

**SAN MATEO COUNTY COMMUNITY COLLEGE DISTRICT  
Bond Oversight Committee Minutes  
December 5, 2019  
District Office, Board Room**

**Members Present:** James Ruigomez, Chair; Rosanne Foust, Vice Chair; Shelley Kessler, Ariana Davarpanah, Anne Campbell, Rocsana Enriquez, Bill Rundberg, Maxine Turner, Bill Collins, Michael Duncheon

**District Staff Present:** Michael Claire, Interim Chancellor; Mitchell Bailey, Vice Chancellor/Chief of Staff; José D. Nuñez, Vice Chancellor, Facilities Planning, Maintenance & Operations; Bernata Slater, Chief Financial Officer; Peter Fitzsimmons, District Budget Officer; Chris Strugar-Fritsch, Director of Capital Projects; Carina Warne, Executive Assistant; Tanya Aloise, Administrative Assistant

**Other Attendees Present:** Ann Kennedy, A Kennedy Group; Chris Lynch, Jones Hall

**Call to order**

Mr. Ruigomez called the meeting to order at 3:03 p.m.

**Introduction of New Committee Members**

New committee members Anne Campbell, Rocsana Enriquez, Maxine Turner, Bill Collins and Michael Duncheon introduced themselves to the group.

**Election of Officers**

Ms. Foust nominated Mr. Ruigomez as chair. Mr. Ruigomez accepted the nomination. There was no further discussion. After a vote by the committee, Mr. Ruigomez was elected chairperson with all members voting “Aye”.

Mr. Ruigomez nominated Ms. Foust as vice chair. Ms. Kessler seconded the nomination. There was no further discussion. After a vote by the committee, Ms. Foust was elected as vice-chairperson with all members voting “Aye”.

**Public Comments on Items NOT on the Agenda**

None

**INFORMATION ITEMS**

**Overview of the Role of the Bond Oversight Committee**

District Bond Counsel, Chris Lynch, reviewed the roles and responsibilities of the Bond Oversight Committee. He noted that the committee is required under the implementing legislation for Proposition 39 (which amended the California Constitution to authorize community college districts to issue general obligation bonds with a 55% vote of District registered voters).

Mr. Lynch noted that the purpose of the Bond Oversight Committee, which holds public meetings, is to review building fund expenditures and submit an annual report to the community. The Committee’s meetings are held at least once a year, require a quorum (majority of total members), are open to the public, follow an agenda, have a secretary to take minutes which are approved at the next meeting and

posted on the District website. Members are advised to refrain from discussing business among themselves outside of the meeting, including email or phone calls.

Mr. Lynch further explained that the Bond Oversight Committee reviews bond expenditures to ensure that bond proceeds are spent on voter-approved specific projects as contained in the Bond Projects List. The Committee is not a decision-making body. District staff attend meetings to report on spending and the progress of projects. The District's Board of Trustees must provide the Committee with responses to all findings, recommendations, and concerns addressed in the annual, independent financial and performance audits.

Ms. Terner asked about the term "specific projects" in regards to the Bond Projects List. Mr. Lynch referenced the 2007 Foothill De Anza ruling, and read an excerpt from the decision in that case: "...The critical factor in assessing whether the project list complied with Proposition 39 is whether it allows for meaningful approval and oversight of the bond expenditures ....' Thus, if the list defines or identifies the projects in a manner that clearly apprises the voters, the auditors, and the public oversight committees of the types of projects for which the money is intended to be used, that is sufficient..."). Proposition 39 also states that Bond proceeds cannot be used for teacher or administrative salaries, school operating expenses, or staff costs for providing technical or administrative assistance to the Committee.

Mr. Lynch added that the Committee may (but does not have to) receive and review District performance and financial audits, inspect facilities and grounds, review deferred maintenance plans, and review efforts by District to implement cost savings measures.

Mr. Duncheon asked how the committee could review "waste" and how that term is defined in regards to bond expenditures. Mr. Lynch responded that committee members might review mechanisms designed to reduce cost of professional fees, mechanisms designed to reduce costs of site preparation, and mechanisms to incorporate cost effective and efficient facility plans.

