

**North Orange County Community College District
Citizens' Oversight Committee
March 1, 2017**

APPROVED MINUTES

Roll Call: Present: Chuck Allen, Michael Cooper, Paul Jewell, Chris Meyer, Leroy Mills, Mike Oates, Rhonda Shader, Phil Wendel. Absent: Michael Miller, Mark Pavlovich, Louis Raprager, Elena Reyes, Mark Saucedo.

Other Employees/Guests Present: Eduardo Escobedo, Rodrigo Garcia, Alicia Herrera, Sandra Palmer, Valentina Purtell, Susan Rittel, Oscar Saghieh, Kashmira Vyas, Fred Williams.

Call to Order: Chair Chris Meyer called the meeting to order at 4:00 p.m., and asked Member Paul Jewell to lead the Pledge of Allegiance to the Flag.

Public Comments: None.

December 7, 2016, Meeting Minutes: The December 7, 2017, meeting minutes were approved as amended.

Committee Report to the Board of Trustees: Mr. Fred Williams noted that at the February 28, 2017, Board of Trustees meeting, Chris Meyer presented the District's 2015-16 Measure J Community Progress Report. The report was well received and it was noted that this was the first time that we had a member of the Citizens' Oversight Board present the report.

Measure X Update: Mr. Williams shared that Measure X dollars will be exhausted on the following two projects at the Anaheim Campus:

- The first floor build-out was completed as well as the Notice of Completion for the document storage unit and the Plan Room. We are finalizing all payments related to this project.
- We have submitted plans to DSA for the 7th & 10th floor conversions.

Measure J Update: Mr. Williams reviewed the Feasibility, Planning Programming & Design section of the report for each of the campuses.

Cypress College: Ms. Susan Rittel, Program Manager, Campus Capital Projects, reported:

- The Science, Engineering & Math (SEM) design development phase will finish in July 2017 in conjunction with the schematic design. The estimated construction time to break ground is June 2018 with occupancy by September 2020. The architect will be presenting the final design to the Board at the March 28 Board Meeting and will include a 3-D animation walk-through.
- The Veterans' Resource Center (VRC) is in the pre-design stage and we are one month ahead of schedule. We may have final drawings by the end of March. We expect to break ground in June 2018 with occupancy in September 2019. Also, we hope to raise \$1.5 million locally through a fundraising campaign for the Veteran's Memorial Bridge; we will not use bond funds.

Committee Questions and Comments:

1. *What sits on that parcel right now (where the new SEM will be built)?* Ms. Rittel responded that currently it is a parking lot. Prior to breaking ground, we will look at reconfiguring the existing parking to recapture lost space.

2. What will be the disposition of the current SEM? Ms. Rittel responded that while the new building is being built it will be used as swing space for the current programs. Once the new building is finished, the existing building will be used as swing space during the Fine Arts building renovation.
3. Where is the bridge? Ms. Rittel shared that this decision hasn't been made yet; the veterans are taking ownership and there is discussion on naming rights, an historical reference, etc.
4. Under funding source, the Veterans Center lists Measure J and local; clarify local funding. Mr. Williams stated that the total estimated project cost is \$15.1 million with \$13.6 from Measure J, and \$1.5 million being locally raised funds from a fundraising campaign.
5. Is the layout going to accommodate increased space for counselors and will additional counselors be paid with Measure J funds? Ms. Rittel explained that she can't speak to the hiring part but we are adding four separate counselor offices in the layout for the VRC. Mr. Fred Williams stated that Measure J funds cannot be used to fund positions.
6. Regarding District General Fund (GF), on this bridge if they get half way finished, is there a problem spending GF money to make up the difference? Mr. Williams responded that Cypress College is working on a plan but the campus has additional dollars in the Capital Outlay fund and if we come up short on the \$1.5 million, then those dollars would be moved to complete the bridge.

Mr. Fred Williams added that the Fine Arts Renovation is a project that has been on the state capital outlay funding program since 2007. We would like to use both Measure J and state capital outlay funding and we have seen it appear on the 2018-19 funding list.

Fullerton College: Mr. Rodrigo Garcia, Interim Vice President of Administrative Services, introduced the new Project Manager, Oscar Saghieh, and asked him to introduce himself to the group. Mr. Saghieh shared that he worked as a Project Manager with the Orange County Public Works department as well as nine years at Los Angeles Valley College He has completed over \$100 million in projects in multiple-delivery methods and has some over-seas experience.

