



**CITIZENS' BOND OVERSIGHT COMMITTEE**

MEETING MINUTES

Tuesday, February 7, 2012 - 5:30 PM

San Jose City College T-112

2100 Moorpark Avenue San Jose, CA 95128

<u>Present:</u>	Joseph Becker	Community At-Large
	Kathy Kyne	Senior Citizens Organization
	Linda Lam	Student Representative
	Carol Lizak	Community At-Large
	Ann Mancuso-Engdahl	Community At-Large
	Jimmy Nguyen	Community At-Large
	Bob Nunez	Community At-Large
	Spencer Horowitz	Community At-Large
<u>Guest:</u>	Tina Treis	Crowe Horwath
<u>Absent:</u>	Rita Cepeda	Chancellor, SJECCD
	Dr. Henry Yong	President, Evergreen Valley College
	Daniel Kojiro	Community At-Large
<u>Staff:</u>	Douglas Smith	Interim Vice Chancellor, Administrative Services
	Dr. Barbara Kavalier	President, San Jose City College
	Dr. Henry Gee	Vice President Administrative Services, EVC
	Peter Fitzsimmons	Director of Financial Services, SJECCD
	Linda Wilczewski	District Staff Accountant, SJECCD
	Casey Michaelis	Gilbane
	Scott Jewell	Gilbane
	Ann Kennedy	Gilbane
	Mike Chegini	Gilbane
	Sunnie Singh	Gilbane

**AGENDA:**

1. Call to Order  
The meeting was called to order at 5:32 p.m.
2. Approval of Agenda  
Ms. Lizak /Mr. Becker  
Unanimously approved
3. Approval Minutes for November 1, 2011  
Mr. Nunez / Mr. Nguyen  
Unanimously approved
4. Public Comments  
There were no public comments.

5. Communications Received by Citizens' Bond Oversight Committee Members

No communications were received by the Committee to report. Mr. Nguyen questioned how the public would be able to send correspondence, where does the public get a hold of everyone's email addresses? Ms. Kyne and Ms. Kennedy informed the group that contact information/ email address are available on the CBOC website.

6. Staff Reports

There were no staff reports.

Interim Vice Chancellor Smith informed the committee that the District received high Moody's and Standard and Poors' credit ratings. Seventy million dollars' worth of Measure G-2010 bonds have been sold for Series A and twenty million dollars' worth of bonds were sold for Series B and placed in an endowment.

7. Introduction of New Staff

Mr. Fitzsimmons introduced Ms. Linda Wilczewski, new District Staff Accounting. President Kavalier introduced Mr. Greg Nelson, new Vice President of Administrative Services, San Jose City College. Mr. Douglas Smith gave a self-introduction as the new Interim Vice Chancellor, Administrative Services.

8. Financial and Performance Audits

Ms. Tina Treis partner at Crowe Horwath informed the committee of results from a Proposition 39 compliant independent audit of Measure G-2004 funds which resulted in two reports; 1. Financial Audit, and 2. Performance Audit. Ms. Treis ran through, the methodology and controls used to compile data and Crowe Horwath's findings. No exceptions were found. Mr. Nguyen wanted to know if all G-2004 expenditures were reviewed? Ms. Treis informed the committee that a sampling was taken of G-2004; every single expenditure was not audited. Ms. Lizak wanted to know what kind of internal controls were in place for use of Measure G-2004 money. Ms. Treis informed the committee that standard thresholds for bidding were setup in accordance with the District's policy. A motion to approve Measure G-2004 Financial and Performance Audit Reports was moved by Mr. Nunez and seconded by Mr. Nguyen, unanimously approved.

9. Review of Committee Member's Terms

Ms. Kennedy reported on a review she did of Committee Terms; specifically Ms. Kyne's term end date. After speaking to legal counsel it was determined that Ms. Kyne's term would "reset" to end on the same date as all committee member's term end date. Ms. Kennedy further explained there were staggered terms proposed in December 2010, and after doing research of pervious meeting minutes, it was determined staggering had not been implemented. Ms. Kennedy proposed staggering in the second term since it would be disruptive to do so in the current term. Ms. Kennedy reviewed the SJECCD Measure G-2004 & Measure G-2010 CBOC member chart. Ms. Kennedy noted there is an error in the spelling of Mr. Nguyen's name. She also noted that Ms. Mancuso-Engdahl actually represents the community-at-large and Mr. Nguyen represents the tax payers association. This error was originally made on the Board item approving the committee members. It has now been corrected on the web site and will be corrected in the records as a result of these minutes. Proposition 39 states a requirement to have a minimum 7 member committee. There are currently two open seats available; 1. Support Organization, and Student Active in EVC or SJECC. Applications for the open positions are available on the District's web site and everyone on the committee is encouraged to help get

these positions filled soon. President Kavalier informed the committee of the removal of Mr. Raymond Porras, from the chart as Mr. Porras is no longer a student under SJECCD. Ms. Kennedy suggested “removing Mr. Porras and appointing a new student representative” on one Board item. Mr. Smith asked the committee to familiarize themselves with the CBOC bylaws.

Review of Committee Member’s Terms was moved by Ms. Liam and seconded by Ms. Mancuso-Engdahl, unanimously approved.

#### 10. Measure G-2010

##### a. Program Update

##### i. Facilities Master Plan Update:

Mr. Jewell updated the committee on the consolidation of various projects as shown in the Bond List Revisions which was the result of minimal changes to the Facilities Master Plan.

##### ii. Bond List Revisions:

Ms. Kennedy presented Bond List Revisions; she informed the CBOC that no project will be removed from the Bond List. Consolidated or canceled project will be carried forward on the Bond List in order to keep transparency. Interim Vice Chancellor Smith and Ms. Kennedy informed the committee that “Dashboard” style red, green, yellow color coded reports are submitted for Board members review. Ms. Kyne requested a similar type of report be given to the CBOC members. Ms. Kennedy agreed to the request and will try to make amendments to the next report issued to the CBOC.

