2008 bond expenditure status report will be reviewed with the committee. The October 2008 cost control report will also be presented.
- 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. Annual Report for 2007-08** 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.
- 11. Bond Program Staff Position** INFORMATION
- The District is considering the option of hiring an accountant to perform the accounting function for the bond program. Bond funds would be used to pay the salary of this position. The state Attorney General issued an opinion in 2004 regarding the expenditure of Proposition 39 bond proceeds for salaries of district employees performing administrative oversight work on bond construction projects. The opinion and the staffing proposal will be discussed with the committee.
- 12. Meeting Schedule (PLEASE BRING CALENDARS)** INFORMATION/ACTION
- The following meeting dates are suggested for adoption:
- Monday, March 2, 2009
 - Monday, June 8, 2009
 - Monday, August 4, 2009
 - Monday, November 2, 2009 (Annual Organizational Meeting)
- 13. Suggestions for Future Agenda Topics and Announcements**
- 14. Adjournment**



MONTEREY PENINSULA COMMUNITY COLLEGE DISTRICT
Citizens' Bond Oversight Committee

Monday, March 2, 2009
3:00 PM – Regular Meeting
Sam Karas Room, Library and Technology Center
Monterey Peninsula College
980 Fremont Street
Monterey, California

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 November 17, 2008 Minutes

ACTION

4. Accept Bills and Warrants Report

ACTION

The list of payments from bond funds expended through December 31, 2008 will be reviewed for acceptance by the committee.

5. Bond Expenditure Status Report

INFORMATION

The December 31, 2008 bond expenditure status report will be reviewed with the committee. The February 2009 cost control report will also be presented.

6. Bond Auditors' Reports for 2007-08

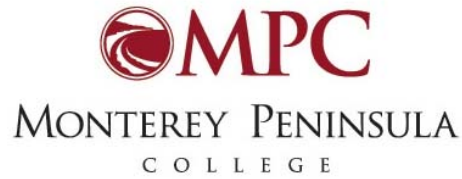
INFORMATION

The Independent Auditors' Report of the District's bond funds, for the fiscal year ended June 30, 2008, and the District's bond Performance Audit Report, for the fiscal year ended June 30, 2008, will be reviewed with the Committee.

- 7. Education Center at Marina Design Presentation** INFORMATION
The project architect, Ken Scates, HGHB, will give a presentation on the design of the new facilities to be constructed in the first phase of the Education Center at Marina.
- 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. Meeting Schedule**
Future meetings are scheduled for:
Monday, June 8, 2009
Monday, August 3, 2009
Monday, November 2, 2009 (Annual Organizational Meeting)
- 10. Suggestions for Future Agenda Topics and Announcements**
Status of Investment of Series B and C Bonds
- 11. Adjournment**

Public records provided to the Committee for the items listed on this agenda may be viewed online at the College's website <http://www.mpc.edu/mpcbond/CitizensBondOversight/Pages/CBOCAgendas.aspx> , at the Superintendent/President's office, Monterey Peninsula College, 980 Fremont Street, Monterey, California during normal business hours, or at the Committee meeting.

Posted: February 24, 2009



MONTEREY PENINSULA COMMUNITY COLLEGE DISTRICT
Citizens' Bond Oversight Committee

Monday, June 8, 2009
2:00 PM – Committee Tour of College Facilities Projects
3:00 PM – Regular Meeting
Sam Karas Room, Library and Technology Center
Monterey Peninsula College
980 Fremont Street
Monterey, California

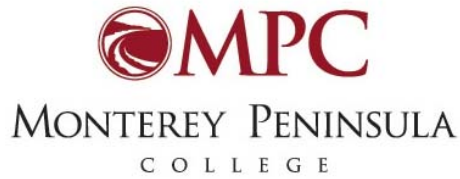
MEETING AGENDA

- 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. Issuance of Cash-Out Refunding Bonds** INFORMATION
The district's bond counsel, David Casnocha, will report on a recent Attorney General's opinion concerning the issuance of cash-out refunding bonds.
- 4. Approval of March 2, 2009 Minutes** ACTION
- 5. Accept Bills and Warrants Report** ACTION
The list of payments from bond funds expended through March 31, 2009 will be reviewed for acceptance by the committee.
- 6. Bond Expenditure Status Report** INFORMATION
The March 31, 2009 bond expenditure status report will be reviewed with the committee. The May 2009 cost control report will also be presented.

- 7. 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.
- 8. Monterey County Treasurer's Investment Report** INFORMATION
Series B and C bonds were issued by the district in 2008 and invested with the Monterey County Treasurer's office. The Treasurer's Report of Investments for the quarter ending March 31, 2009 provides the status of these investments.
- 9. Meeting Schedule**
Future meetings are scheduled for:
Monday, August 17, 2009 – Tour of Seaside Public Safety renovation project on Colonel Durham Road and meeting at the Marina Education Center (Please note change in date)
Monday, November 2, 2009 (Annual Organizational Meeting)
- 10. Suggestions for Future Agenda Topics and Announcements**
Update on Investment of Series B and C Bonds
- 11. Adjournment**

Public records provided to the Committee for the items listed on this agenda may be viewed online at the College's website <http://www.mpc.edu/mpcbond/CitizensBondOversight/Pages/CBOCAgendas.aspx> , at the Superintendent/President's office, Monterey Peninsula College, 980 Fremont Street, Monterey, California during normal business hours, or at the Committee meeting.

Posted: June 2, 2009



MONTEREY PENINSULA COMMUNITY COLLEGE DISTRICT
Citizens' Bond Oversight Committee

Monday, August 17, 2009

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. Status of Investment of Series B and C Bonds

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 an update and discuss status of the Chapter 11 bankruptcy filings by Lehman Brothers and Washington Mutual Bank and impacts on the County's investment portfolio.

INFORMATION

4. Approval of June 8, 2009 Minutes

ACTION

5. Accept Bills and Warrants Report

The list of payments from bond funds expended through June 30, 2009, will be reviewed for acceptance by the Committee.

ACTION

6. Bond Expenditure Status Report

The June 30, 2009 bond expenditure status report will be reviewed with the Committee. The July 2009 cost control report will also be presented.

INFORMATION

- | | |
|---|-------------|
| 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. | INFORMATION |
| 8. 2008-09 Final Project Proposal Submissions
The district's Final Project Proposals for the Fort Ord Public Safety Training Center - Phase II, Music/Theater Project, and Arts Complex Project, approved by the Governing Board on June 23, 2009, will be reviewed with the Committee. These proposals have been submitted to the state Chancellor's Office for consideration for state funding. | INFORMATION |
| 9. 2011-15 Five Year Capital Outlay Plan
The district's 2011-15 Five-Year Construction Plan, approved by the Governing Board on June 23, 2009, 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. | INFORMATION |
| 10. Facilities Committee Planning Update
Mr. Bissell will review changes to the District's construction program being proposed by the Facilities Committee. | INFORMATION |
| 11. Committee Membership Review
Dr. Garrison will review membership terms. | INFORMATION |
| 12. Format of 2008-09 Annual Report
Changes were made last year in the format of the Committee's annual report for 2007-08. The new format will be continued in the 2008-09 version, which will be completed for the Committee's approval at the November meeting. | INFORMATION |
| 13. Meeting Schedule
The next meeting of the committee is scheduled for:
Monday, November 2, 2009 (Annual Organizational Meeting) | INFORMATION |
| 14. Suggestions for Future Agenda Topics and Announcements | |
| 15. Adjournment | |

Public records provided to the Committee for the items listed on this agenda may be viewed online at the College's website <http://www.mpc.edu/mpcbond/CitizensBondOversight/Pages/CBOCAgendas.aspx> , at the Superintendent/President's office, Monterey Peninsula College, 980 Fremont Street, Monterey, California during normal business hours, or at the Committee meeting.

