

CITIZENS' BOND OVERSIGHT COMMITTEE

MINUTES

DECEMBER 13, 2011 3:00 P.M. – 4:30 P.M.

ALUMNI CENTRE
CONFERENCE ROOM

ATTENDEES	<p>Mr. Lawrence M. Cohen, Vice Chair (Business Representative); Mr. Robert Flint (Taxpayers' Association Representative); Mr. Geoffrey Kiehl, (Member At-Large – East Valley); Ms. Berit Reistad (Senior Citizen Group); Mr. Robert Spiegel, Chair (College Support Organization); Ms. Cheri Nadell (Student Representative); Mr. William H. Waldron (Member-At-Large West Valley)</p> <p>Dr. Edwin Deas, College of the Desert's Vice President of Business Affairs; Mr. Steve Renew, College of the Desert's Director of Facilities Services; Mr. Mac McGinnis, Bond Program Manager from EIS Professionals; Ms. Courtney Borden, Executive Administrative Assistant, EIS Professionals; Michael O'Neill, College of the Desert's Board of Trustee;</p> <p>Recorder: Courtney Borden/Linda Costagliola Minutes Approved: 3/13/12</p>
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Agenda topics

1. CALL MEETING TO ORDER

ROBERT SPIEGEL

DISCUSSION	R. Spiegel called the meeting to order at 3:00 p.m.	
CONCLUSIONS		
ACTION ITEMS	PERSON RESPONSIBLE	DEADLINE
1. None		

2. APPROVAL OF MINUTES – SEPTEMBER 15, 2011

ROBERT SPIEGEL

DISCUSSION	Meeting minutes were not available.	
CONCLUSIONS	This item tabled for the next meeting.	
ACTION ITEMS	PERSON RESPONSIBLE	DEADLINE
1. Add item to the agenda for March's meeting.	Linda Costagliola	March 2012

3. COMMENTS FROM THE PUBLIC

ROBERT SPIEGEL

DISCUSSION		
CONCLUSIONS	No comments were made from the public.	
ACTION ITEMS	PERSON RESPONSIBLE	DEADLINE
1. None.		

4. RESIGNATION OF MEMBER

EDWIN DEAS

DISCUSSION	Robert Flint has resigned as the Taxpayers' Association Representative due to medical issues.	
	Berit Reistad, Senior Citizen Group Representative, emailed Linda Costagliola and said that she may have to resign as the Senior Citizen Group because the future Citizens' Bond Oversight Committee meeting dates conflict with her Norwegian Board meetings. She may be able to continue serving on this committee if the committee could change the meeting dates to Mondays instead of Tuesdays. See agenda item #9.	
CONCLUSIONS	Committee accepted Robert Flint's resignation. Under the bylaws, the College is obligated to fill any vacancy. The College will solicit applications as soon as possible for the replacement of the Taxpayers' Association Representative in order to have someone appointed for the March 2012 meeting.	
ACTION ITEMS	PERSON RESPONSIBLE	DEADLINE
1. Solicit applications for the vacant position of Taxpayers' Association Representative.	Linda Costagliola	ASAP