##### iii. Bond Sale:

Interim Vice Chancellor Smith informed the committee of the District’s AA1 Moody’s rating and AA- Standard and Poor’s rating. Mr. Fitzsimmons informed the CBOC of the seventy million dollar bond sale which occurred on January 6, 2012, the money is scheduled to be in the District bank account by February 23, 2012. Ms. Kennedy explained the three types of bond sale options that were explored; 5 year, 3 year, and endowment option. The District has settled on three year option for series A, seventy million dollar bond funds on “brick and mortar” projects and series B, twenty million dollars bond funds on technology, small capitol buildings and schedule maintenance work will be in a the form of an endowment. Per Ms. Kennedy Measure G-2004 series C, approximately thirty million dollar bond funds are still to be issued. Interim Vice Chancellor, Smith further informed the committee that Measure G-2004 funding has been substantially spent but Measure G-2010 is just getting started. Ms. Kennedy explained the CBOC will remain intact until all Measure G-2004 and Measure G-2010 funding is fully expended. Ms. Kyne questioned if it was still possible to get an endowment for the remaining bond funds on Measure G-2004. Ms. Kennedy explained that endowments work best at the start of a bond sale not at the end due to the calculations required to qualify the funds for an endowment. Mr. Horowitz questioned how much interest would be accruing on the recently sold bonds. Series A will be held in the County pool and the interest rate will fluctuate accordingly. Series B will be invested and a report can be given back to the committee once the investments are made. Mr. Horowitz further questioned what the current rate was for the previously sold bonds. Mr. Fitzsimmons, Interim Vice Chancellor Smith and Ms. Kennedy replied approximate 3.55% with a staggered maturity date.

iv. Project Highlights:

1. San Jose City College: Mr. Nelson informed the CBOC of the Field and Turf replacement project where a recent discovery was made of lead in the turf requiring HAZMAT disposal, r-roofing the SJCC Gym, the current roof is over 30 years old, and painting the General Administrative Building will start this summer, the existing paint is faded.
2. Evergreen Valley College: Vice President Gee gave an update on the EVC campus; currently the Photovoltaic Project is under way and scheduled to complete in late March, the fence around the perimeter of the project is being installed. There will be an Open House event upon project completion. Vice President Gee invited all CBOC members to join in on the PV Open House event, and more information about the event forthcoming once dates are finalized. Design renovations of the Central Power Plant are underway; current discussions include how to route traffic and how the Police Station will be impacted. Forthcoming projects include the Auto-tech, Math and Science Building.

b. Measure G-2010 Financial Reports:

Ms. Kennedy presented an overview of the Measure G-2010 Financial Report. Mr. Becker wanted to know what Group 2 equipment is. Ms. Kennedy explained Group 2 equipment is essentially anything inside a room that is not fixed in place, i.e. furniture.

11. Measure G-2004

a. Project Highlights:

- i. San Jose City College: Mr. Nelson informed the CBOC of the Multi-disciplinary Building that is scheduled to open in mid-August 2012, and of the New Physical Education Building scheduled to start in January 2013.
- ii. Evergreen Valley College: Vice President Gee gave an update on upcoming projects; including the soccer field, funding from Acacia has been reprogrammed to other projects i.e. refurbishing old equipment and updating security, the Fitness Center planning is underway and construction is scheduled to start in early 2013.

b. Measure G-2010 Financial Reports:

Ms. Kennedy presented an overview of the Measure G-2004 Financial Report. There is approximately thirty million dollars' worth of bonds left for measure 2004/series C. Ms. Kennedy pointed out an error on the financial pie chart that read "lease revenue bond" now with legal review it has been changed to read "District contributions". Mr. Fitzsimmons added there would be a cleanup of residual budgets. The cleanup of residual budgets will be reflected on the Bond List Revision which will be taken to the February 14<sup>th</sup> Bond meeting for approval. Mr. Nguyen questioned if the Board of Trustees see the same types of reports as the CBOC members see? Ms. Kennedy explained that the Board and the CBOC do not see the same exact reports but the content of the reports is the same/similar. Interim Vice Chancellor Smith noted the CBOC reports show the "Big Picture" and the Board of Trustee's reports are more detailed. Mr. Nguyen further questioned if the Board of Trustees' relied on the CBOC's review of various reports to make decisions. Ms. Kennedy explained that the CBOC and the Board of Trustees work separately and if there was an issue that was of concern to the CBOC they should present it to the Board of Trustees. A motion to

approve the Financial Reports Measure G-2010 and Measure G-2004 was moved by Mr. Nguyen and seconded by Mr. Becker, unanimously approved.

12. CBOC 2010-2011 Annual Report

Ms. Kyne request CBOC members to come to the February 14<sup>th</sup> Board of Trustees Meeting at the District office, 6:00pm so she could introduce the CBOC members to the Board of Trustees. Ms. Kyne informed the committee that future annual reports will be digital. Ms. Lizak thanked Mr. Chegini for keeping the CBOC webpage updated.

13. Future Agenda Items:

Ms. Kennedy asked the committee if the current time and date for the CBOC meetings was working for everyone, there were no comments made opposing the current time and date of the CBOC meetings. She also requested everyone to bring their personal calendars with them to the next meeting so the future meeting calendar and campus tours could be scheduled.

14. Adjournment:

The meeting adjourned at 7:14 p.m.

The next scheduled meeting is Tuesday, April 3, 2012 at 5:30PM - 7:00PM. This meeting will be held at the District Conference Room #9, SJECCD. 4750 San Felipe Road, San Jose, CA.