COMMITTEE MEETING MINUTES

MONTEREY PENINSULA COMMUNITY COLLEGE DISTRICT

CITIZEN'S BOND OVERSIGHT COMMITTEE

Monday, November 17, 2008
3:00 PM – Regular Meeting, Sam Karas Room, Library and Technology Center
Monterey Peninsula College
980 Fremont Street, Monterey, 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
Ms. Rosemary Barrios, Controller
Mr. Joe Bissell, Vice President for Administrative Services
Dr. Douglas Garrison, Superintendent/President
Mr. Steve Morgan, Director, Facilities, Planning and Management
Ms. Vicki Nakamura, Assistant to the President

OTHERS PRESENT: Mr. Joe Demko, Kitchell

1. Call to Order

The regular meeting of the Citizen's Bond Oversight Committee of Monterey Peninsula College was called to order at 3:04 PM by Chair Baird.

2. Public Comment

There were none.

3. Committee Membership Review

Dr. Garrison reviewed the terms of the current committee members. He indicated Peter Baird, Steve Emerson, Elinor Laiolo, and Sondra Rees will be reappointed by the Governing Board in November to a second two-year term. Dr. Garrison thanked the committee members for their service.

4. Officers

Dr. Garrison informed the committee that Peter Baird had agreed to continue as chair. For vice-chair, motion to nominate Steve Emerson was made by Mr. Ray, seconded by Mr. Pasquinelli. The vote was unanimous in support of Mr. Emerson's election.

5. Status of Investment of Series B and C Bonds

Lou Solton, Monterey County Treasurer-Tax Collector, was present to discuss the impacts of the recent Chapter 11 bankruptcy filings by Lehman Brothers and Washington Mutual Bank on the County's investment portfolio.

He began his presentation by noting that in his previous discussion with the committee in August regarding the County's investment portfolio, it was apparent the County was not actively engaging in risky investments. However, since then, Lehman Brothers and Washington Mutual have filed bankruptcy, putting \$30 million of the County's investments at risk. Mr. Solton noted the bankruptcy action is at the beginning stages and it will be some time before settlement is reached and the impacts known.

Mr. Solton distributed copies of the Treasurer's Report presented to the County Board of Supervisors on November 4, 2008. He reviewed the first item of the report, a recommendation to reconstitute the Treasury Oversight Committee that was first organized ten years ago at the time of the Orange County bankruptcy filing. The Board of Supervisors authorized the appointment of a 5-person committee, consisting of Mr. Solton, the Superintendent of Schools (Nancy Kotowski), the finance manager for the Pebble Beach Community Services District, the County Administrative Officer (Lew Bauman), and a school member, to be determined. This committee will get underway after the first of the year.

Mr. Solton then reviewed the second portion, a report of the County's investment portfolio, as of September 30, 2008. The par value of the entire portfolio at the end of September was \$903 million.

He recapped the investment approach used for the college's \$105 million of bond proceeds from last January. Mr. Solton stated \$49 million was placed in custom investments that were insulated from the current financial situation, with most of the funds (\$40 million) invested in LAIF (Local Agency Investment Fund). These funds will stay in LAIF until the college advises otherwise. The remaining \$54-55 million were placed in the overall investment portfolio to meet cash flow needs. When these dollars are fully expended, Mr. Solton will discuss with the college how to shift the LAIF funds, if needed.

He then discussed the possible effects of the \$30 million potential loss from the Lehman Brothers and Washington Mutual bankruptcies on the college's investment funds. Washington Mutual represents \$20 million and Lehman Brothers \$10 million of the total. If sold today, the County could get \$7-8 million for both. If the County could recover fifty cents on the dollar, the resulting \$15 million loss would be spread out among the participants.

Mr. Solton assured the committee that Monterey County was not the only entity experiencing this loss. He commented the recovery would be ongoing and piecemeal, with amounts being recovered from bankruptcy proceedings, legislative relief, litigation, etc. He reviewed special efforts that had been undertaken, including joining with San Mateo County in the hiring of a specialized bankruptcy firm in New York, Nixon Peabody, to assist with

getting language inserted in the next federal bail out bill to protect cities and counties with troubled assets.

Mr. Solton stated the investment portfolio continues to earn interest. He reported the County Auditor-Controller has set up a reserve for unrealized losses. Interest earnings will be allocated to the reserve and used to offset the final losses when determined. Once the loss is measured and certain, the amount will be booked and spread out among the entities.

Mr. Solton added his office sought an independent review of the portfolio by an outside firm. The assessment concluded the portfolio was well diversified and the investments provide the liquidity needed. Mr. Solton ended his report by taking full responsibility for the investment situation, stating his office was making every effort to recover these assets.

Several questions were posed by committee members. Ms. Rees inquired if legal action was being considered against the Treasury Department for excluding Lehman Brothers from receiving federal assistance. Mr. Solton responded no and stated he would refer the idea to counsel.

Vice Chair Emerson asked what would be the college's percentage of the \$30 million loss. Mr. Bissell responded the college had \$50 million in the general pool of \$750 million or 1/25 of the total. He equated the potential loss to the college as \$800,000. Mr. Solton added the loss would eventually be offset by interest earnings; however, in the meantime, the college would need to budget the loss. Mr. Bissell stated the college had budgeted 3% income in the general fund and a 3% loss is expected, thus he projected the college would likely break even this year.

Vice Chair Emerson asked about the process used to identify bonds that may fail. He referred to discussions at the committee's prior meeting that Lehman Brothers and Washington Mutual were at risk. Mr. Solton replied he does pricing of bonds on a daily basis and follows the national credit rating agencies. He noted the TARP (Troubled Asset Relief Program) legislation guaranteed the assets of Merrill Lynch (now Bank of America). Mr. Solton stated the securities in the pool are as stable as U.S treasury bonds, adding that Freddie Mac securities have been guaranteed explicitly by the federal government. He said cascading maturities will soon eliminate the problem, with most maturing in 2009. The exceptions are two custom investments made for the college, with General Electric and J.P. Morgan Chase.

Mr. Pasquinelli stated his concern with Sallie Mae and Citigroup. Mr. Solton responded Citigroup is guaranteed and the bonds in the investment pool are guaranteed. He did not see any problem with Sallie Mae securities which have both implicit and explicit guarantees.

Chair Baird referred to the efforts underway to recover funds and the costs involved. He asked if the costs would be attributed to the pool members that would benefit. Mr. Solton said his office was sharing the cost of bankruptcy proceedings with San Mateo and the other public agencies involved. Costs related to litigation against the banks' directors or for specialized legislative lobbying services will probably be taken out of recovery amounts.

Mr. Coté asked for further explanation regarding the loss to the college. Mr. Bissell reviewed the amounts the college had invested in different funds within the County pool and reiterated a 3% loss was projected. However, this loss would be offset by interest earnings from the college's bond funds invested in LAIF as well as by any recovery monies.

Ms. Hodgson asked about the safety of the fixed bonds with J.P. Morgan and General Electric. Mr. Solton responded J.P. Morgan had received TARP funds and General Electric was highly rated, noting GE's bonds were currently trading at 99.6 cents on the dollar. He considered these bonds as the safest investments.

Ms. Hodgson followed with a question regarding whether the recovery efforts would take 5-10 years to complete. Mr. Solton said no and estimated the time would be two years. He thought the political situation would encourage a more timely resolution.

Mr. Bissell acknowledged Mr. Solton for his presentation. Mr. Solton offered to return in the future to update the committee.

6. Approval of August 4, 2008 Minutes

Ms. Hodgson noted the minutes referred to LAIF as a California Management Asset Program. She clarified that LAIF was an acronym for Local Agency Investment Fund.

Mr. Bissell provided a follow-up to Mr. Coté's question in the minutes regarding two entries in the Bills and Warrants for the purchase of a UHF microphone. Mr. Bissell verified that two microphones were purchased.

Chair Baird indicated follow-up to another item regarding compensable rain delays will be addressed by Joe Demko during his report.

Motion to approve the minutes of the August 4, 2008 meeting was made by Mr. Emerson and seconded by Ms. Rees. Motion carried unanimously.

7. Accept Bills and Warrants Report

Mr. Bissell stated extra effort was made to reconcile the items in the report with the audited statements and these adjustments are noted. He asked for questions or comments regarding the report.

