

DRAFT

DRAFT

DRAFT

DRAFT

DRAFT

DRAFT

CITIZENS' BOND OVERSIGHT COMMITTEE
Riverside Community College District
Center for Social Justice and Civil Liberties, Conference Room
3855 Market Street, Riverside, CA 92501
4:00 p.m. July 16, 2015

Members Present:

Nick Ferguson, chair
Morrie Barembaum
Susan Cash
Jeff Kraus

Members Absent:

James Cuevas
Bob Frost
Tyrone Macedon

Staff/Guests:

Michael Burke, Chancellor
Majd Askar, Director, Business Services
Aaron Brown, Vice Chancellor of Business and Financial Services
Chris Carlson, Chief of Staff and Facilities Development
Peggy Cartwright, Associate Vice Chancellor of Strategic Communications and Institutional Advancement
Bart Doering, Facilities Development Director
Robert Schmidt, Senior Public Affairs Officer

Call to Order: 4:13 pm

Approval of Minutes: Barembaum/m; Cash/s – Vote: 3-0, 1-Abstention (Kraus)

Measure C Projects Update

Centennial Plaza Hard Hat Tour – Deferred to end of meeting.

Measure C Reports for Last Quarter (April – June 2015)

Chris Carlson, Chief of Staff and Facilities Development overviewed Measure C related project reports that were presented to the Board in the past quarter.

- *April* - Governing Agenda Item (VIII-D1) Issuance of General Obligation Bonds 4/21/15. Aaron Brown will discuss in the financial report.
- *May* – Consent Agenda Item (VI-B-6-c) 5/19/15 Agreement for Facilities Planning and Construction Services with Professional Personnel Leasing Inc. The District renewed staffing consultant; and Agenda Item (VIII-E-1) 5/19/15 Agreement Amendment No. 1 for the Network Operations Center with Inland Inspections & Consulting. The agreement is for increased costs for testing and inspections.
- *June* - Agenda Item (VI-B-5-e) 6/16/15 Culinary Arts Academy and District Offices/Coil School for the Arts Traffic Signal – Bid Categories 01 & 02. The District awarded the bid for installing a traffic signal near the Coil School for the Arts and the Parking Structure.
Question, Cash: When it comes to installing a signal, is this something we should work with the city on? *Answer*, Carlson: It is RCCD's responsibility to install this signal, but we have a reimbursement agreement from the city for \$200,000 towards that expense

Revision of Funds

Carlson presented the **Unencumbered Funds by College/District** report. Many of the projects are in closeout, once the projects are completely executed remaining funds are returned to the budget.

July 2015 Project Update Report

Carlson presented the **Measure C Current/Future Project Summary Status Update**. Current projects include: Network Operations Center (MVC), Groundwater Monitoring Wells (Norco College), RCCD/RCCD Centennial Plaza-Coil School for the Arts, RCC Culinary Academy and District Offices; Student Services/Administration Building (RCC); ADA Transition Plan, Phase I – Final Fire Panel (RCCD). The 5yr Capital Improvement Plan (CIP) includes projects for all colleges, which are dependent on state funding. *Question*, Barembaum: For items that are state funded what do we do? *Answer*, Carlson: We either wait for state funding or pass another bond. State funded projects are awarded on a point system on state ranking. *Question*, Ferguson: The Governor sees debt ratio climbing and local bonds are successful. *Answer*, Carlson: This is not surprising. It's too bad that everyone isn't aware of the impact education has on local communities.

Measure C Financial Update

Aaron Brown, Vice Chancellor of Business and Financial Services presented the **Project Commitments Summary Report**. Five projects account for 99% of the expenditures, and the cash amount is down to \$9.3 million. Centennial Plaza and the Kane Student Services/Administration Building account for 86% of the projects. *Question*, Kraus: The memo emailed stated the Bond issuance was on June 4, it is now July 16, when will the funds come? *Answer*, Brown: The funds are reflected on the next report, they came on July 1. *Question*, Kraus: Is the \$30 million for sustainability a placeholder? *Answer*, Brown: It is in the Capitol Projects Summary for existing and future projects. Carlson: There is \$10 million in active construction projects. *Question*, Kraus: Not half of the funds will go to sustainability? *Answer*, Brown: We received \$3.7 million last year for combined instructional equipment and deferred maintenance. *Question*, Ferguson: Is this for Proposition 98 shortfalls? *Answer*, Brown: Yes.

Bond Sale Overview

Brown presented information regarding the 2015 Bond Sale and Issuance. Chancellor Burke, Governing Board President, Virginia Blumenthal, Chris Carlson, and Aaron Brown represented RCCD by meeting with rating agencies, Moody's and Standard and Poors. We were able to maintain our existing ratings due to strong District finances and good asset property values. In addition, good community engagement and involvement, a strong local economy and an active and engaged Citizens' Bond Oversight Committee also contributed.

The district received oversubscribed offers for the new issuance, while there weren't as many buyers for the refunding. A negative geographic bias contributed to this situation. We ended with a \$4.11 million savings (6.11% present saving) for the refunding. We issued \$45 million in new money, leaving \$40 million still outstanding to issue. The promise to the taxpayers is that the tax rate will not exceed \$18 per \$100,000 of assessed value. We are close to that cap. It's possible that we may need to delay the issuance of the final \$40 million because it may put us above cap, unless assessed values increase. In 2015-16 the tax rate is estimated to be between \$16.50-\$17. *Question*, Kraus: Some districts issued capital appreciation bonds (CABS)? Did we have to? *Answer*, Brown: Yes. We are within the 4 to 1 ratio established by the State. We issued capital appreciation bonds totaling 2.4 to 1 (debt service divided by principal) Ferguson: Some agencies got into trouble because of CAB issues? *Question*, Kraus: What if we have another crash like in 2008? What sets the priority, where does the money go? *Answer*, Brown: The legal limit for the amount per assessed valuation is \$25 so the bond holders would be paid by assessing the taxpayers to this limit. *Question*, Kraus: What does the \$18 mean, is it a promise not a commitment? *Answer*, Brown: We made a commitment to the taxpayer not to exceed the \$18 and we

take this very seriously. *Question*, Cash: Give us an idea of how our credit rating compares to comparable colleges? *Answer*, Brown: We have a good rating and it compares favorably with other colleges. However, each college or district has its own unique situations that the rating agencies take into consideration so comparisons can be difficult. *Question*, Cash: There are so many variables that go into issues of bonds. RCCD is prudent of spending, how can you improve to stand out? *Answer*, Brown: Increased assessed valuation and increased reserve levels. We are going to be having a conversation with the Board about increasing reserve level in September. *Question*, Kraus: There are state limits, are they repealing the limit? *Answer*, Brown: The limits are for K-12, not community colleges. Burke: Our consultant said that 60% of the decision comes from what goes on in the community. *Question*, Ferguson: At K-12 the policy goal is to be at 5%. When the rule was 2.5% we hit the recession and were at 4.4% at the time. That held us and showed people the importance of being fiscally conservative. *Answer*, Brown: We have a 5% minimum policy; our actual is above 8.9%.

Election of Chair and Vice-Chair

Kraus motioned for Morrie Barembaum to be elected to serve as Vice-Chair. Cash seconded. Vote 4-0.

Public Comment

None.

Next meeting of the CBOC is October 15, 2015 and will be held at Norco College.

Adjournment: 5:03 pm

Centennial Plaza Update/Tour

CBOC members were escorted on a tour of the Centennial Plaza, which includes the Culinary Arts Academy and District offices, the Henry W. Coil Sr. and Alice Edna Coil School for the Arts and a four-level parking structure.