- Mr. Garcia reported that since our last meeting, the Governor's Budget came out and the renovation of the 300/500 buildings was one of five projects selected to be funded. Because we do not know when we will receive that funding, the instructional building (a new building) is the number one priority. Once built, it will be used as permanent swing space during the renovation of the 300/500 buildings. We are working with a consultant on programming and we are interviewing consultants to help write an RFQ for bridge documents. We are looking at the delivery method of design-build which would speed up the construction process from concept to construction to finish.

Committee Questions and Comments:

1. Are your vets in the 500 building and what are you going to do with them while it is happening? Mr. Garcia responded that currently they are in the 500 Building and they will be occupants of the 300/500 once the renovation is done. The plan is to finish the instructional building (spring of 2020) and move the veteran's services and other programs in the new building temporarily (2-3 years) while the 300/500 buildings undergo renovation.
2. Could you tell us a little about what renovation means? Mr. Garcia explained that the 300 building is an historical building, therefore, the outside cannot be changed. Renovations will be internal items such as bringing bathrooms, hallways, etc. up to code with ADA, and reconfiguring

classroom and office spaces. Mr. Fred Williams added that regarding the EIR process there appears to be a significant amount of controversy about Sherbeck Field which was originally included as part of the program EIR which included both bond and non-bond programs. We informed the City that we will prepare a separate EIR specifically focused on Sherbeck Field.

3. Do they walk the field? What's included in the EIR? Mr. Garcia responded that 40% is a traffic study and once the intended use is identified, we'll be able to scale down the traffic study cost. Mr. Fred Williams added that in the other process we received 75 letters which require a response. We want to have the answers before we proceed any further. Please note that Sherbeck Field is not a bond project but it does fit into the overall program at FC.
4. Will the 500 Building be undergoing the same kind of renovation as the 300? Mr. Garcia stated yes, and that there may be some changes on the outside to make the facade look like other buildings on campus.
 - We are looking at proposals to evaluate the current chiller plant to determine if an expansion is needed before the instructional building comes on line. We may decide to expand the chiller plant and thermal energy storage right next to the M&O Building.
 - Unfortunately for the parking structure, the M&O Building will be the third project because it is also driven by the state deadline. We must meet the state's spending deadlines and so we don't lose the \$15 million funding that they are giving us. This is tentatively scheduled to be completed in winter 2022. Most of the M&O Building would be paid out of local funds. We have set aside \$8 million for that project and will be using \$3 million from Measure J funding.

Committee Questions and Comments:

1. If the parking structure is delayed and the instructional building is under construction, it's taking up parking. Mr. Garcia responded that it's currently taking 87 slots and we are working with the city to mitigate the loss of parking spaces. We have an agreement with the city to use the Plummer Parking Structure and we're looking at other parking options with the city.
2. This parking structure was supposed to be built with Measure X money and it was reprogrammed away from this parking structure and never got built and now you wonder why the community is a little concerned about Sherbeck Field. It's because they were told under Measure X they were going to get parking relief, get students out of their neighborhood, and it never happened. There is a concern because this parking structure is very important to that community. Mr. Williams responded that in the Measure X Ballot language it specifically talked about "structure or structures", and we did add about 1,000 spaces. It is a priority but we're also looking at how to get this done without losing state funding which we have been in line for since 2007. We are aware that parking is one of the highest priorities for the college. This will not drop off the list.
3. Can we build higher to 5 or 6 levels? Mr. Garcia responded that four levels is the maximum because the community does not want a parking tower.
4. Is \$35,000 per parking spot normal for construction? Mr. Saghie shared that what he's observed in downtown Los Angeles it ended up being about \$30,000-\$35,000 per space. And that's above-ground; it's more expensive to go underground.

5. Have you looked into the possibility of a campus shuttle service for faculty, staff, and students? Mr. Garcia stated that the EIR will look into all options; during Measure X construction there was a contract with a bowling alley to shuttle people but nobody used it.

Anaheim Campus: Ms. Valentina Purtell, Provost, reported:

- We are in the programming and planning phase for the 7th & 10th floors and are waiting on DSA design approval. Construction start date is anticipated by June of this year.
- Next week we will meet with R2A Architects to review all FF&E related to construction for the 7th floor.
- We are looking for other architects for the 5th floor design to repurpose an existing lecture-style classroom into for a career & technical education lab. We will repurpose as much furniture as possible.