Chair Baird inquired about a \$735 expenditure on page 4 to recoat a sink at the Child Development Center. He asked why the sink needed recoating since it was a new fixture. Mr. Demko explained the design did not work and another contractor was brought in to correct. He said a payback will be negotiated with the contractor. Chair Baird asked if a corresponding credit will show. Mr. Demko replied the credit will show as part of an itemized change order. Mr. Bissell added many small changes may be made during a project and are collected under 4 or 5 large change orders. He offered to bring a sample change order to illustrate this approach. Chair Baird responded it would be more helpful to see or be informed the offset was made.

Mr. Coté questioned why the New Admin/Old Library renovation was listed under "Closed Projects" on page 13. Mr. Bissell explained this entry referred to a facility analysis of a proposed mezzanine floor. Mr. Coté suggested changing the description to "feasibility analysis."

Ms. Hodgson noted an entry for the installation of a sign for Marina Police Department satellite office. Dr. Garrison responded this arrangement with the Marina Police Department helped to address the issue of security at the Education Center facility.

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

8. Bond Expenditure Status Report

Mr. Bissell informed the committee a new report format had been developed. The former report generated many questions in the past because the figures did not balance with the amounts in the Bills and Warrants Report. The new report includes a "Total Payments" column that should agree with the Bills and Warrants Report that the committee approves. When errors are discovered, the other report can be corrected at the same time.

In addition, the projects have been divided into three categories: In Process, Future, and Completed. A column with purchase order amounts has been added to show what remains to be paid.

Mr. Bissell noted the Total Bond Budget column still needs to be changed so the percent cost completion will show as 100% when the project is completed. Mr. Ray expressed a preference for being able to see the budget variances and whether a project came in under or over budget. He asked whether bids that come in under budget are recorded in the report. Mr. Bissell said this information would appear in Mr. Demko's Cost Control Report.

Vice Chair Emerson agreed it was important to show budget variances so the committee could track whether projects were consistently over or under budget. Mr. Bissell said he could leave the report as is; however, he asked about making adjustments where the project budget changes. As an example, he cited the Lecture Forum project which was originally slated to be a complete remodel for \$4.5 million. The project scope was later modified and the budget was lowered to \$2.5 million. Mr. Ray responded his interest was in seeing the bid amount vs. what was spent, not whether a project changed in scope. Mr. Coté added he was looking for overruns or savings. Mr. Bissell agreed it would be useful to track expenses once the bid is received. Mr. Coté and Mr. Pasquinelli both praised the new format of the report as providing clearer information.

Referring to the gym project, Chair Baird asked when do other funds become integrated into the bond budget. Mr. Bissell answered this was happening now with some of the expenses. He explained the timing depends on the source of funding, whether the funding is on a reimbursement basis. Mr. Bissell said the goal is to charge non-bond funds first. With the gym, the college is spending state money first because the funding was received first.

Mr. Coté asked about a future project, the Music/Theater Building. He wondered if the expense listed was for design. Mr. Bissell said the expenditure was for a repair to the boiler in the building.

9. Update on Facilities Projects, Timelines and Schedules

Mr. Demko, the college's bond program manager, began his report with a review of the status of current facility projects.

PE Fitness Building

The bids for the elevator came in under the budgeted amount.

Public Safety Training Center at Seaside

Mr. Demko said work was going well on the renovation.

MPC Education Center at Marina

Another temporary modular building has been installed. Mr. Demko reported the architect will make a second presentation of the design for the permanent buildings to the trustees at the November Board meeting.

Infrastructure

Mr. Demko indicated phases I and II will be closed out and the excess funds will be moved to the phase III budget. Phase III projects include data cabling, the Fitness Building elevator, bridge removal and sidewalk work.

Old Library

Mr. Demko noted some of the time delays in the schedule have been recouped. Painting and tile work are being completed.

New Student Services Building

The Division of the State Architect (DSA) review of the drawings is expected to be complete in two months.

PE Gym

All of the work has been finished with the exception of the bleachers (the plans are still at DSA). The gym is currently being used. Mr. Demko reported all of the bids came in within budget except for the seismic work. The variance was \$400,000 vs. the estimated budget of \$175,000. The seismic work was completed in December.

Auto Technology Building

Mr. Demko said the architect is working on the drawings for a classroom addition. The plans will be submitted to DSA. It is hoped that construction work can begin in the summer.

Baseball Backstop

Structural engineering work was required for this project.

Swing Space

The old Administration Building will be converted to provide six classrooms, subject to DSA approval. Renovation of the building was considered less expensive than to install portable buildings to provide swing space.

Mr. Demko then addressed Mr. Coté's question from the August meeting regarding compensable delays. He reviewed the elevator project as an example. As part of the bid submission, contractors were asked to provide the fiscal impact in the event of delays. Thayer, the successful bidder, indicated 30 days delay would result in a cost of \$6,000. In contrast, the other contractors proposed \$24,000 for delays. Mr. Demko said the bid submission process ensures costs for compensable delays are known.

Mr. Demko continued his report with a review of the Cost Control Report (Agenda Item # 8-B). He said the report was provided to the trustees to show the fiscal status of individual projects.

Chair Baird noted the Infrastructure Phase III summary stated additional funds would come from phases I and II and costs for the elevator project were being moved. He questioned why the funds and costs were not kept separate.

Mr. Bissell responded the projects in phases I, II, and III were interrelated; thus, the funding was also shifted back and forth. He explained several examples to show how the phases were connected.

Mr. Demko concluded his report with a brief review of the timeline for the projects. He said the schedules are fairly accurate, the major variable is the time required for DSA review.

10. Annual Report for 2007-08

Dr. Garrison stated the bylaws call for the committee to review and approve an annual report to be shared with the Board of Trustees in public session. He reviewed the various elements included in the draft report. He noted the sections on committee membership and the overview of meetings and activities were completed by Ms. Nakamura.

Mr. Bissell reviewed the financial report section. He reported the expenditure report was the same as in prior years, with total expenditures of \$55,973,718. Ms. Kane noted an error in the total expenditures under the middle column covering the period, 10/1/2007 - 9/30/2008. She said \$15,741,703 should be the correct total rather than \$27,255,886. Mr. Bissell said he would review the figures and make the adjustments in the final copy.

Mr. Bissell continued with a review of the campus renovation/construction projects section. He said the completed projects listing shows the Proposition 39 funds and other funding sources as the committee requested. He clarified "completed" referred to completion of the physical work; payments may still need to be made. The in process projects listing shows what has been budgeted for each project from bond funds. He said the bond program management item was placed at the end of the in process projects listing and reflects the amount paid to date.

Ms. Kane commented the new report was clear and useful for the public. Chair Baird agreed and stated the report was an improvement over last year's. He complimented Mr. Bissell and Ms. Nakamura for their work and recognized the committee for providing their input.

Ms. Hodgson echoed their comments and said the new report addressed her previous concerns. She asked about the bond budget total on page 14 and noted the amount differed by \$6,704 from the total receipts figure in the expenditure report on page 5. Ms. Hodgson thought the report would be clearer if the figures matched. Mr. Bissell explained it would be difficult to balance these figures as the actual bond budget total cannot be projected. The variance could be larger, since interest income was just reported through June 30. Also, the Kitchell payment for bond program management could be larger.

After extensive discussion on this issue and whether to address the variance in figures, Vice Chair Emerson made a motion to approve the report as is, making the correction to the expenditure total for the period 10/1/2007 – 9/30/2008 (as noted by Ms. Kane), and keeping the accounting in the campus renovation/construction projects section as is. The motion was seconded by Ms. Rees. Ms. Morrice noted an additional correction on page 4; her name was omitted from the membership list. Mr. Côté asked that column headings also be

provided on each page of the projects section of the report. With concurrence on these additional changes, the motion carried unanimously.

11. Bond Program Staff Position

Mr. Bissell reported the state Attorney General issued an opinion in 2004 that Proposition 39 bond proceeds could be expended on salaries of district employees if performing administrative oversight work on bond construction projects. He said the college and the bond program management consultant have been maintaining separate books on bond expenditures. The bond program manager's expenditure report was designed to provide the current status of expenditures; however, questions resulted from the separate accounting approach. To remedy this situation, the college is considering creating a part-time accounting position and eliminating the extra work involved in maintaining separate books. The part-time position would be assigned to do bond accounting only for the college.

