



Proposition R



At Work!

Southwestern Community College District

Proposition R Citizens' Bond Oversight Committee March 23, 2011

MINUTES

1. CALL TO ORDER

The meeting was called to order at 5:30 p.m. and a roll call was taken.

Members Present: Dave Adams, Joe David Casillas, Rebecca Kelley, David Krogh

Late Arrivals: Claudia Duran arrived at 5:32 PM; Ditas Yamane arrived at 5:37 PM

Staff Present: Denise Whittaker (Interim Superintendent/President), Robert Temple (Interim Vice President for Business and Financial Affairs), John Brown (Director of Facilities, Operations and Planning), and Robert DeLiso (Bond Program Manager, Seville Construction Services, Inc.)

2. WELCOME AND INTRODUCTIONS

Adams moved Agenda Item No. 4 to Item No. 2 to introduce the District Staff present (shown above).

3. APPROVAL OF MINUTES, NOVEMBER 22, 2010 (ENCLOSURE)

The minutes of the November 22, 2010 meeting were unanimously approved.

4. PUBLIC COMMENT

Nickolas Furr requested permission to take photographs during the meeting. Request was unanimously approved.

5. 2010 FINANCIAL AUDIT

The 2010 Financial Audit was presented by Ken Pun with Caporicci & Larson, Inc., now a subsidiary of Marcum LLP.

Kelley requested clarification of office location. The firm has a local office in the UTC area and is headquartered in New York.

Krogh requested that the presentation be publicly posted. The presentation is an enclosure and will be posted publicly.

Kelley inquired as to where discrepancies, if any, would be reported. Pun referenced page 21 of the Financial Report and indicated that no instances of noncompliance were found. Temple followed by stating that all financial reports are required to be submitted to several District and State agencies for review.

Adams requested clarification on the amount due to SWCCD's General Fund on page 4 of the Financial Report. Yanda explained \$8,969 of Proposition R work had been mistakenly billed to Proposition AA. This is being corrected.

Krogh requested reasoning behind the low interest accrued on bond monies. Yanda stated that the former Vice President for Business and Financial Affairs did not want bond funds in a County investment vehicle, preferring to keep "liquid" access to the money. This said, only minimal returns were achieved. Since June 30, 2010 these funds have been invested with PMA Financial and are receiving a higher return.

Kelley requested a 5 year deferred maintenance plan and a detailed report regarding where Proposition R monies are being spent (projects, services, etc.). Yanda stated he will provide a detailed breakdown prior to the next regularly scheduled CBOC meeting. Brown requested clarification of request regarding 5-year deferred maintenance plan (action to John Brown). Krogh seconded the request for an itemized report for monies spent. Brown indicated that a "Money Spent" graphic is part of the Proposition R Status Update presentation.

Kelley, Krogh and Yamane requested cost breakdowns per project. DeLiso stated that Seville is in the process of breaking the costs down per project.

Krogh requested clarification of the opinion mentioned on page 15 of the Financial Report regarding internal controls. Pun stated that the opinion supports that the District does have a reasonable internal control procedure in place for financial reporting. He indicated that the auditor's scope did not include research into the effectiveness of these procedures.

6. STATUS OF SECOND BOND PROCUREMENT

Yanda stated that the anticipated \$79 million bond sale is now expected to range between \$60 million to \$70 million. Temple stated that, in February 2011, the Governing Board approved the underwriters for the second bond sale of up to \$79 million. Temple also stated that the \$60 million to \$70 million will be needed in the next 3 years.

Temple stated that there are 3 underwriter firms handling the bond and that those firms are sharing the work and that no additional fees are being spent. The 3 firms are: Alta Vista Financial, RBC Capital and Cabrera Capital, LLC.

Krogh inquired if one of the financial firms were replaced. Temple stated that Alta Vista Financial replaced Piper Jaffray Companies and that the 3 current firms may be replaced again, if needed, based on performance.

Krogh questioned the amount of "cushion" the bond will have with the \$60 or \$70 million based on the \$19.60 per \$100,000 assessed value promised to voters. Temple answered by stating that the

legal limit is \$25 per \$100,000 assessed value, but that the promise made to the voters is being taken very seriously.

Krogh voiced a concern about the combination of both Proposition AA and R on the taxpayers and questioned the number of years of impact left for the taxpayers in regards to Proposition AA. Temple stated that the bonds are legally separated. Yanda stated he will research the number of years remaining for Proposition AA.

7. PROPOSITION R STATUS UPDATE

Brown introduced himself, DeLiso and Steve Dow (Deputy Program Manager/Controls Manager, Seville Construction Services, Inc.) with brief histories.

DeLiso presented slideshow (enclosure) with project updates, budget updates, and a draft schedule.

Krogh asked if there had been any drastic changes in scopes or budgets of the program since the recent changes that have been made in staffing at the District and Proposition R program team. DeLiso stated that the program is currently moving forward as planned. Brown stated we plan to assign some scope to bid alternates (i.e. parking structure for the Corner Lot project and synthetic field for the Central Plant, Field House, and DeVore Stadium Improvement project) and that we are staying strict with regard to the \$55 million construction budget for the Corner Lot project.

