

SANTA CLARITA COMMUNITY COLLEGE DISTRICT
Independent Citizens' Bond Oversight Committee

September 18, 2018
MINUTES
(Approved January 9, 2019)

The Santa Clarita Community College District Independent Citizens' Bond Oversight Committee
Meeting was held on September 18, 2018

In
Canyons Hall Room 201
College of the Canyons
26455 Rockwell Canyon Road, Santa Clarita, California 91355

Members Present: Mr. Nicholas Lentini, Chair
Ms. Barbara S. Cochran
Mr. Alan Difatta
Mr. Calvin Hedman
Mr. Michael Hogan
Mr. Don Kimball
Ms. Katherine Martinez

Members Absent: Mr. Kevin Holmes
Mr. Spencer Leafdale
Mr. Michael Lebecki
Ms. Ruthann Levison

Others Present: Dr. Dianne Van Hook, Chancellor
Dr. Barry Gribbons, Deputy Chancellor
Dr. Jerry Buckley, Asst. Superintendent/VP, Instruction
Ms. Sharlene Coleal, Asst. Superintendent/VP, Business Services
Mr. Jeffrey Forrest, Vice President, Economic & Workforce Development
Mr. Eric Harnish, Vice President, Public Information, Advocacy & External Relations
Mr. Jim Schrage, Asst. Superintendent/VP, Facilities Planning, Operations & Construction
Dr. Ryan Theule, VP, Canyon Country Campus and Grants Development
Mr. Jason Hinkle, Associate Vice President, Business Services
Ms. Balbir Chandi, Director, Fiscal Services
Mr. Will Karrat, Director, Facilities Projects
Ms. Mary Khair, Accountant, Fiscal Services
Mr. Jon Young, Business Services Technician
Ms. Karoline Turjillo, Associated Student Government Representative

1. PRELIMINARY FUNCTIONS

A quorum was declared and the meeting called to order by the Chair of the Oversight Committee, Mr. Lentini.

Quorum
Established
(1.1)

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| The Committee moved approval of meeting agenda. Motion: Mr. Kimball Second: Ms. Cochran | Record of Vote: 7 – 0 (4 Members Absent) | Approval of Agenda (1.2) |
| The Committee moved approval of the January 16, 2018 meeting minutes. Motion: Mr. Kimball Second: Ms. Cochran | Record of Vote: 7 – 0 (4 Member Absent) | Approval of Minutes (1.3) |
| The Committee Chair, Mr. Lentini, welcomed guests. | | Welcome Guests (1.4) |

2. FACILITIES

Facility Tour – Valencia Parking Structure (2.1)

Members of the Committee and guests were given a tour and shown the progress of the Valencia Parking Structure.

Construction Update (2.2)

Mr. Schrage presented a construction update. Highlights included:

- The Parking Structure should be completed and ready for use by the first day of the Spring 2019 Term.
- The Parking Structure is one of two Measure E construction projects underway at the time. The other is the Science Building at the Canyon Country Campus. The Science Building hasn't been as fast paced as the Parking Structure because the building is segmented. However, it is on schedule for a late Fall 2019 completion. Classes are scheduled to begin there in Spring of 2020.
- The DSA (Division of the State Architect) approval process has been slow because the department is limited in people. The Science Building was stuck in structural review for six to seven months. The structural engineer assigned to the Building had eight projects to review, plus a three-week vacation. The District communicated with the engineer on the urgency of the project and the engineer responded by working the next two weekends and getting the Science Building project through the review. The same engineer was requested and assigned to the Science Building's mirror structure – the Student Services and Learning Resources Center. The review for the mirror building should go a lot faster because of this.
- Phase One of three phases of the ADA Transition Project started this week. The architecture for Phase Two was approved at the last Board of Trustees meeting.
- PE West Modernization is in the later stages of the DSA approval process.
- The preliminary design is underway for the Canyon Country Arts Building.
- Additional information, including a newsletter on Facilities updates, planning documents, and presentations can be found at <http://www.canyons.edu/offices/facilities/pages/default.aspx>.

3. FINANCIAL

Review of Life-to-Date Expenses by Project - Measure M as of June 30, 2018 (3.1)

Ms. Coleal presented the Life-to-Date Expenses by Project for Measure M as of June 30, 2018.