Mr. Bissell indicated the proposal would be implemented on a trial basis. He said the committee may be seeing salary costs charged to the bond program management category. Kitchell's fee will also decrease with this change.

Chair Baird expressed support for the proposal and suggested the proposed job description for the accounting position be shared with the committee when it had been completed.

12. Meeting Schedule

The following meeting schedule for 2009 was accepted by the committee.

Monday, March 2, 2009

Monday, June 8, 2009

Monday, August 3, 2009

Monday, November 2, 2009 (Annual Organizational Meeting)

13. Suggestions for Future Agenda Topics and Announcements

A suggestion was made to have Mr. Solton return with a status report on bond investments.

Vice Chair Emerson asked if a post-construction survey of faculty and students was planned to get feedback on whether the projects are "doing what they were designed to do." Dr. Garrison said the college is currently engaged in the accreditation process and the Office of Institutional Research would be unable to do such a survey at this time. However, he noted a general campus survey had been conducted and he offered to bring these results to a future meeting.

Chair Baird praised the committee for their excellent work and acknowledged Dr. Garrison, Mr. Bissell, and Ms. Nakamura.

14. Adjournment

The meeting was adjourned at 5:53 p.m.

MONTEREY PENINSULA COMMUNITY COLLEGE DISTRICT

CITIZEN'S BOND OVERSIGHT COMMITTEE

Monday, March 2, 2009
3:00 PM – Regular Meeting
Sam Karas Room, Library and Technology Center
Monterey Peninsula College
980 Fremont Street

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

ABSENT: Ms. Sondra Rees

STAFF PRESENT: Ms. Rosemary Barrios, Controller
Mr. Joe Bissell, Vice President for Administrative Services
Dr. Douglas Garrison, Superintendent/President
Mr. Jeff McCart, Athletic Trainer
Mr. Steve Morgan, Director, Facilities
Ms. Vicki Nakamura, Assistant to the President

OTHERS PRESENT: Mr. Joe Demko, Kitchell
Dr. Jim Tunney, Trustee

1. Call to Order

The regular meeting of the Citizen's Bond Oversight Committee of Monterey Peninsula College was called to order at 3:03 PM by Chair Baird.

2. Public Comment

Dr. Jim Tunney, Chair of the Governing Board, speaking on behalf of the trustees, offered thanks to the committee for their work.

3. Approval of November 17, 2008 Minutes

Motion to approve the minutes of the November 17, 2008 meeting was made by Mr. Ray and seconded by Mr. Pasquinelli. Vice Chair Emerson commented on the completeness and quality of the minutes. Motion carried unanimously.

Dr. Garrison noted at the November meeting, the committee approved the annual report for presentation to the Governing Board. He referred to the handout, an excerpt from the Governing Board minutes for the December 9, 2008 meeting, which showed Chair Baird attending and presenting the report to the trustees. The Board was pleased to receive the report as well as Mr. Baird's comments.

7. Education Center at Marina Design Presentation (Item taken out of order)

Ken Scates, architect for the first phase development of the Education Center at Marina, was invited to make his presentation earlier than scheduled in the agenda. Mr. Scates began with an aerial view of the site and noted the Highway 1 intersection with Imjin Parkway was located ½ mile away.

He then reviewed the site drawings. Phase one consists of five separate structures housing eight standard 35 seat classrooms, one larger classroom, a multipurpose room, and utility service functions. The structures are oriented around a central courtyard. Future phases will repeat the use of the courtyard as an organizing feature.

Mr. Scates explained the courtyard is semi-enclosed, with the building structures and walls providing a buffer against the wind, an environmental factor specifically considered in the design. The structures are contemporary in nature and make use of concrete walls, glass, and wood. A special feature is a tower element that has been added to provide a visual monument that can be seen from some distance. Mr. Scates said a wind generator is being proposed for the tower element.

He indicated parking lots are provided along 12th Street. Landscaping will consist of native vegetation. Additional trees will also be planted. Future build-out will be to the south of the phase one development.

Mr. Scates also shared two watercolor renderings of the proposed structures, one showing the entry from Third Avenue and the other depicting the interior courtyard.

Mr. Coté asked if bicycle racks were included and Mr. Scates confirmed racks would be installed in the parking area. Mr. Coté followed with a second question about the project meeting LEED certification. Mr. Scates indicated the structures had not been designed for certification, but "green" features were incorporated in the project.

Chair Baird asked about the amount of power that could be produced by the wind generator. Mr. Scates responded his research showed the turbine will produce enough energy to operate a building. He was uncertain if there would be any payback, but he was confident that the wind generator would perform well as the City of Marina experiences significant sustained wind.

Ms. Morrice inquired about the use of moisture collectors. Mr. Scates said currently cisterns cannot be used, but he added the landscaping would not require a large amount of irrigation.

Dr. Garrison asked if project construction would begin July 31. Mr. Scates replied the drawings will be submitted to the Division of the State Architect for review. He did not know how long the review process would take.

Vice Chair Emerson commented that as a Marina resident, he was enthused about the project. He added the Marina Planning Commission was also very positive.

4. Accept Bills and Warrants Report

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

Ms. Morrice noted a duplicate entry for replacement of a cracked waste line on page 4 of the report. Mr. Bissell replied the descriptions were similar, but represented different portions of the project. He will confirm and report back.

Chair Baird inquired about two similar entries on page 4 for new gym flooring. Ms. Barrios, Controller, said these entries were for separate expenses. Mr. Bissell surmised one entry was for the initial payment and the other represented installment payments. He said he would verify and report back.

Chair Baird asked for clarification regarding two entries on page 6 for the purchase of 52 computer chairs for the language lab and 36 for the Marina Education Center. He asked if the styles of the chairs were different because there appeared to be a cost differential between the two orders. Mr. Bissell said standardization of furniture is a goal, but the Education Center may have required a different style. He will check into and report back at the next meeting.

Ms. Hodgson requested a definition of “commissioning services” listed on page 2. Mr. Demko explained these services are provided by a third party specialist who ensures the operating systems are working. Mr. Morgan, Director, Facilities, added the heating, ventilation, and air conditioning (HVAC) systems are highly technical and commissioning verifies the systems are functioning as the engineer intended. In addition to HVAC, commissioning is also performed on electrical and information technology systems. Mr. Bissell noted commissioning was not done on the Library and Technology Center and as a result, the building environment is not always comfortable to users. Mr. Coté asked if “verification services” on page 12 had the same meaning. The answer was yes; Mr. Coté recommended using the same terminology on future reports.

Ms. Hodgson continued with questions on several entries. She referred to an entry for Alfa Tech for HVAC services on page 5 and asked if the item was an operating expense (which would be an illegal bond expenditure). Mr. Bissell verified the expense was for design services only. Ms. Hodgson asked about “server room migration expenses” on page 6 of the report. Mr. Bissell explained the current server room is located in the Business building and will be moved to the new Administration Building along with Fiscal Services and Information Technology offices. She then noted there were repeat entries on page 10 for project management services for July and August, but the amounts differed. Mr. Bissell said he would check into.

Mr. Pasquinelli questioned whether storm drain repairs to the baseball field listed on page 14 were a maintenance item rather than a bond project expense. Mr. Bissell responded the repairs resulted when a new backstop was needed to keep stray baseballs away from the new Child Development Center. In reviewing the plans for the backstop, the Division of the State Architect required installation of an ADA-accessible sidewalk which created a drainage problem on the baseball field.

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

5. Bond Expenditure Status Report

Mr. Bissell reminded the committee a new report format had been developed and shared at the November meeting. He stated the new report ensures the figures tie into the bills and warrants report and shows the status of project budgets. The current report shows that \$60 million has been spent to date.