5. FINANCIAL AND PERFORMANCE AUDIT RESULTS

LUND & GUTTRY

DISCUSSION	<p>Auditors present were Arturo Ceja and Gary Dack. Committee members received copies of the Financial and Performance audit results.</p> <p>Financial Audit: On page 1, last paragraph, it states, "In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position and results of operations of the Bond Fund of the Desert Community College District as of June 30, 2011 and 2010, in conformity with accounting principles generally accepted in the United States of America." This audit was clean opinion and there was nothing that said otherwise.</p> <p>Throughout the report, the auditors basically covered the changes in assets, liabilities, revenues and expenditures. There was about 21 million dollars of expenditures for the projects. There was about 1.5 million dollars in interest income. It's less this year because there is less cash available to earn interest and the interest rates are a lot less than previous years. Overall, the auditors did not find any inconsistencies in the numbers. The expenditures are less this year because of the timing of the projects. Last year those amounts were higher because of the Cravens Student Service Center, Cafeteria and couple of other projects.</p> <p>Performance Audit: On page 1, last paragraph, it states, "In our opinion, the Desert Community College District complied, in all material respects, with the aforementioned requirements for the year ended June 30, 2011." This audit was a clean opinion and there was nothing that said otherwise.</p> <p>This Bond audit is done in accordance to Proposition 39. The auditors have to look at policies and regulations of the District in relation to the contractors the college has. On pages 5 and 6 is a summary of the expenditures. The major project this year is the Classroom Building of 6.8 million dollars of expenditures. Everything else is minor compared to last year. In conclusion, the District is in compliance with Proposition 39.</p> <p>There was an observation that was made during the audit that there were several construction projects being suspended in 2011-2012 fiscal year due to one main contractor that put everything else behind.</p> <p>Q and A: Q. Need clarification of the 55 million dollars of refunding funds. A. There are points that are required to be paid throughout the year and those amounts are basically set aside to pay those amounts back, partially the original and the series. The College floated the Series A Bonds and then the College had an opportunity to actually pay those bonds off and float other bonds and incurred more revenue for the District (approximately 7 or 8 million dollars). At that time, that money would come back to the District and would go into the bond fund. Unfortunately, refunding availabilities have changed in future years because legislation had changed where the money would no longer come back to the college but would actually go back to the citizens. The refunding has not taken place at many of the community colleges anymore. Q. Could the College, in this economic time, issue new bonds at these low interest rates and refund the existing bonds and save money? A. Probably not under Series B or C because both B and C were issued at the most prosperous time. The College benefited very well from the issuance of those bonds. The College could look into it though. Q. Does the College talk to any investment bankers or underwriters? A. There is a meeting with an underwriter next week. The College does meet with investment bankers or underwriters consistently. Q. These projects that get delayed, at what point do</p>
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these bonds run the risk of becoming taxable? A. Based on the timeline and IRS timelines, basically the District told the IRS this is how the projects timeline is going for. Once you don't agree with that timeline, then the IRS comes back and notifies you this is how much is outstanding. Currently the timeline is for 2016. If the College did not meet the timeline because of the delay, at the time that we actually issued the bonds, the College made statements based on the projects that it was going to do. If the College had responsible cause that these projects would not be done during that period of time, then the IRS would come and say what changed that. And the College would talk to them about the facts about the economic times and the DSA deferrals of finishing out jobs. The College would be able to substantiate the issue with the delay. In reasonableness, there would be no opportunity to take those bonds and tax them. The College can prove the process it went through was in fact a reasonable process. There is no means to get absolution from the IRS because a delay has occurred. The College cannot go to them and ask for an extension. The College will have to be prepared, if audited, to provide the explanation that the time has not been met. The College has kept careful records where delays have occurred.

CONCLUSIONS A motion was made to accept the Measure B Bond Financial Audit and Performance Audit presented today by G. Kiehl and seconded by L. Cohen. All in Favor. Motion passed.

ACTION ITEMS	PERSON RESPONSIBLE	DEADLINE
1. None.		

6. BOND PROJECTS UPDATE
& BOND PROJECT
FINANCIAL REPORT

MAC MC GINNIS
STEVE RENEW

DISCUSSION	<p>M. McGinnis and Steve Renew reviewed the following items from a PowerPoint presentation:</p> <p><u>Project Status Reports – Current Projects:</u></p> <p><u>Classroom Building – (Project in Construction)</u> Architect: Steinberg Architects Construction Manager: Bernards Project Square Footage: 40,200 sq. ft. Construction Start: Spring 2010 Targeted Completion: Summer 2012 Project Update:</p> <ul style="list-style-type: none"> • Framing contractor continues to provide additional labor to project • Roofing continues; North Wing commenced • Glazing, Electrical, Framing, HVAC installation continues • Second Job Walk held for IT package; two potential bidders for each IT & AV bid packages • Bid opening for AV/IT scheduled for 12/9/11 • Located on the east side of the campus by the football field <p>Sustainable Features:</p> <ul style="list-style-type: none"> • Heating and cooling via central hydronics system • Water-conserving landscape • Environmental control systems via built-in architectural sun shading devices, and north-facing fenestration • Energy generation via photovoltaic system • Building automation controls to optimize mechanical system and energy usage • Will be minimum Silver LEED certified <p><u>Communication Building – (Project in Construction)</u> Architect: tBP Architecture Construction Manager: Pro West Project Square Footage: 39,800 sq. ft. Construction Start: Fall 2011 Estimated Project Completion: Spring 2013 Project Update:</p> <ul style="list-style-type: none"> • Reviewed signage layout with District • Furniture mock-up scheduled for December 5-9 • Grubbing & tree removal completed • Over-excavating complete for half the site • Re-compaction complete for half the site; earthwork continues • Located by the Monterey entrance across from the Cravens Student Services Center building • Two-story building
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Sustainable Features:

- Will be minimum Silver LEED certified
- Building automation controls to optimize mechanical system
- Water – conserving landscape
- Heating and cooling via central hydronics system
- Photovoltaics on roof

East Valley Indio (Project in Initial Start-up Programming & Design)

Architect: gkkworks

Construction Manager: gkkworks

Project Square Footage: 40,000 sq. ft.