Financial Review: Mr. Williams reported:

Capital Project Updates: We had the first bond issue of \$100,000,000 out of the \$574 million leaving \$474 million available in principal. The original \$574 million plus an estimated \$3.6 million in interest earnings gives a total of \$577 million. The actual amount spent through January 31 was a little over \$2 million.

Cypress Campus Current Projects: Because this is the oversight board we will focus on the bond portions of all of these dollars. Their portion was \$225.9 million and to date we've spent \$576,000 of actual expenditures.

Fullerton Campus Current Projects: At Fullerton College we're still not quite as far along but they have \$311.1 million of budgeted projects and we've just spent a little over \$11,000.

Anaheim Campus Current Projects: And at the Anaheim Campus before we spend any of the Measure J dollars we are spending all of the Measure X dollars so we can close that project out. Expenditures at the District level included program management fees and bond issuance costs. The tax rates in our area have been increasing faster than what the projections were so we think instead of the \$100 million every three years that we do need to accelerate because of the number of projects we have going. We feel we have the capacity to get \$260 million within the first two years vs. \$200 million.

Committee Questions and Comments:

1. Does the District fall under the IRS provisions that require bond funds be expended every three years? Mr. Williams responded "yes".
2. Under CC, previously there was swing space for \$2.5 million and a central plant/TES for \$500,000 that aren't listed in this report. Mr. Williams stated that we had it listed twice in a previous report and we have since gone through and cleaned up the line items in the report.
3. On interest, how does that work, how does the public that funds the bond realize that the monies are earning interest? Do they not see that at all and it just gets added to money the District can spend? Mr. Williams responded that yes that's why there is the IRS provision in terms of having to spend the money within a certain period of time.
4. How do the numbers compare? In other words, the public has to pay interest on the bonds; the money not spent or committed is earning interest? Is the public taking it in the knickers? Mr. Williams responded that yes they do pay very little interest. We are not earning as much interest as the rates we're paying on the bonds. There were laws that passed specifically against

community colleges moving the money that's why we let the professionals at the treasury keep the money.

5. Did you say that part of the interest money partially goes to offset the cost of the issuance? Mr. Williams responded with yes, we keep 100% of what is earned in that fund and a separate account at the county tracks it. Please note that we did not do the first issue until we actually started incurring the expense so there was a whole year that we didn't issue bonds because of the 3-year spending limits. We actually had some expenditures that we loaned the bond fund dollars to pay for program management as we were getting the program up and then transferred the dollars back to the capital outlay fund. We are trying to limit the amount of interest paid and we are not earning much interest on the other side.

Board Audit Reports: Ms. Kashmira Vyas, Interim Director, Fiscal Affairs, introduced Audit Manager Alicia Herrera (Vavrinek, Trine & Day & Co., LLP) who stated that since the bond was under Proposition 39, this committee needs to perform a financial audit as well as a performance audit. Page 2 of the Audit Reports is the most important page. An unqualified opinion is the cleanest opinion an auditor can give; everything was fairly stated, no audit adjustments. The Performance Audit also received an unqualified opinion as expenditures were in accordance with what the voters wanted, the money is being spent appropriately. There were no issues and the District is in compliance. There were no findings or recommendations for either of the audits.

Committee Questions and Comments:

1. This is for the last fiscal year ending June 30, 2016, and we got this report in December. Is this timely? Ms. Herrera stated that yes the report is timely. Ms. Vyas added that the schedule is very tight and in the September/October timeframe the final audit work is being done so by the end of October, early November, the audits are complete for both the fiscal and all the other components that we have here.
2. What is the significance of the schedule of secured tax payers? Mr. Williams responded that the District is required to provide continuing disclosure because the repayment of the bonds is tied to property values.

Future Agenda Items: Chair Meyer reiterated that Mr. Williams will bring the virtual walk-through of the SEM building to the next meeting.

Committee Member Comments: It was noted that on the "future meetings" we have June 1, 2017, and it should be June 7. Mr. Williams stated that we will inform the rest of the committee before the next meeting of the correct date.

Future Meeting Dates: June 7, 2017.

Adjournment: The meeting adjourned at 5:12 p.m.