Mr. Bissell also noted at the November meeting, Lou Solton reported that \$30 million of the County investments were involved in the Washington Mutual and Lehman Brothers bankruptcies and a portion of the college's bond funds would be affected. Mr. Bissell said the actual loss is still unknown; bonds are still selling at 25¢ on the dollar. Until there is a final settlement, the loss will not be known. Given the bankruptcy situation, Mr. Coté asked if the college was prevented from accessing these funds until the loss is recognized. Mr. Bissell did not know, but he speculated the County probably would not allow the college to withdraw the full amount.

Vice Chair Emerson observed the County also had investments in J.P. Morgan and General Electric (GE). He said the GE bond is showing similarities with Washington Mutual and Lehman Brothers and asked if there were discussions to move funds. Mr. Bissell stated he had discussed with Mr. Solton whether funds should be moved to other investments; however, LAIF is currently earning 1.7%. Mr. Bissell stated it was a tough market. Funds could be withdrawn, but there would be inflation impacts. He said if funds were withdrawn today, the loss would also have to be recognized.

Mr. Emerson reiterated his concern with the GE bond. He noted the college's investments in GE were not pooled; thus, the college would take the entire loss if there was a failure. Mr. Bissell said the college does not anticipate using those funds for 7-8 years as they were part of the taxable bonds issued.

Chair Baird had several questions regarding the new report format. He referred to the column labeled "Bond Budget less Total Payments and Purchase Orders," noting the figures actually reflect only the total bond budget minus total payments. Mr. Bissell responded purchase orders should be included in the calculation, so the formulas will be checked. Mr. Baird stated the percentages reflected under cost and schedule in the "Project % Completed" column also appeared to be incorrect. He cited as examples the new administration building, listed at 65% complete in cost and which should have been 32.8%, the Lecture Forum at 121%, and the social science renovation at 75%. Mr. Demko explained the budgets include non-bond funds and state payments are difficult to track. Mr. Bissell said the budget would be rechecked.

Chair Baird referred to the Infrastructure – Parking/Phase II project and noted the schedule is 100% complete and the cost is 112% or 12% over budget. He stated this figure is reasonable, but there is \$288,886 in outstanding purchase orders not included in the cost. If included, the project would be 42% over budget. Mr. Demko said the purchase orders may have been over-estimated. Mr. Baird advised that any project over 100% in cost becomes more noticeable than may be warranted.

Chair Baird concluded he was pleased with the new report format; he said just a few more adjustments are needed. Mr. Bissell responded he would re-evaluate the format and make necessary corrections for the next meeting.

Ms. Hodgson asked about the total prior year expense figures reflected in the third column. She said the total showed \$50 million on the current expenditure report, a \$2 million difference from the prior report. She noted a difference from the bills and warrants report. Mr. Bissell indicated he would review the figures.

Dr. Garrison announced that Joe had been asked to participate on the County's investment committee. Mr. Bissell indicated that the other committee members represent agencies who have investments with the County. The first meeting was held in February and the meeting schedule will be quarterly.

6. Bond Auditors' Reports for 2007-08

Mr. Bissell related that last year the committee questioned why the auditor did not provide an opinion on the bond financial statements. To address this concern, he asked the district's auditing firm to do two reports. The first report is an audit of the general financial statements. Mr. Bissell referred the committee to the last paragraph of the report providing an unqualified opinion from the auditor. He said if there were any problems, the auditor would have identified them. Mr. Bissell also stated the auditor agrees with all expenses and revenues.

The second report is a performance report in which specific procedures are identified to undergo a review for compliance with Proposition 39 bond requirements, including a test of 25% of expenditures. Mr. Bissell said in the case of the district's audit, 1% of 50,000 transactions were checked. In the bond audit, 32% of expenditures were tested for compliance. He reviewed page 2 of the performance report and said no exceptions found. The auditor made one adjustment to the district's financial records in the amount of \$22,042. Mr. Bissell complimented Rosemary Barrios and Fiscal Services staff for keeping accurate track of the bond expenditures.

Ms Hodgson referred to page 3 of the financial statements audit report and asked for an explanation of the "other uses" item for \$1,898,813. Mr. Bissell thought the amount reflected a combination of numbers. Since it was a negative amount, he concluded it was a transfer of funds, but he will check with the auditor.

8. Update on Facilities Projects, Timelines and Schedules

Mr. Demko, the college's bond program manager, began his report with a review of the status of current facility projects.

PE Fitness Building

The elevator will be completed this summer.

Public Safety Training Center at Seaside

Mr. Demko said work was going well on the renovation. The asphalt in the parking lot was installed.

MPC Education Center at Marina

The additional temporary modular building is in operation. Mr. Demko reported the drawings are ready to submit to the Division of the State Architect (DSA).

Infrastructure

Mr. Demko indicated work was proceeding on the parking lots.

Old Library

Mr. Demko reported the college would take beneficial occupancy this week. He noted the deck construction was behind due to the rains. In two weeks, furniture will be installed. The computer network equipment will be housed in a special, air-conditioned room and the switchover in the network system is scheduled to occur during the spring recess.

New Student Services Building

Mr. Demko said the college hopes to go out to bid this month on the project. He expects there to be several bidders due to the slow economy.

PE Gym

The project is completed and over budget due to the seismic work required.

Auto Technology Building

Mr. Demko said the architect is working on the drawings for the classroom addition.

Baseball Backstop

The college is still waiting for DSA to finish its review.

Swing Space

The swing space plan is being developed. The old Administration Building will be converted to provide six classrooms.

Facilities Committee

Mr. Bissell reported the committee is discussing how to address delays due to the lack of a state bond measure in 2008. The committee is considering changes to projects. For example, the college currently has a state-approved project proposal for a renovation of the Business, Life Science and Physical Science Buildings. The committee is considering renovating the Business building with bond money only and submitting a proposal for state funding to renovate the other two buildings.

Dr. Garrison noted the complexity of issues facing the Facilities Committee. The committee must consider the impacts of projects on the college's capacity load, the changes in state construction funding, the delay of the state bond measure, more competition for state funding due to 14 other districts successfully passing Proposition 39 bonds, and the changing bid climate. He said the end result is a need for a revised strategy.

9. Meeting Schedule

The meeting schedule for the remainder of the year was reviewed by the committee:

Monday, June 8, 2009

Monday, August 3, 2009

Monday, November 2, 2009 (Annual Organizational Meeting)

10. Suggestions for Future Agenda Topics and Announcements

Included from last time is a status report on bond investments.

A tour of facilities was proposed for the committee at the June and August meetings. In June, the committee will tour the new Administration Building and other projects on the Monterey campus. In August, a tour of the Seaside Public Safety renovation project on Col. Durham Road will take place, followed by the meeting there or at the Education Center in Marina.

11. Adjournment

The meeting was adjourned at 4:37 p.m.

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MONTEREY PENINSULA COMMUNITY COLLEGE DISTRICT

CITIZEN'S BOND OVERSIGHT COMMITTEE

Monday, June 8, 2009
3:00 PM – Regular Meeting
Sam Karas Room, Library and Technology Center
Monterey Peninsula College
980 Fremont Street

Meeting Minutes

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

ABSENT: Mr. Scott Coté
Ms. Daphne Hodgson

STAFF PRESENT: Ms. Rosemary Barrios, Controller
Mr. Joe Bissell, Vice President for Administrative Services
Mr. Pete Buechel, Purchasing Specialist
Dr. Douglas Garrison, Superintendent/President
Mr. Steve Morgan, Director, Facilities
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 3:05 PM by Chair Baird.

2. Public Comment

None.

3. Issuance of Cash-Out Refunding Bonds

The District's bond counsel, Mr. Casnocha, reviewed the chronology of events leading up to the Attorney General's review of cash-out refunding bonds. He noted the District's bond measure passed in 2002 and the first series of bonds was issued in 2003. In October 2005, the District was advised it would be advantageous to refinance a large portion of the Series

A bonds and monetize the amount of savings resulting from a lower interest rate and an increase in the assessed valuation of property in the District. The college trustees approved the refunding of bonds and in December 2005, \$33 million of bonds were sold, generating \$4.2 million in cash which was deposited in the District's bond program fund. Mr. Casnocha said the benefit for the District was increased dollars for facilities projects identified in the bond measure. The benefit to the taxpayers was the shortening of the repayment schedule of the bonds by 7 years, from 2027 to 2020. He characterized the cash-out refunding mechanism as a win-win situation and many districts refinanced their bonds.