Estimated Construction Start: Fall 2012

Estimated Project Completion: Spring 2014

Project Update:

- Project signs installed at the site
- EIR's public review period ended 11/28/11. No significant comments received
- City of Indio contacted regarding schedule of utility relocation
- IID application for electrical service forwarded to architect to submit
- At Department of State Architect (DSA) – plans are sent in for review for structural and accessibility
- Three-story building
- There is approximately 10,000 sq. ft. set aside for retail space

Sustainability Features:

- Will be minimum Silver LEED certified
- Photovoltaic array at parking possible
- Architectural environmental control features
- Public transportation

West Valley - Palm Springs (Project in Initial Start-up Programming & Design)

Architect: HGA Architects

Construction Manager: Sundt Construction

Project Square Footage: 50,000 sq. ft.

Estimated Construction Start: 2013

Estimated Project Completion: 2015

Project Update:

- Special Programming meeting held with deans
- Additional funding required for Culinary Arts build-out
- Awaiting information from City of Palm Springs regarding leasing a portion of City property for the District to build streets on
- Amendments to the Specific Plan in review
- Now in schematic design phase for Phase I (50,000 sq. ft.)
- The College interests are approximately 475,000 sq. ft.
- Full build-out is 650,000 sq. ft.
- The balance could be for a commercial building, community building, and/or a theatre

Sustainability Features:

- Will be minimum Gold LEED certified
- Public transportation
- Solar Energy/10mw of energy – Solar agreement has been signed by Edison Co.
 - This will be the largest amount of energy produced from a community college campus in the Nation
- Sustainable Site
- 5 Zero Planning

Monterey Entrance (Project in Initial Start-up Programming & Design)

Architect: PMSM Architects

Construction Manager: Pro West

Project Square Footage: Exterior Site Work

Estimated Construction Start: Summer 2012

Estimated Project Completion: Spring 2013

Project Update:

- Value Engineering measure from architect reviewed with Facilities Services Director
- Revised budget requested from CM
- Fire hydrant locations approved by Fire Marshall

Sustainability Features:

- Public transportation
- Drought Tolerant Landscape

Career Technical Education (Project in Initial Start-up Programming & Design)

Architect: HGA Architects

Construction Manager: Gilbane

Project Square Footage: 21,741 sq. ft.

Estimated Construction Start: Fall 2013
Estimated Project Completion: Spring 2014

Project Update:

- 100% Design Development presentation to Users scheduled for 12/15/11
- LEED Commissioning Contract at District for approval
- This will consist of the agriculture science building, which is going to include a renovation of some interior spaces and some upgrading to some of the greenhouses
- Removal of the existing AT building
- CTE building will house the architecture program, HVAC program, some construction technology program, and offices.

Sustainability Features:

- Will be minimum Silver LEED certified

Child Development Center (Project in Initial Start-up Programming & Design)

Architect: HMC Architects

Construction Manager: None

Project Square Footage: 10,314 sq. ft.

Estimated Construction Start: Summer 2012

Estimated Project Completion: Spring 2014

Project Update:

- Peak Occupancy Study underway
- Electrical engineer developing scenarios for powering both new and old Child Care facilities without utilizing SoCal Edison power
- Pricing for power source determines whether the project will be in budget or in need of budget augmentation
- This project will be constructed to the west of the existing child development center
- It will be a teaching facility with infant rooms, observation rooms, kitchen and some office spaces
- Exterior playground

Sustainability Features:

- Will be minimum Silver LEED certified

Athletic Facilities (Project in Initial Start-up Programming & Design)

Architect: LPA, Inc.

Construction Manager: Pro West

Project Square Footage: 26,840 sq. ft.

