

**SAN MATEO COUNTY COMMUNITY COLLEGE DISTRICT
 Bond Oversight Committee Minutes
 March 6, 2014
 SMCCCD District Office Board Room**

Members Present:

- ✓ Steve Dworetzky, active in group supporting the District (Foundation); term limit 11/2018
- ✓ Gus Petropoulos, active in organization in support of District (retirees) 11/2018
- ✓ Victor Torreano, community member; term limit 11/2018
- ✓ Adrienne Zanini, representative of bona-fide taxpayers association; term limit 2/2019
- ✓ Dennis Zheng, student member, term limit 6/2015

Members Absent:

- ✓ Maritess Lagandaon, community member; term limit 11/2018
- ✓ Sylvia Merkadeau, representative of seniors; term limit 11/2018
- ✓ Alan Talansky, representative of business; term limit 11/2018

District Staff Present: Barbara Christensen, Raymond Chow, José Nuñez, Jan Phemester

Call to Order

Vice Chairman Dworetzky called the meeting to order at 3:09 p.m.

Public Comments on Non-Agenda Items

There were no public comments.

Approval of Minutes from Meeting of November 7, 2013 Meeting

Discussion: None

	Dworetzky	Lagandoan	Merkadeau	Petropoulos	Talansky	Torreano	Zanini	Zhenz
Motion						X		
Second							X	

Ayes	5
Noes	0
Abstain	0

Motion Passed

Review/Accept Cumulative Report on Expenditures through December 31, 2013 for Measure A (Chow)

Discussion: Chief Financial Officer Chow presented a summary of key financial data as of December 31, 2013. He said that all Measure C projects were completed as of June 2011 and Measure A projects are estimated to be completed by June 2016. Measure A has a total budget

of \$468 million with expenditures to date of \$455 million (97.27%), commitments of \$5.7 million (1.24%), leaving a balance of \$7 million (1.51%).

CFO Chow said Districtwide projects have a budget of \$63.3 million with year-to-date expenditures of \$59.3 million (93.63%), commitments of \$1.2 million, leaving a balance of almost \$2.8 million. Several larger Districtwide projects that need to be completed include the Computer Lab Replacement, Technology Upgrades, and Small Projects.

CFO Chow said that Cañada College has a budget of \$37.7 million with year-to-date expenditures of \$36.7 million (97.23%), commitments of \$204,000, leaving a balance of \$842,642. Larger projects at Cañada College that need to be completed include Instructional Equipment, Small Projects, and Emergency Building Repairs.

CFO Chow said that College of San Mateo has a budget of \$269.6 million with year-to-date expenditures of \$263.3 million (97.67%), commitments of \$4 million, leaving a balance of almost \$2.2 million. Larger projects at College of San Mateo that need to be completed include Instructional Equipment, North Gateway, and Small Project.

CFO Chow said that Skyline College has a budget of \$97.2 million with year-to-date expenditures of \$95.7 million (98.53%), commitments of \$352.668, leaving a balance of \$1 million. Larger projects at Skyline College that need to be completed include Instructional Equipment, Small Projects and Emergency Building Repairs.

CFO Chow said, as of 12/31/2013, the accumulated bond interest earned for Measure A is \$22.6 million, expenditures total \$6.9 million (30.47%), leaving a balance of \$15.8 million. He said SMCCCD is required to keep bond interest in the San Mateo County Pool and currently the interest rate average is 0.72%.

Mr. Torreano asked if bond interest was included in the original budgets for the construction projects. Vice Chancellor Nuñez said the interest was not included. When the original project lists and cost estimate for Measure A and Measure C were determined, budgets were based on the actual projects cost only. The interest earned is extra money not allocated to a specific construction project.

CFO Chow reported that the San Mateo Community College District has received recovery payments from the Lehman Bankruptcy totaling \$10,057,943 or 43.21%. He said this is much higher than was expected. Director Christensen said the District was told that the percentage of recovery payments from the Lehman Bankruptcy would only be 5% to 10% of our loss. Director Christensen said there is still an outstanding lawsuit against Arthur Young, the CPA firm that advised Lehman.

Mr. Torreano asked if news of the Lehman Bankruptcy recovery was included in the Report to the Community. Director Christensen said that it was not included because this information was received after the Report to the Community was approved by the Board of Trustees. Mr. Petropoulos said the recovery of 43% is significant given all the negative news that was published about the loss.

Mr. Torreano said with the predicted rise in interest rates, this may be a good time to consider another bond measure. VC Nuñez said our Board of Trustees has not made a decision on whether to go forward with another bond measure. In the last two years, VC Nuñez has updated the Board of Trustee in terms of the Unmet Needs for the District.

Director Christensen suggested to VC Nuñez that he bring the list of Unmet Needs to the next meeting. Mr. Nuñez said he will present the report at the next meeting.

	Dworetzky	Lagandoan	Merkadeau	Petropoulos	Talansky	Torreano	Zanini	Zhenz
Motion						X		
Second							X	

Ayes	5
Noes	0
Abstain	0

Motion Passed

Review of Bond Financial and Performance Audits

Discussion: CFO Chow said everyone should have a copy of the 2013 Performance and Financial Audits of Bond Funds which goes through June 30, 2013. He asked the committee to refer to the cover letter addressed to the Governing Board and the Measure A Citizen’s Oversight Committee. It states that management is responsible for the selection and use of appropriate accounting policies and the auditors review the financials not the internal controls.