Mr. Casnocha explained the county treasurers group, however, thought the additional interest earnings should be returned to the taxpayers. He said Joe Simitian, representing the county treasurers, asked the Attorney General's office (OAG) in 2006 to consider the legality of cash-out refundings. Two years later, in January 2009, the Attorney General issued an advisory opinion. Using the District's refunding situation as an example, Mr. Casnocha said MPC received \$4 million more than the voters approved. This additional indebtedness was not approved by the voters in the OAG's interpretation.

The OAG's opinion also discussed how to challenge a bond refinancing, specifying a 60-day deadline to file a challenge. He assured the Committee that the challenge period had expired for all cash-out refundings that had taken place. The opinion also described a taxpayer challenge for waste, but there was still the 60-day challenge deadline.

Mr. Casnocha noted most cash-out refundings have already been done and interest rates have risen, so there is no longer a financial benefit. He added that most bond firms are no longer advising districts to do cash-out refundings, absent a legislative change or a court decision.

Mr. Pasquinelli asked about the OAG's delay in issuing an opinion, which precluded any actions to challenge refundings that had taken place. Mr. Casnocha stated the OAG could have brought an action; however, he surmised the OAG wanted to "close the door" on refundings without hurting those districts who had already completed the process. He said it was probably better for the issue to be debated by the legislature.

Chair Baird thanked Mr. Casnocha for attending and providing a complete review of the issue.

4. Approval of March 2, 2009 Minutes

Chair Baird asked Mr. Bissell to follow-up on several items identified in the minutes that needed further clarification. Mr. Bissell introduced staff, Mr. Pete Buechel, Purchasing Agent, and Ms. Rosemary Barrios, Controller, who were present to provide further information.

Bills and Warrants Report items:

- Replacement of cracked waste line – the two entries were not duplicates, but represented different work items.
- New gym flooring – the two entries represented installment payments on the total contract amount of \$203,000.
- Purchase of chairs for the Marina Education Center – the two entries reflected two different styles of chairs, one type had casters. An error was noted in the minutes, instead of 32 chairs, the number should have been 36.

- Project management services – the payment amounts differed to reflect significantly different services being provided by Kitchell for bond program management and project specific activities.

Audit item:

The amount of \$1,898,813 for “other uses” had been questioned at the last meeting. Mr. Bissell discussed with the auditor, and this amount was held by Monterey County to pay for debt service on Series B and C bonds.

Bond Expenditure Report:

Mr. Bissell confirmed that all items identified had been evaluated.

Motion to approve the minutes of the June 8, 2009 meeting with the correction noted, was made by Vice Chair Emerson and seconded by Mr. Ray. Motion carried unanimously.

5. Accept Bills and Warrants Report

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

Chair Baird noted there were several entries for trailer rental for the public safety training center project and a similar entry for trailer set up and removal on page 4. He asked how this entry differed from the others. Mr. Bissell explained the expense was for a construction trailer at the project.

Chair Baird followed with a question regarding a Division of the State Architect (DSA) fee for geotechnical services at the new education center and whether the Division performed the work or hired a contractor. Mr. Demko responded that DSA was not involved in doing any of the work. Chair Baird suggested “review” as a better word to describe the expense.

A question was then asked about the reason for using a separate category for furniture and equipment expenses on page 5 rather than including as part of a building project expense. Mr. Bissell noted when the bond program was implemented, a flat dollar amount of \$4 million had been budgeted for furniture and equipment rather than determining an allocation for each project. The \$4 million is used as a cap.

Chair Baird inquired about two entries for restroom trailer rental on page 8 for the education center where the rental period overlapped for the month of December. Mr. Bissell said he would verify the dates.

An expense on page 11 for repair of landscaping at the baseball field was questioned. Mr. Steve Morgan, Facilities Director, responded the work was related to installation of the baseball field backstop. DSA required an accessible sidewalk be installed leading to the field and the area needed to be re-landscaped. Mr. Bissell agreed a better description was needed for this entry.

Chair Baird asked about an entry on page 13 for replacement of a speaker controller, noting bond monies should not be spent on maintenance. Mr. Bissell explained the speaker controller was part of an emergency notification system that had recently been installed on campus. Mr. Pasquinelli followed with a question about another item that appeared to be maintenance, the replacement of boiler hot water lines on page 11. Mr. Bissell stated these pipelines were replaced as part of rebuilding the campus infrastructure. Mr. Emerson

advised using the word “upgrade” to describe this type of work to avoid confusion with repair items.

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

6. Bond Expenditure Status Report

Mr. Bissell explained the new bond expenditure report format had been developed to eliminate the accounting differences with the bills and warrants report. He emphasized the fiscal accounting performed by Ms. Barrios and Fiscal Services is the official record for the District and the reports produced by the bond program manager, Kitchell, need to be in balance with the District’s records. Changes in some dollar amounts for early start projects were made on the bond expenditure status report to be consistent with Fiscal Services figures.

Regarding the cost control report, Chair Baird noted the report stated the budget for the infrastructure phase III project would be augmented with funds from phases I and II. He pointed out the bond expenditure status report showed phase I to be in deficit, so there were no funds for augmentation of phase III. Mr. Bissell responded funds for phase III would not be coming from phase I. He reported the Facilities Committee was re-evaluating projects to reduce scope and budgets due to the probable lack of state funding and the desire to proceed ahead, given the current advantageous bid climate. Augmentation for infrastructure phase III will come from a restructuring of bond projects, rather than from phases I or II. Mr. Bissell said the statement in the cost control report would be removed. Mr. Pasquinelli asked if priorities were changing as a result of the Facilities Committee work. Mr. Bissell responded yes and he would inform the CBOC at a future meeting.

7. Update on Facilities Projects, Timelines and Schedules

Mr. Demko, the college’s bond program manager, began his report with a review of the status of current facility projects.

PE Fitness Building

The elevator will be completed within two months.

Public Safety Training Center at Seaside

Mr. Bissell described the progress being made with Marina Coast Water District in providing water and sewer service to Col. Durham buildings. Mr. Demko reported the classroom and office building will be completed in a month and the second building will be finished later. The existing trailers will be removed so the two buildings can be connected.

MPC Education Center at Marina

Mr. Demko reported the drawings are being reviewed by DSA. He estimated bidding would occur in a month or two. Ms. Kane asked what would happen to the portable buildings currently at the education center. Mr. Bissell said the district would use the portables along with the old Administration Building to meet swing space needs on campus.

Infrastructure

Mr. Demko indicated work on the parking lots was completed before graduation.

New Student Services Building

Mr. Demko indicated 24-25 general contractors were interested in the project and he expected 7 would submit bids. The bid deadline is next week and the contract will be awarded at the June Board meeting.

Auto Technology Building

Mr. Demko said the drawings have been completed and bidding would take place soon for the classroom addition.

Baseball Backstop

DSA has approved the plans.

Swing Space

A swing space plan is being developed to address classroom needs. The former Administration Building will be converted to provide six classrooms.

Facilities Committee

Mr. Demko reiterated the Committee was reassessing projects and schedules. Chair Baird asked if a likely outcome of the reassessment would be an acceleration of construction timeframes for projects. Mr. Bissell answered yes, but explained the District was limited by the need to keep the campus open and running and by the amount of swing space available. He estimated that if the District continued with state funding, construction would continue for ten years. However, if the District proceeded without state funding, construction would be completed in five years.

8. Monterey County Treasurer's Investment Report

Mr. Bissell reported on the discussions regarding the County's investments and the Lehman Bros. and Washington Mutual bankruptcies. The County will write off the \$30 million of investment losses from the Lehman Bros./Washington Mutual defaults and every agency will share the loss. There was some concern by the County's Controller that the loss could not be written off until the shares were sold and the loss recognized. However, the County's Auditor-Controller will act as if the securities were sold and recognize the loss at the current market value (20¢/\$1.00). Then, when the bankruptcy is settled, and if the value is higher, an adjustment will be made. Mr. Bissell noted it would be more accurate to recognize the loss now; there would be no cash flow benefit from doing it later.