Ms. Terner asked about the difference between the financial and performance audits. She also asked if it is standard practice to have the same auditor prepare both audits. Mr. Lynch responded that the performance audit evaluates whether the bond proceeds have been spent consistent with the ballot measure and the financial audit is to be maintained and reported throughout the life of the bond proceeds.

Ms. Terner also asked about joint use facilities such as the San Mateo Athletic Club and if the San Mateo County Community College District maintains tax exempt status if buildings are being used for profit making activities. Mr. Lynch responded federal tax law is not part of the independent performance audit.

Mr. Collins observed that the Bond Oversight Committee's purview is very narrow. He asked what penalty there could be for a District after the funds are already spent and the project is complete. Mr. Lynch said that if a district spends bond funds on something they are not authorized to spend it on they might be asked to reimburse those funds.

Ms. Campbell asked about reviewing deferred maintenance plans. Mr. Nuñez responded that the District has a Preventive Maintenance (PM) plan. The plan includes equipment that may need maintenance monthly, bi-monthly, every six months, or annually. Mr. Nuñez also said he presents a planning summary to the Chief Financial Officer regarding equipment that needs replacement on a long-term basis, for example 10 – 15 years. Mr. Nuñez said he also prepares a report to the State Chancellor's Office regarding the Preventive Maintenance (PM) plan.

## **Update on Capital Improvement Program (CIP3), Schedule of Project Rollout and Timing**

Mr. Nuñez and Mr. Strugar-Fritsch presented a Capital Improvement Program (CIP) III project update.

Mr. Nuñez explained that Cañada College projects include the Kinesiology and Wellness Building (B1N), and the Multiple Program Instructional Center (B13). The Kinesiology and Wellness Building (B1N) is a Measure H project that will provide a new 84,500 GSF academic building with components such as a basketball gymnasium, dance studios, entrance lobby, offices, shower facilities, outdoor competition space, and two swimming pools. Structural steel erection is in place. Target completion date for the project is spring 2021.

Mr. Collins asked about faculty displeasure with the design of the building. Vice Chancellor Nuñez responded there are 13 open items. Vice Chancellor Nuñez, Vice President of Instruction, Tammy Robinson, Athletic Director, Matt Lee and three faculty members have been working together on these items for several weeks. Mr. Duncheon asked if the design of the building falls under the jurisdiction of the Bond Oversight Committee. Mr. Lynch replied that the Bond Oversight Committee's jurisdiction ends once it is determined that the funds are authorized under the ballot measure. Mr. Collins asked about the size of the two swimming pools. Mr. Strugar-Fritsch responded that one swimming pool is a short course competition pool measuring 25 meters by 25 meters. The other swimming pool is an instructional pool with shallow water and a water temperature of 89 degrees. Both swimming pools will be used for instruction.

Ms. Foust asked that the Bond Oversight Committee be notified in the future if changes are made to a project that affects the project financially. Mr. Nuñez said the Bond Oversight Committee is briefed when changes are made.

The Cañada College Multiple Program Instructional Center (B13) is a modernization project that includes upgrades to restroom facilities, corridors and vertical circulation systems. The project also includes improvements to classrooms, computer labs, faculty offices, and a nursing room. Construction is estimated to begin in March 2021. During construction, occupants of the building will temporarily relocate to Cañada College, Building 22. Space programming is in process for Building 22 and design will begin in winter 2019. Mr. Strugar-Fritsch said that the Department of Public Safety will also be relocating to Building 22.

Mr. Nuñez also briefly discussed the permitting process with the Division of State Architect (DSA) and the length of time that process takes.

Mr. Strugar-Fritsch explained that the College of San Mateo projects include the Theatre Modernization (B3), Student Life & Learning Communities Modernization (B17), the Edison Lot, the Water Supply Tank Replacement, and the Corporation Yard & Districtwide Batting Cages Upgrade.