- The original approved amount of \$160 million in GO Bond Funds has grown to \$175 million with additional revenue received from Net Premium at times of issuance and interest accrued since May 2007.
- \$164.8 million has been expended on approved projects. There is \$10.2 million remaining to spend.
- All issuances have been made, and the District is on target to spend all funds by the mandated three years after the last issuance.
- Through other funds (including Measure E) and premium bonds, we have almost doubled our funding with a Total Project Cost of \$297.7 million.
- Bond funds only pay for a single individual's salary, whereas most Districts have multiple people employed under Bond funds, which shows our District is very frugal with its Bond money.
- "Secondary Effects (Renovation)" - #9 on the Measure M Expenditure handout - usually means relocating people to temporary offices/spaces while new space is remodeled or constructed.
- The last page of the Measure M Expenditure handout shows projects' matching funds and their sources.

Ms. Coleal reminded the Committee that the Financial Audit of both Measures will be presented at the meeting in January.

Mr. Kimball asked where he could see the budget for the Science Building, how the District tracks the budget, and if it takes into account the rise in cost of steel. Dr. Van Hook and Mr. Schrage explained that the Estimated Project Cost is our budget. We have never been over budget because for each project (all design-build projects) we issue a contract for a construction manager, who is obligated to deliver the project at the contracted cost. The rise in cost of steel will impact future projects, but we will be careful on how those are bid on.

Mr. Lentini added that this is why independent audits are important. The audits and the auditor's feedback have shown how efficient the District's management has been under Mr. Schrage, Mr. Karrat, and Ms. Coleal, giving him and others comfort of how the Bond money is spent.

Ms. Coleal explained that the Fitch Rating review coming up will show the entire cash-flow spreadsheet and how we monitor our funds and projects. She has a ten-year history of projects that includes what money goes to which projects. She will send the GO Bond Budget and the Fitch Rating Presentation to the Committee. She also told the Committee that the District is held accountable by the LA County Office of Education.

A question was raised as to why there is a negative \$152,192 under "Contractually Obligated/Encumbered/Budgeted" on the Measure M Expenditure handout for the Valencia Parking Structure. It was clarified that negatives are budgetary numbers that will be cleared up at the next Bond issuance. The District has to spend out a Measure's funds within three-years of its last issuance or there is a penalty. Therefore, the District makes sure to spend the money out or move funds within that time period. The District reallocates budgets based on the timing of projects in order to maximize the availability of bond funding.

Review of Life-to-Date Expenses by Project - Measure E as of June 30, 2018

(3.2)

Ms. Coleal presented the Life-to-Date Expenses by Project for Measure E as of June 30, 2018.

- On June 7, 2016 Voters authorized \$230 million in GO Bond Funds.

- In May 2017 the District issued the first \$50 million of Measure E Bonds.
- To-date, \$5.4 million has been expended on approved projects. \$48.5 million has been contractually obligated, encumbered, or budgeted, totaling \$53.9 million. The additional \$3.9 million is from additional revenue received from Net Premium at times of issuance and interest.
- The “Life-to-Date GO Bond Expenses” shown on the Measure E Expenditures handout are the beginning funds for the projects listed.
- \$39.4 million is estimated to come from Measure M to augment Measure E funds for various projects.

Measure E – Second Issuance, Spring 2019

(3.3)

Ms. Coleal told the Committee that the second issuance for Measure E could happen as early as Spring 2019 and could range from \$30 million to \$100 million depending on State match funding. There will be more information after the Governor’s Budget is released in January 2019.

A question was raised in regards to what the terms are for the issued Bonds. Ms. Coleal and Dr. Van Hook explained that the Bonds all have different terms and different maturity dates.

4. GENERAL

Comments by Members of the Audience on Any Item NOT ON THE AGENDA

(4.1)

Mr. Lentini asked if anyone had additional comments. There were no comments.

5. ADJOURNMENT AND ANNOUNCEMENT OF NEXT MEETING

Adjournment

(5.1)

The meeting was adjourned by Mr. Lentini. The next meeting’s time and place will be determined at a later date.