Mr. Pasquinelli asked if it would be possible to take cash out of the District's bond fund and "make taxpayers whole." Mr. Bissell stated the refunding was approved by the Board with the proceeds going toward bond projects rather than the taxpayers. Mr. Ray added the taxpayers are still whole. Mr. Bissell noted the additional earnings have made a difference to the projects. Mr. Pasquinelli responded the District had \$4 million from the refunding, but now the amount is less; he said it was a philosophical question. Mr. Bissell commented the projects would take a double loss in that case.

Dr. Garrison observed the primary purpose of the bond was to fund specified improvements to the college's holdings and the refunding continues that premise. The Facilities Committee's re-examination was not driven by the Lehman Bros./Washington Mutual bankruptcies, but by state funding capacity. He noted the priorities were originally established based on the premise of spreading the dollars around and upgrading everything. The premise has now

changed and when money is short, the primary projects are determined and the other projects are put on the waiting list.

Mr. Pasquinelli responded he was not proposing any actual changes. He said the report at the end of the year will show a \$2 million decrease in cash. Instead of focusing on the investment loss, returning funds to the taxpayers would be a way to approach the situation positively. Mr. Bissell responded the County Treasurer's report may not be negative; interest on the bonds will be zero. Dr. Garrison said the District will consider Mr. Pasquinelli's proposal. Chair Baird acknowledged Mr. Pasquinelli's suggestion and noted the college trustees would have many issues to consider.

Ms. Morrice asked about Mr. Solton's previous assertions that litigation, federal TARP funds, or other strategies may yield additional reimbursements. Mr. Bissell referred to Mr. Solton's report to the Board of Supervisors that described the actions being taken. He said San Mateo County had the biggest loss of any county and San Mateo Community College District believes it has lost \$30 million.

9. Meeting Schedule

The meeting schedule for the remainder of the year was reviewed by the committee:

Monday, August 17, 2009

Monday, November 2, 2009 (Annual Organizational Meeting)

10. Suggestions for Future Agenda Topics and Announcements

A tour of the Seaside Public Safety renovation project on Col. Durham Road was proposed in August, followed by the meeting there or at the Education Center in Marina.

There were no other suggestions.

11. Adjournment

The meeting was adjourned at 4:26 p.m.

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MONTEREY PENINSULA COMMUNITY COLLEGE DISTRICT

CITIZEN'S BOND OVERSIGHT COMMITTEE

Monday, August 17, 2009
3:00 PM – Regular Meeting
Sam Karas Room, Library and Technology Center
Monterey Peninsula College
980 Fremont Street

Meeting Minutes

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

ABSENT: Mr. Ron Pasquinelli
Mr. Gary Ray

STAFF PRESENT: Ms. Rosemary Barrios, Controller
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

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

None.

3. Status of Investment of Series B and C Bonds

Lou Solton, Monterey County Treasurer-Tax Collector, was present to provide an update on the District's bond fund investments and the impacts of the Chapter 11 bankruptcy filings by Lehman Brothers and Washington Mutual Bank on the County's investment portfolio.

He distributed a handout, including a daily report for the County's investments as of the morning. Mr. Solton reminded the committee that approximately half of the District's bond funds were invested in the general County portfolio and subject to the Washington Mutual and Lehman Brothers bankruptcy losses. The remainder of the District's bond funds were placed in custom investments with \$40 million invested in LAIF (Local Agency Investment

Fund), \$5 million in General Electric, and \$4 million in JP Morgan Chase. Mr. Solton reviewed page 4 of the handout showing the history of the District's earnings since February 2008.

He then referred the committee to page 6 of the handout regarding the allocation of losses related to the Washington Mutual and Lehman Brothers bankruptcies. The County investment pool earned \$14.1 million; however the losses of Washington Mutual and Lehman were \$29.8 million, for a net loss of \$15.749 million, or -0.0165%.

Mr. Solton shared breaking news that the County was able to sell the Washington Mutual assets for \$5.6 million, to accrue as unanticipated revenue. There were several reasons for selling these assets. The County is involved with San Mateo County in a legislative effort for recovery, which is focused on Lehman Brothers. He stated Congressman Barney Frank and San Mateo County's legislative representatives are supportive of TARP (Troubled Asset Relief Program) funds being used for this purpose. In contrast, the County's bankruptcy attorneys in New York don't see any recovery in the Washington Mutual bankruptcy. A buyer was found and the loss will be booked in this fiscal year, so the losses on page 6 will be reduced by \$5.6 million.

Mr. Solton reviewed the efforts to recover the \$10 million from the Lehman Brothers bankruptcy. A number of cities and counties across the country are involved. He noted page 7 of the handout is a letter from the National League of Cities to Treasury Secretary Timothy Geithner urging the use of TARP funds to purchase Lehman Brothers assets. The handout also included an article on page 8 showing the national media's interest in the issue and information on the class action suit against Lehman. Mr. Solton noted the last page states an estimate of reclaiming 15-20 cents on the dollar; however, he stated his belief that the recovery amount will be higher due to the litigation and legislative efforts underway.

Mr. Coté noted the total loss to the District six months ago was estimated at \$1 million. He asked what the loss would be today. Mr. Bissell did not have the current estimate. Mr. Solton stated he would communicate to the college if another recovery occurs.

4. Approval of June 8, 2009 Minutes

Chair Baird asked Mr. Bissell to follow-up on Bills and Warrants Report items identified in the minutes that needed further clarification. Mr. Bissell noted there were questions regarding the William Scotsman trailer rental and the overlap of dates. He stated Fiscal Services determined the first entry was correct, the second entry was for a different trailer, and the third entry was a duplicate payment. The vendor will be contacted.

Two corrections to the minutes were also noted. The attendance of Ms. Rees was not recorded and the date of the minutes approved should have been March 2, 2009. Motion to approve the minutes of the June 8, 2009 meeting with the corrections noted, was made by Ms. Laiolo and seconded by Ms. Morrice. Motion carried unanimously.

5. Accept Bills and Warrants Report

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

Ms. Hodgson asked for clarification on several items. She questioned the appropriateness of an entry on page 3 for copier maintenance, several entries for the purchase of office supplies, and shredding expense on page 6. Mr. Bissell responded the copier and office supplies were for the construction manager and the shredding of documents was related to the move of offices to the new Administration Building. Mr. Emerson suggested these

expenses be recorded differently to avoid raising questions. Mr. Bissell said items for the construction manager would be identified in future reports.

Ms. Hodgson also asked if the entries for Lecture Forum HVAC drawings and service were related to earlier reconstruction work. Mr. Bissell responded the vendor did not bill for all of the fees and the error was discovered at the end of the year.

Chair Baird referred to an expense on page 4 for the Gym project and asked why the expense was moved to the capital outlay fund. Mr. Bissell explained when a project has multiple funding sources, all of the expenses are first charged to the bond. Then, the fees are back charged to the other funding sources, such as state capital outlay funds. Ms. Hodgson advised providing further explanation in this case, such as “moved to capital outlay fund for state funding.”

Chair Baird asked about an entry for repair on page 6 for Silvestri Construction and if it would be more appropriate to use “upgrade” to characterize the work. Mr. Bissell assured the committee the District can spend bond funds on maintenance and repair items. He stated most of the items on the existing buildings are related to maintenance.

Entries for Williams Scotsman on pages 7-8 were questioned. Chair Baird noted the rental periods overlapped and the expense varied between \$417.20 and \$637.20. Mr. Bissell said Fiscal Services will need to check the expenses and the trailers also need to be identified.

Mr. Coté noted an entry on page 6 for “purchase of equipment for new data center” from Cable Express was not specific enough. He also observed the District was purchasing a lot of refurbished equipment and asked if warranties were provided. Mr. Bissell responded yes.

Ms. Laiolo commented the report contained several errors in capitalization, such as Marina, AT&T, etc. Mr. Bissell said he would ensure future reports would be correct.

