



Santa Monica Community College District
Citizens' Bond Oversight Committee
MEETING – October 19, 2011
MINUTES

A meeting of the Santa Monica Community College District Citizens' Bond Oversight Committee was held on Wednesday, October 19, 2011 in Drescher Hall Room 300-E (the Loft) at Santa Monica College, 1900 Pico Boulevard, Santa Monica, California.

1. CALL TO ORDER - 8:04 a.m.

2. ROLL CALL

Bruce Sultan, Chair – Present
Todd Flora – Absent
Corin Kahn – Present
Nimish Patel – Present
Barry Snell - Present
Christine Thornton – Present
Harrison Wills – Present

Others Present:

Greg Brown, Director of Facilities and Planning
Don Girard, Senior Director, Government Relations/Institutional Communications
Lee Paul, LPI Inc.
Lisa Rose, Committee Coordinator
Charlie Yen, Director, Contracts

3. APPROVAL OF MINUTES – April 20, 2011

Motion was made by Bruce Sultan and seconded by Christine Thornton to approve the minutes of Citizen's Bond Oversight Committee meeting on April 20 2011.

Ayes: 5
Noes: 0
Absent: 1 (Todd Flora)
Abstention 1 (Barry Snell)

4. PUBLIC COMMENTS - None

5. INTRODUCTION OF REAPPOINTED AND NEW MEMBERS

At its meeting on July 5, 2011, the SMCCD Board of Trustees appointed the following members to the Citizens' Bond Oversight Committee, for a two-year term, 2011-2013:

Clarence Chapman (*resigned in August 2011*)
Barry Snell (*first term*)
Bruce Sultan (*second term*)

At its meeting on October 4, 2011, the SMCCD Board of Trustees appointed Harrison Wills as the student representative for a one-year term, 2011-2012.

6. CITIZENS' BOND OVERSIGHT COMMITTEE ANNUAL REPORT, 2010-2011

Motion was made by Christine Thornton and seconded by Harrison Wills to approve the Annual Report 2010-2011. *Unanimously approved.*

7. REPORTS and DISCUSSION

A schedule of bond construction projects was distributed by Lee Paul, construction program manager. The schedule is arranged by campus sites and includes renderings of the projects that are still in the design phase. The last page shows the construction schedule of all the bond projects, 2012-2017.

Reports Submitted

Measure U

- Project Schedule
- Budget
- Expenditures

Measure S

- Project Schedule
- Budget
- Expenditures

Measure AA

- Project Schedule
- Budget
- Expenditures

Bond Sales/Expenses Report

Highlights of Bond Construction Projects

- The design approval process for the Student Services project experienced significant delay in the Los Angeles Office of the Department of the State Architect (DSA). The entire project has now been transferred to the San Diego Office where they have a better understanding of the project. It is hoped that DSA approval will be granted by February or March 2012 and construction will begin by Summer 2012.
- AET Campus: DSA approval of the parking structure is expected this week, and the District will be going to out to bid immediately for construction to start in January 2012.
- Performing Arts Center East Wing (Measure AA): The planning process is close to completion and construction will begin in 2012.
- Information Technology Relocation: The design phase is close to completion, the project will go to DSA for approval, and construction will begin in 2012.
- Math/Science Building (Measure AA): 40 percent of this project was to be funded by the State. However, the State is not preparing a construction priority list for next year's budget. Therefore, the District will need to look other ways to fund this project and/or restructure the prioritization of bond construction projects within the confines of the bond language. The history of bonds is that funds run out, projects are reprioritized, and/or nothing happens for awhile. The District can shift funds from project to project, but not necessarily from bond to

bond. The information from the state was just received four days ago, and it will take awhile to reprioritize the projects. The financial calculations on the Math/Science project will need to be redone since the initial estimates were made when construction costs were very high and have since decreased. All constituencies will need to be consulted. The planning process will take up to two years.

Financial Report

- The Bond Sales/Expenses report includes the 2010-2011 final report and first quarter 2011-2012 report. At this time, most construction projects are in the planning stage. Expenses will increase when construction projects begin.
- Tax-exempt bonds are issued as the need is projected and unspent funds are held by L.A. County and earn interest. Interest earned on funds not spent within three years may be subject to arbitrage calculations. In general, arbitrage is earned when the gross proceeds of an issue earn an investment yield that is materially higher than the yield on the bonds of the issue. In order to keep the bonds tax-exempt status a rebate of the excess interest income may be required to be made to the U.S. Department of the Treasury.
- The audit reports will be presented to the CBOC at the January 2012 meeting.

Articles on Los Angeles Community College District Bond Construction Program

The Los Angeles Times published another article on problems experienced by Los Angeles Community College District Bond Construction Program. There are various investigations taking place, and an audit released by the State Controller is critical of certain procedures by the LACCD. In addition, several of their major construction contracts are being cancelled.

There are numerous differences on how the SMCCD approaches its bond projects, compared to LACCD. Staff reported on the District's practices that result in a successful, positive and transparent bond construction program.

8. SCHEDULE OF MEETINGS, 2011-2012

Wednesdays at 8 a.m.

January 18, 2012

April 18, 2012

9. ADJOURNMENT - 9:11 a.m.

The next meeting of the Citizens' Bond Oversight Committee will be held on Wednesday, January 18, 2012 at 8 a.m. (*location to be determined*).