The College of San Mateo Theatre Modernization (B3) project is a Measure H and State Scheduled Maintenance and Special Repairs (SMSR) funded project that will modernize the interior of the building, focusing on replacing aging mechanical, electrical and plumbing, modernizing ADA access, and audio/visual, acoustical and lighting. The roof, interior seat and carpet replacement is complete. Auditorium installations will begin early 2020.

The College of San Mateo Student Life & Learning Communities Modernization (B17) project is a Measure H funded project. The project includes re-roofing the building, interior modernization to create dynamic student support areas, demolishing interior demising walls, and modernizing the building courtyard entryway. The Board of Trustees rejected bids on January 24, 2018 due to budget constraints.

The project delivery method changed from hard bid to lease-leaseback (LLB). The project is currently under construction and target substantial completion is winter 2019/2020.

The College of San Mateo Edison Lot project is a Measure H funded project. The project includes construction of a new parking lot to provide 208 parking spaces and 9 handicap spaces serving Building 10 and future Building 19. Construction documents are complete and submitted to the Division of State Architect (DSA) for approval. Target completion is December 2020.

The College of San Mateo Water Supply Tank Replacement project is a State Capital Outlay and Measure H funded project. The project includes construction of a new water supply tank to replace the existing 500,000-gallon tank built in 1960. The project includes new foundations, retaining walls, modern pump station, and controls for the domestic and irrigation water service. Construction will begin in fall 2020. Mr. Strugar-Fritsch said there is a possibility that the old tank will remain as a backup tank or irrigation water. Ms. Kessler asked if the old tank is in acceptable condition to be used as a backup. Mr. Strugar-Fritsch said the water in the old tank is currently safe and potable. The District has the water tested regularly to ensure it is meeting Health Department requirements.

The College of San Mateo Corporation Yard and Districtwide Batting Cages Upgrade project is a Measure H project. The project scope includes constructing a new Corporation Yard that will include retaining walls, paving, steel warehouses, a fueling station, fencing, lighting, and security systems. The project also includes four batting cage structures for Baseball and Softball at all three campuses. The new cages will include roof covers, gutters, downspouts, fencing, lighting, and security systems. The project is currently on hold due to low bidder turnout.

Skyline College projects include the Social Science & Creative Arts Building (B1), the Workforce & Economic Development Prosperity Center (B2), Building 3 Wall Waterproofing, STEM Center Collaboration Space (B7), Loma Chica Child Development Center (B14), Pacific Heights Swing Space (B19) for Building 2, and the Portables project.

The Social Science and Creative Arts Building (B1) project involves upgrades to elevators, HVAC, and restrooms. The project also includes elevator upgrades, remodeling classrooms, student spaces and offices. Classroom upgrades include Ceramics Lab and Computer Lab expansions. Design is schedule to begin in spring 2020.

The Skyline College Workforce & Economic Development Prosperity Center (B2) is a Measure H and State funded project. This project is a modernization of an existing building. The project includes upgrades to restrooms facilities, corridors and vertical ventilation systems. The project will improve 13 Student Services departments, five classrooms, and a nursing room. Construction will begin March 2021. Ms. Terner asked if the State requires matching funds. Mr. Nuñez responded that the State does require matching funds.

The Skyline College Building 3 foundation wall-waterproofing project includes replacing and improving the waterproofing on the south side of the building. Work includes the removal of soil, clean and patch the wall, install new membrane, and relocate existing downspouts. Waterproofing installation is in progress and will continue through January 2020.

The Skyline College STEM Center Collaboration Space (B7) is a Measure H funded project. The project scope is to transform portions of the third floor to create a centralized learning center including flexible collaboration spaces, media center, study rooms, and staff offices. The space creates an environment where STEM students and faculty can easily connect. Construction is substantially complete. A Ribbon Cutting Ceremony was held on November 18, 2019.

The Loma Chica Child Development Center (B14) Project is a Measure H funded project that includes renovating play yards, replacing old windows, and upgrading the path of travel to meet Americans with Disabilities Act (ADA) requirements. The project is complete. The Pacific Heights Swing Space (B19) for Building 2 project is funded by Measure H. The project will provide temporary and some permanent space for occupants of Building 2. Design will begin winter 2019. Construction completion is estimated for November 2020. The Skyline College Portables project will replace existing portables A, B, C, D & E. Installation is expected between April and August 2020.