Ms. Morrice questioned an entry for a pull handle on page 6; she thought \$185.00 seemed high. Mr. Bissell explained the expense also included the installation of a lock set.

Motion to accept the Bills and Warrants Report was made by Ms. Hodgson and seconded by Ms. Morrice. Motion carried unanimously.

6. Bond Expenditure Status Report

Mr. Demko reported smaller projects were being closed out, necessitating reconciliation. He also noted he was trying to get accurate cost of projects to update budget amounts. Ms. Kane noted projects over 100% in cost had negative amounts in parentheses. Mr. Demko explained the amounts reflected how much the projects were over budget. Mr. Bissell added that completed projects ended up being \$536,000 under budget; however, the column above showed that many projects were either over or under budget. There was discussion regarding the various reasons for the variances – supply costs, seismic, Division of the State Architect changes, etc. Mr. Bissell also noted further adjustments would be made to reflect year end (June 30) closing.

Chair Baird commented the new report format was easier to follow and expressed appreciation to staff.

7. Update on Facilities Projects, Timelines and Schedules

Mr. Demko, the college's bond program manager, began his report with a review of the status of current facility projects.

PE Fitness Building

Work is continuing. The elevator should be completed in two months.

Public Safety Training Center at Seaside

Staff will be moving into the upper building on Thursday. The Marina Coast Water District requirements have been fulfilled. Landscaping and the irrigation system will not be installed until after the lower building is completed. The existing trailers will be removed and a walkway ramp will be installed to connect both buildings.

Infrastructure

Mr. Demko indicated work on Parking Lot J would be completed to provide additional parking by the start of classes on Monday. The emergency broadcast system has also been installed.

New Student Services Building

The bid came in \$1.2 million under budget. Grading has been completed and the site has been fenced.

Auto Technology Building

Mr. Demko said a job walk for the classroom addition will take place next week and the bid date has been set for September 10, 2009.

Baseball Backstop

This project has been completed.

Swing Space

A swing space plan is being developed to address classroom needs. The former Administration Building will be converted to provide classrooms and science labs. Modularity will also be used.

Facilities Committee

Mr. Demko reported the Committee was reassessing budgets and timelines.

Chair Baird asked when it was more cost effective to buy a modular vs. renting one. Mr. Demko responded 4.3 years has been a standard. Mr. Bissell added the District currently owns seven portables and after the Marina Education Center facility is completed, there will no longer be any rental trailers.

Vice Chair Emerson inquired about the Education Center and the timeline for completion. Mr. Demko indicated the Division of the State Architect (DSA) requested additional geotechnical data. The plans were submitted to DSA in February and are expected to be approved in another month. Bidding will hopefully occur in October.

Mr. Demko reviewed the construction schedule. Mr. Bissell noted the state released funding to allow the District to proceed with drawings for the Humanities, Student Services, and Business Humanities project.

8. 2008-09 Final Project Proposal Submissions

Ms. Nakamura reported the District submitted Final Project Proposals for the Fort Ord Public Safety Training Center - Phase II, Music/Theater Project, and Arts Complex Project to the

state Chancellor's Office in July for consideration for state funding. As the Music/Theater and Arts Complex projects were resubmissions of proposals reviewed with the committee last year, she focused her PowerPoint presentation on the Fort Ord Public Safety Training Center Phase II project.

Ms. Nakamura noted the Phase II project will construct facilities for skills training required by the District's police, fire, and emergency service training programs. The three main components consist of an emergency vehicles operation course (EVOC), a four-story burn tower for firefighter training, and a firing range. The EVOC and burn tower will be located at the Parker Flats site and the range at the MOUT (Military Operations in Urban Terrain) facility at the former Fort Ord. She indicated the total budget for the project is \$12 million, with 50% being funded by the District's bond program and 50% proposed for state funding.

9. 2011-15 Five Year Capital Outlay Plan

Mr. Bissell stated the Final Project Proposals (FPPs) are submitted as part of the Five-Year Capital Outlay Plan. In evaluating the FPPs, the Chancellor's Office looks at gross square feet and assignable square feet of facilities at the District and compares to state standards for efficiency. Reviewing the list of District projects in the Five-Year Plan, he said five have been submitted for state funding, four on the main campus and one at the Fort Ord Center. Two have been approved for state funding, the Business, Math, Science Buildings project and the Humanities, Business-Humanities, Student Services project. Mr. Bissell noted there will be further changes to the plan in the near future.

10. Facilities Committee Planning Update

Mr. Bissell reported the Facilities Committee has been discussing changes to the existing facilities plan. He reviewed the diagram listing both the current facilities plan and the proposed plan. Mr. Bissell distributed a copy of the June 23, 2009 Board agenda item that describes the Facilities Committee proposal. He stated the Facilities Committee believes major changes are needed due to three main reasons. First, state funding is uncertain, resulting in projects being delayed. Secondly, the current economic situation has led to a favorable bid climate. Construction costs will be lower if projects are built within the next few years. The third reason is the District's facilities continue to deteriorate.

Mr. Bissell stated the Facilities Committee wants to reduce the District's dependence on state funding for facilities and get projects completed in the next 4-5 years. Under the Facilities Committee proposal, state funding would be reduced from \$42 million to \$9.8 million. Only two projects are proposed to be constructed with state funding, the Humanities, Student Services, Business Humanities project and the Public Safety Training Center Phase II project. To achieve the reduction in state funding, the project budgets have been reduced to reflect lower bid amounts.

He reviewed the changes in projects being proposed (items in blue on the diagram):

- Business, Math, Science Buildings project – this project would have upgraded the facilities to current state standards. In a remodel, upgrading would be unnecessary so the restroom upgrade would be eliminated.
- Pool and Tennis Courts – these facilities would remain the same size as existing; a sixth tennis court would not be added.
- Music/Theater project – The Music Building would be remodeled in its current location. Most of the funding would be expended on the Theater to make the building accessible to the disabled.
- Infrastructure – The original budget of \$42 million is reduced.

Mr. Bissell stated that the College's request for \$32 million in state funding remains in effect. Dr. Garrison added the College will not turn down state funding, but getting the funds is probably unlikely. He noted other colleges have had local bonds approved and are submitting project proposals for state funding. Also, the state is two years behind in placing a higher education facilities bond on the ballot. Dr. Garrison noted the Facilities Committee proposal is an aggressive plan with a shift in strategy from replacement to renovation. He stated the premise was sounder in the current circumstances.

Ms. Rees asked about the roof in nursing. Mr. Bissell said the project would be deferred and handled as a scheduled maintenance expense.

Ms. Morrice inquired if a state facilities bond was expected in 2010. Dr. Garrison responded yes; however, it is unknown if the voters will approve.

Mr. Bissell concluded his report by stating the revised plan has not been approved. There is general concurrence from the Board and campus. A swing space plan still needs to be finalized that will keep classes open during the construction period. He hoped the Facilities Committee will be able to approve the swing space plan and timeline by the end of September. Then, the revised facilities plan will be taken to the Board.

11. Committee Membership Review

Dr. Garrison reviewed the committee roster. He noted the initial terms of five members would be completed in November. All five members have been contacted to see if they would be willing to serve a second term and so far, Dr. Garrison has received positive responses from three members. He also noted that Ms. Morrice, the student representative, would be completing her second term in November and the vacancy has been discussed with Michael Dickey, the new student trustee.

12. Format of 2008-09 Annual Report

Dr. Garrison noted changes were made last year in the format of the Committee's annual report. He asked if there was concurrence in continuing with the new format. There were no objections from the Committee. Mr. Emerson stated the format was well-received.

13. Meeting Schedule

The meeting schedule for the remainder of the year was reviewed by the committee:
Monday, November 2, 2009 (Annual Organizational Meeting)

14. Suggestions for Future Agenda Topics and Announcements

A tour of the Seaside Public Safety renovation project on Col. Durham Road had been proposed for the August meeting; however, the facility is not yet complete. A grand opening is being planned for the fall. It was suggested to schedule a future meeting at the Seaside Public Safety facility.

15. Adjournment

The meeting was adjourned at 5:22 p.m.