Adams wanted clarification on whether the \$55 million is for 100,000 square feet on the corner parcel. Brown stated that the square footage is higher and that the parking is a variable.

DeLiso indicated Brown is reanalyzing likely paybacks for solar PV systems, and is confirming life expectancies of existing equipment.

Adams made an inquiry regarding the soils issues on the corner parcel. DeLiso stated that there is a large amount of fill on the site and the geotechnical recommendation is to utilize geo piers or rock columns. Adams wanted to know the recommended depth of the piers. DeLiso did not have exact depth.

Whittaker stated that fiscal changes such as those due to enrollment reductions mandated by the State may have an impact on scopes.

Temple stated that no drastic changes have been made at this point, but there is always a possibility changes could happen and that any issues that may cause changes in the construction plan will be addressed with the CBOC and the Governing Board.

Casillas voiced concerns about the ability to staff and utilize all the new buildings. Temple stated that the Education Master Plan and the Facilities Plan need to work together and are needed for Accreditation. Brown referenced the extensive reporting requirements for the Chancellor's review.

Casillas wants more information available for the public. Brown and DeLiso stated that the website will be updated more regularly and more detailed reporting will be available.

Kelley asked if there were any other ADA compliance issues other than Mayan Hall. Brown responded that we have no other major compliance issues since the road loop addressed other areas that were previously non-compliant.

Kelley asked how many firms were local businesses. DeLiso stated that the majority of the firms still need to be selected. Brown stated that the construction management at risk contracting will provide more opportunities. Temple noted the need to "give back" to the local community. Whittaker agreed strongly with Temple's statement.

DeLiso stated that the scopes for future projects still need to be defined. He also noted that a slide was missing for the presentation. Krogh asked if presentation could be posted with missing slide. DeLiso stated that a corrected/completed version of the presentation would be posted and any changes would be highlighted.

DeLiso noted that the schedule in the slide is a draft. Whittaker noted that from her experiences at other Districts the timeline will shift due to unforeseen issues. Krogh suggested that the schedule be marked as "Draft" and posted on the website for transparency. Brown agreed schedule should be posted. Temple agreed that transparency is important.

Kelley suggested keeping the students involved in the planning stages of the program. Whittaker and Temple both agreed and stated they will be looking into a way to implement a process for getting/keeping them involved. Whittaker also mentioned the Facebook and Twitter programs they have in the works.

Yamane requested that the footnote regarding the National City Two-Story Higher Education Building be highlight or more clearly noted. DeLiso confirmed that it would be more visible in the posted presentation.

DeLiso mentioned that the "Spent-to-Date" slide could be rearranged for the next CBOC meeting in a budget in a tabular format.

DeLiso noted mistakes on the slides relating to the budget and stated that the slides would be corrected before being posted.

8. DISCUSSION OF 2010 CBOC REPORT

Adams requested email addresses of all members to schedule a meeting to discuss the report. Adams to inform SWC of meeting date and time so a room can be provided and so the Agenda can be posted in accordance with the Brown Act.

Adams stated that he would like to have the report completed before June.

Adams would like the report to be short and concise. Whittaker suggested bullet points for some items and the possibility of a photo with all CBOC Members present.

DeLiso passed out write-ups that were in the report draft shown at the previous CBOC Meeting and offered clerical assistance in the production of the report.

Discussion was held regarding the content of the report. Adams stated he did not think the report should address the uses of the buildings since that was determined prior to the CBOC being formed.

Whittaker stated that the Governing Board would like an update regarding Proposition R in May or June. Adams stated the Report should be completed before then.

9. CBOC VACANCIES

Discussion was held regarding the three (3) vacancies the CBOC faces in June 2011 due to term expirations. There is currently one (1) vacancy so there will be a total of four (4) vacancies in June 2011.

Adams would like SWC to start advertising for those positions and stated that if no replacements can be found he recommends asking the members whose terms are expiring to re-up.

Temple mentioned that the spots should be filled based on position such as (Community Member or Taxpayer Association).

10. FUTURE 2011 CBOC MEETING SCHEDULE

Adams suggested meetings to be held on the 3rd Wednesday of every 3 months. June, 15, 2011; September 21, 2011; December 14, 2011 (Second Wednesday due to Holiday season); and March 21, 2012.

11. COMMITTEE COMMENTS / REQUESTS

Kelley voiced concerns regarding the lack of Spanish material available on the website. Whittaker stated this matter will be addressed.

Krogh inquired if any Bond monies were being borrowed by the General Fund. Temple stated that that is absolutely against the law and would not be taking place. Whittaker gave a guarantee that this would not happen.

Adams mentioned that the CBOC members' parking passes had expired. Brown stated he would issue renewals.

12. ADJOURNMENT

The meeting was adjourned at 7:37 PM.