Estimated Construction Start: Fall 2012

Estimated Project Completion: Spring 2014

Project Update:

- 50% Construction Documents review meeting scheduled
- Updated Cost Estimate, Schedule and Constructability review requested from Construction Manager

Sustainability Features:

- Will be minimum Silver LEED certified
- Project includes two buildings and the tennis courts
- Removal of some modular buildings on campus

Central Campus Redevelopment (Project in Initial Start-up Programming & Design)

Architect: HMC Architects

Construction Manager: Pro West

Project Square Footage: Pending

Estimated Construction Start: TBD

Estimated Project Completion: TBD

Project Update:

- Programming
- Second meeting scheduled
- This project includes three buildings and a courtyard
- Administration Building becomes a two-story building
- Hilb Building will get an extensive structural upgrade, infrastructure upgrade and renovation
- Liberal Arts building becomes a two-story building

Sustainability Features:

- Will be a LEED certified project

Visual Arts (Project in Initial Start-up Programming & Design)

Architect: Perkins & Will

Construction Manager: Gilbane

Project Square Footage: 13,710 sq. ft.

Estimated Construction Start: Fall 2012

Estimated Project Completion: Fall 2013

Project Update:

- Construction Manager constructability comments of 50% Construction Documents received
- Meeting held with faculty to review program spaces

- LEED commissioning agents review comments received
- New building that will be constructed on the north side of the ring road that runs around the campus to the east of the Marks Gallery
- This building will house all the art programs
- The old art building will be used for storage space

Sustainable Features:

- Will be minimum Silver LEED certified

Stagecraft (Project in Initial Start-up Programming & Design)

Architect: PMSM Architects

Construction Manager: None

Project Square Footage: TBD

Estimated Construction Start: Spring 2013

Estimated Project Completion: Spring 2014

Project Update:

- Programming
- Work Strategy Plan and Budget continue
- Location will be north of Theatre Too
- This building will house a number of different programs (i.e. makeup, costume repair, set designs, etc.)

Financial Report

Project Allocations Budget

- Completed Projects:
 - Committed Project Budget: \$85,593,141
 - Total Expended: \$85,593,141
- Current Projects – Ongoing:
 - Committed Project Budget: \$273,627,895
 - Expenditures to date: \$77,661,700
- Future Projects:
 - Committed Project Budget: \$31,500,000
- Contingency
 - Committed Project Budget: \$6,473,579
- Central Contracted Management Fees:
 - Committed Project Budget: \$20,853,036
 - Expenditures to date: \$15,732,434
- Total Committed Project Budget: \$418,047,651
- Total Expenditures to Date: \$178,987,275
- Funding Sources:
 - Bond Series "A" - \$65,000,000
 - Bond Series "B" - \$57,850,000
 - Bond Series "C" - \$223,648,444
 - State - \$3,144,000
 - RDA - \$30,000,000
 - Interest - \$30,000,000
 - Refinance - \$7,500,000
 - Rebates - \$905,207
 - TOTAL Funding Sources: \$418,047,651
- Deferred Projects – Bond 2:
 - Committed Project Budget: 47,013,440

Discussions:

The items listed on the Deferred Projects – Bond 2 is a starting point. They are items that were contemplated first time around but for various reasons have been deferred. For a second bond program, the College is just at the very early stages of discussing what it might look like. The College would probably include these projects on the list although they would be validated again to make sure they are still needed and then develop any other further needs. The College is thinking about trying to incorporate into its second bond program a living endowment for technology and possibly a living endowment for the maintenance of the buildings. This way the annual income from these endowments could provide a study revenue flow to those two purposes. Right now they suffer most from bad years and sometimes they suffer in good years because the College is spending money in technology and then a couple of years later the College cannot maintain it because the income flow has declined. There was a question about West Valley and East Valley Campuses may incur additional costs for final build-out and is the college looking at the possibility of localizing a bond. Currently, the College's discussions have been internal but it may be something to look into it.

	<p>R. Spiegel posed the following question to M. McGinnis; "Are you aware of any Bond funds that have been spent or committed for any project or purpose not covered or included in the language of the bond issue approved by the voters?" M. McGinnis responded: "No."</p> <p>R. Spiegel posed the following question to S. Renew; "Are you aware of any Bond funds that have been spent or committed for any project or purpose not covered or included in the language of the bond issue approved by the voters?" S. Renew responded: "No."</p>		
CONCLUSIONS	A motion to receive and file the bond project update and financial report by W. Waldron, seconded by G. Kiehl. All approved. Motion passed.		
ACTION ITEMS	PERSON RESPONSIBLE	DEADLINE	
1. None			