### **Review of Summary of Key Financial Information for Cumulative Bond Expenditures and Interest Expenditures through September 30, 2019, for Measure H**

Ms. Bernata Slater, Chief Financial Officer, reported Measure C projects were complete in June 2011 and Measure A projects were completed in summer 2018.

Ms. Slater noted that for Measure H, voters approved \$388 million and the first issuance was \$127 million in May 2015. The second issuance was \$261 million in November 2018. She explained that the total expenditures to date are \$174,281,116 or 45%, total commitments to date are \$84,723,224 or 22%, and the balance available is \$128,995,661 or 33%.

Ms. Kessler asked about projects from Measure A that have been carried over to Measure H. Mr. Bailey responded that the Measure A dollars have been expended and are carried over to Measure H. Ms. Foust suggested that the wording on the financials be changed from “all projects completed” to “all funds expended”.

Ms. Slater then provided an overview of project funding that included:

- Districtwide Projects under Measure H with a budget of \$69,090,021, year-to-date expenditures of \$18,632,593, commitments of \$813,535, and an available balance of \$49,643,893. There are 21 projects.
- Cañada College Projects under Measure H with a budget of \$200,404,088, year-to-date expenditures of \$84,561,590, commitments of \$74,762,624, and a balance available of \$41,079, 874. There are eight projects.
- College of San Mateo Projects under Measure H with a budget of \$27,113,650, year-to-date expenditures of \$10,679,837, commitments of \$2,257,664, and a balance available of \$14,176,149. There are 12 projects.
- Skyline College Projects under Measure H with a budget of \$91,392,240, year-to-date expenditures of \$60,407,095, commitments of \$6,889,401, and a balance available of \$24,095,744. There are 16 projects.

Ms. Slater continued that cumulative bond interest earned as of September 30, 2019 for Measure H is \$7,174,598 and the available balance is \$0. The average County Pool interest rate for FY 2018-2019 was 1.94% and the County Pool interest rate in the third quarter of 2019 was 2.19%.

Ms. Slater reported the results of San Mateo County Community College District’s Annual Audit. The auditors, Crowe Horwath LLP, completed full Financial and Performance audit reports for both Measure A and Measure H. The results of the audits were unmodified opinion, meaning they were clean with no findings. The District expended Measure A and Measure H funds only for the specific projects developed by the Governing Board and approved by the voters.

Ms. Turner revisited a question asked at the October 2, 2018 meeting regarding “Payoff of Facilities Lease Obligations” line item on the Measure A Expenditures list. Mr. Bailey responded that this item relates to capital leases financed through a Certificate of Participation (COP) and was diffused and the CIP was recompensed.

## **ACTION ITEMS**

### **Approval of Minutes from October 2, 2018 Meeting**

A motion to approve the minutes of the October 2, 2018, meeting was made by Ms. Kessler and seconded by Ms. Foust. The motion passed.

### **Approval of 2018 Annual Report to the Community**

Mr. Bailey presented the draft 2018 Report to the Community. Ms. Campbell made a motion to accept the draft 2018 Report to the Community. Ms. Foust seconded the motion. Mr. Duncheon, Mr. Collins and Ms. Turner abstained because they were not committee members during the time of the report period. After a vote by the committee, the Report was accepted with a majority of members voting “Aye”.

### **Schedule of Future Meetings**

Mr. Bailey inquired with the committee in what interval they would like to meet in 2020. Ms. Kessler suggested meeting quarterly and committee agreed.

### **Committee Members’ Comments/Requests for Future Agenda Items**

Ms. Turner suggested the California League of Bond Oversight Committees (CalBOC) as a resource to the Bond Oversight Committee.

Ms. Turner also suggested that the expenditure reporting be amended to include starting budget compared to final budget.

### **Adjourn**

The meeting adjourned at 4:36 p.m.