CFO Chow explained there are two audits for Measure A; a financial audit and a performance audit. The financial audit confirms that someone has independently looked at the numbers that the District provided and verified that the numbers are accurate. The performance audit, which is critical to this committee, shows that the funds were spent in accordance with the voter approved measure.

Director Christensen said that auditors selected a sample of expenditures for the period starting July 1, 2012 and ending June 30, 2013 and reviewed supporting documentation to ensure that such funds were properly expended on the specific projects listed in the ballot text. The sampling of transactions totaled \$2,012,636 which was 26% of the total expenditures for the year.

Mr. Dworetzky said at other companies, the average of transactions reviewed is usually between 7% and 10%. This shows that the audit at San Mateo County Community College District is very extensive.

CFO Chow said he is happy to report that there were no findings or adjustments during the audit and all guidelines were followed.

Update on Construction Projects (Nuñez)

Discussion: VC Nuñez began his PowerPoint presentation with District Demographics as of January 2014. The chart includes campus acreage, gross square feet, assignable square footage, buildings, parking, student headcount, student FTES and full-time faculty and staff. He said the information has been updated since the last meeting.

VC Nuñez reviewed the current CIP projects which included the budget, scope, schedule and photos of the projects throughout the District. A summary of the projects include:

Districtwide

- Hydration Stations
- Athletic Fields Replacement (not Bond funded)

Cañada College

- LED Roadway and Parking Lot Lights
- Solar Photovoltaic Project

College of San Mateo

- LED Roadway and Parking Lot Lights
- Library Classroom Remodel, Building 9
- North Gateway Phase II

Skyline College

- Library Carpet Replacement, Building 5

Update on B20 and Trees Litigation (Christensen)

Discussion: Director Christensen said the District lost the appeal in the Appellate Court regarding the College of San Mateo Edison Lot project. The District asked that the case be published because there is a greater chance that the Supreme Court will hear the case. That request was not granted, however the Supreme Court has decided to hear the case.

Ms. Christensen said there are three Appellate courts in California that have taken entirely different positions and this is usually when the Supreme Court will come in to clarify what the law is. The District has powerful support from a wide variety of entities including the Building Industry Council, League of California Cities, Association of County Governments, University of California, and water boards statewide.

Director Christensen said the briefing will be completed by summer and the District will have to wait until at least January for a hearing.

Director Christensen said the District lost the Superior Court case filed by Citizens for a Green San Mateo and is waiting for an Appellate Court date. The attorney for the District is taking a leave in June and we have sent a letter requesting the court date before June. The Citizens for a Green San Mateo attempted to incorporate the whole North Gateway project and the trees along the outside of the exterior road into one project and tried to put an injunction on all work at the

North Gateway. This was granted by the Superior Court but the Appellate Court lifted the injunction. That is why the District is able to proceed with the North Gateway project. Mr. Dworetzky asked what exposure to litigation do the Bond Oversight Committee members have regarding the litigation. Director Christensen said there is no exposure to committee members because the District has Director and Officers insurance for the Bond Oversight Committee

Mr. Torreano said very few CEQA cases go to the Supreme Court. He asked Ms. Christensen if the District ever considered cutting their losses and doing a new Environmental Impact Report (EIR). Ms. Christensen said many options were considered and even if a new EIR was done, there is no guarantee that the District will not be sued again

Digital Infrastructure Mapping (Nuñez)

VC Nuñez demonstrated the Digital Infrastructure Mapping Project which consolidates all information related to underground utilities. The color coded map is GPS based and state-of-the-art. It displays many underground utilities including water, air, electrical, gas, lighting, sewers, and manholes. VC Nuñez said there is a Digital Infrastructure Map for each campus and field crews were sent to validate the information.

Mr. Torreano asked if contractors are given access to the Digital Infrastructure Mapping when bidding a job or doing work in the area. VC Nuñez said the contractors do not have access. When the civil engineer team is brought on board, they incorporate the information into the design drawings

VC Nuñez said the Digital Infrastructure Mapping Project took six months to complete and has already paid for itself. The District has a retainer with the contractor to provide updates as needed.

Extension of Terms for Bond Oversight Committee (Christensen)

Director Christensen said Board Policy 8.14, Bond Oversight Committee and Accountability Measures states that members of the Bond Oversight Committee will each serve for a term of four years and for no more than two consecutive terms. The Bond Oversight Committee was originally meeting four times per year and due to the completion of construction projects, this committee now meets twice a year. Director Christensen said construction projects should be completed by 2016 so she would like to ask the Board of Trustees to extend the maximum amount of time served to be 12 years. Current Bond Oversight Committee members would have the option to continue serving on the committee or not. There was no objection from the members present.

Committee Members' Comments/Requests for Future Agenda Items

Vice Chancellor Nuñez said he will bring reports to the next BOC meeting showing all energy savings and Unmet Needs.

Mr. Torreano asked to be updated on the possibility of a new bond measure.

Schedule of Future Meetings: September 4, 2014; March 5, 2015 (first Thursday every six months)

Discussion: none

Motion to Adjourn

Discussion: None

	Dworetzky	Lagandoan	Merkadeau	Petropoulos	Talansky	Torreano	Zanini	Zhenz
Motion				X				
Second						X		

Ayes	5
Noes	0
Abstain	0

Motion Passed

Meeting adjourned at 4:38 p.m.