7. 10 GOOD REASONS FOR THE BOND PROGRAM

EDWIN DEAS

DISCUSSION	<p>At the last meeting, there was an issue that came up on how can the College reconcile pursuing the bond program at a time when the College has operating budget challenges. Around that time, the Board of Trustees asked the college to take a serious look at the bond program and to look at the consequences of suspending it. The committee reviewed the first section of page 6 from the draft 2010-2011 annual report. It states, "It was concluded that it was essentially impractical to contemplate suspension of the bond program and in fact there are at least ten (10) good reasons for pursuing it to completion: 1) It enables COD to develop new campus sites and facilities to serve the entire Coachella Valley during the second 50 years of the College's existence; 2) It addresses contemporary health and safety, disability access, and building code compliance requirements; 3) It gives students and faculty access to the highest quality teaching and learning environments which is critical to our mission; 4) It enables renovation of substandard and no-longer-fit-for purpose facilities and permits systematic replacement of all modular buildings; 5) It facilitates the replacement of aging and inefficient service infrastructure; 6) It takes COD closer to contemporary technology standards; 7) It positions COD long-term to meet the demands of a growing and diversifying Valley population once the short-term state funding crisis is overcome; 8) It provides the opportunity for COD to practically demonstrate leadership in sustainability stewardship in all its new buildings and campuses; 9) It must be aggressively pursued to completion because the bond funds must be expended in a defined timeframe for the purposes identified in the bond election and we are currently enjoying the most favorable construction market in years; and 10) It represents a significant economic development driver for the Valley in its own right currently and in the longer term through the facilities created."</p> <p>The operating budget is a short-term perspective. The College has plans to be out of economic crises in four years, if the State allows.</p>		
CONCLUSIONS	It was concluded by the District that it was essentially impractical to contemplate suspension of the bond program.		
ACTION ITEMS	PERSON RESPONSIBLE	DEADLINE	
1. None.			

8. DRAFT 2010-2011 ANNUAL REPORT

STEVE RENEW

DISCUSSION	<p>The committee reviewed the draft 2010-2011 annual report. There was a request to include the words "by the District" after the word "concluded" in the last sentence of the first paragraph on page 6.</p> <p>As soon as the future Citizens' Bond Oversight Committee meeting dates are confirmed, they will be added on page 8.</p> <p>S. Renew mentioned that the Cravens Student Service Center has just been awarded the LEED (Leadership in Energy & Environmental Design) Gold certificate.</p>		
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CONCLUSIONS	A motion to receive and file the report with changing a sentence on page 6, in the first paragraph, last sentence, from "It was concluded that it was essentially impractical to contemplate suspension of the bond program and in fact there are at least ten good reasons for pursuing it to completion" to "It was concluded by the District that it was essentially impractical to contemplate suspension of the bond program and in fact there are at least ten good reasons for pursuing it to completion" and then adding the future meeting dates by L. Cohen, seconded by G. Kiehl. All approved. Motion passed.	
ACTION ITEMS	PERSON RESPONSIBLE	DEADLINE
1. Update annual report	Steve Renew	ASAP

9. SCHEDULE FUTURE MEETINGS

ROBERT SPIEGEL

DISCUSSION	The members presented today are available to meet on the proposed meeting dates of March 13 th , June 12 th and September 11 th at 3:00 p.m. Berit Reistad was not able to make today's meeting but has indicated by email that she is not available on those dates due to another board meeting she has to attend. She indicated that she would be available on Mondays. The committee members decided that Mondays at 3:00 p.m. would work, if Berit is available.	
CONCLUSIONS	If Berit Reistad is available on Mondays, then the committee members are willing to move the March, June and September 2012 meetings to Mondays. If she is not, then the March 13 th , June 12 th and September 11 th will be the future meeting dates.	
ACTION ITEMS	PERSON RESPONSIBLE	DEADLINE
1. Confirm with Berit Reistad on future meeting dates	Linda Costagliola	ASAP

9. FUTURE AGENDA ITEMS

ROBERT SPIEGEL

DISCUSSION	1. Basic information on what the College is planning for a second Bond and what the possible election timeline might be.	
CONCLUSIONS	Include the above mentioned item on the agenda for March's meeting.	
ACTION ITEMS	PERSON RESPONSIBLE	DEADLINE
1. Add Bond Program II on the agenda for March's meeting.	Linda Costagliola	Next Meeting

Meeting adjourned at 3:58 p.m. by a motion from G. Kiehl, seconded by W. Waldron. All approved. Motion passed.