



Solano Community College District

MEASURE Q CITIZENS' BOND OVERSIGHT COMMITTEE (CBOC) MEETING

Fairfield Campus (Swing Space) – Conference Room 234

Solano Community College, 360 Campus Lane, Suite 201, Fairfield, California

Monday, May 5, 2014

5:00 p.m. – 6:00pm

ADOPTED MINUTES

Members Present

1. Mr. Melvin Jordan, Chairman CBOC
2. Mr. Robert Charboneau
3. Mr. Gary Bertagnolli
4. Mr. Lyman Dennis
5. Dr. Walter Quinn
6. Mr. Hermie Sunga

Members Absent

1. Mr. Gabriel Johnson
2. Mr. Eric Franchimon

Others Present

1. Dr. Jowel Laguerre, President/Superintendent, SCC
2. Mr. Leigh Sata, Executive Bond Manager, SCC
3. Ms. Ines Zildzic, Program Manager, Kitchell CEM
4. Terri Montgomery, Partner, Vavrinek, Trine, Day & Co, LLP
5. Ms. Camille James, Interim Business Operations Coordinator, SCC

Chairman Jordan called the meeting to order at 5:15pm and led those present in the Pledge of Allegiance to the Flag of the United States of America.

Members present at time the meeting was gavelled into order were Members Sunga and Dennis. A quorum was established by 5:20pm with the arrival of Member Quinn and Bertagnolli. The full committee was constituted with the arrival of Member Charboneau.

Adopted: 08/11/2014

- I. **May 5, 2014, Agenda: *Approved***
A motion to approve the agenda was made, seconded and unanimously carried.
- II. **March 17, 2014, Minutes: *Stricken***
Due to lack of prior notification of this meeting it has been stricken from the record as a meeting of the committee.
- III. **November 18, 2013, Minutes: *Approved***
A motion to approve the minutes from November 18, 2013 was made, seconded, and unanimously carried.
- IV. **PUBLIC COMMENTS:**
No public comments were made at this meeting.
- V. **INFORMATION ITEMS:**
 - A. **Review of CBOC Rules and Responsibilities**
Presenter – Leigh Sata, Executive Bond Manager, SCC
 1. Mr. Sata, utilizing the *Duties and Authorities of the Citizens' Bond Oversight Committee as Specified by the Independent Citizens' Bond Oversight Committee Amended and Restated Bylaws – Executive Summary* handout, clarified the authorities and responsibilities of the committee.
 - a. A copy of this handout and the bylaws can be provided upon request to those members who wish an additional copy.
 2. Mr. Sata addressed the issues that members are allowed only two (2) consecutive unexcused absences before that member can be replaced.
 - a. Member Charboneau asked for clarification on what is considered an excused absence. Chairman Jordan response was that from the date of this meeting going forward that an excused absence would be an absence in which the member provides the committee and committee staff with prior notification that they will not be able to attend the scheduled meeting.
 3. Mr. Sata addressed the issues the committee has had in achieving a quorum noting that by law the committee is required to have only seven (7) members and that reaching a quorum may be made easier if the committee was reduced from nine (9) to seven (7) members. Mr. Sata will address this recommendation with the Board of Trustees Subcommittee on the Citizens' Bond Oversight Committee when it next convenes.
 - B. **CBOC Monthly Newsletter**
Presenter – Camille James, Interim Business Operations Coordinator, SCC
 1. On May 2, 2014 the inaugural issue of the CBOC monthly newsletter was distributed.
 - a. This publication will be distributed on a monthly basis on the first Friday of each month.
 - b. Submissions for the newsletter by members of the committee are welcomed and encouraged. Dates for article or comment submissions will be e-mailed to the committee no less than two weeks before the next issue is to be released.
 2. Chairman Jordan noted that this newsletter is a good method of keeping the committee connected to what is going on at the college and with the bond in-between committee meetings.

C. 2014-2015 Committee Meeting Schedule

Presenter – Leigh Sata, Executive Bonds Manager, SCC

1. Recursion schedule
 - a. The committee unanimously agreed to continue to meet quarterly.
 - b. Meetings days will be the second (2nd) Monday of each quarter. The next scheduled meeting dates are:
 - Monday, August 11, 2014
 - Monday, November 10, 2014
 - Monday, February 9, 2015
 - c. Meetings will be at 5:30pm and run for no less than one (1) hour.
 - d. All meeting will be held at the Fairfield Campus, Administrative Swing Space (360 Campus Lane, Fairfield, CA 94534) with the exception of the February 9th meeting which will be held on the Fairfield Campus in Building 600.

D. Update of Committee Members Contact Information

Presenter – Camille James, Interim Business Operations Coordinator, SCC

1. All committee members were given a contact information sheet in their packets to be completed and returned to committee staff at the conclusion of the meeting.
 - a. Any member that did not complete or return the contact information sheet provided may request a copy and return it to Camille.James@solano.edu or 360 Campus Lane, Office 238, Fairfield, CA 94533.

VI. ITEMS FOR COMMITTEE CONCURRENCE

A. Measure G and Q General Obligation Bonds, Financial and Performance Audit

Presenter – Terri Montgomery, Partner, Vavrinek, Trine, Day & Co, LLP

1. Measure G - Financial
 - a. Financial Audit: *Presents Fairly*
 - *In our opinion, the financial statements referred to present fairly, in all material respects, the financial position of the Measure G Building Fund General Obligation Bonds of Solano Community College District at June 30, 2013, and the changes in financial position for the period then ended in conformity with accounting principles generally accepted in the United States of America.*
 - b. Member Charboneau asked of the auditor why the specificity of “in the United States of America”.
 - The auditor response was that the inclusion of “in the United States of America” is to specify that the bond is in compliance with the accounting principles of the United States as other countries have different standards. The auditor went on to note that new reporting language standards were instituted in 2013 and that “unqualified” is now reported as “unmodified”.
 - c. Financial Statement Findings
 - *None noted*
2. Measure G – Performance
 - a. *The results of our tests indicated that the District expended Measure G funds only for the specific projects approved by the voters, in accordance with Proposition 39, and outlined in Article XIII A Section 1(b)(3)(C) of the California Constitution.*

3. Measure Q – Financial
 - a. Financial Audit: ***Presents Fairly***
 - *In our opinion, the financial statements referred to present fairly, in all material respects, the financial position of the Measure Q Building Fund General Obligation Bonds of Solano Community College District at June 30, 2013, and the changes in financial position for the period then ended in conformity with accounting principles generally accepted in the United States of America.*
 - b. Financial Statement of Findings
 - *One Finding*
 - See page 14 of the Measure Q General Obligation Bonds Financial Audit.
4. Measure Q – Performance
 - a. *The results of our tests indicated that the District expended Measure Q funds only for the specific projects approved by the voters, in accordance with Proposition 39, and outlined in Article XIII A Section 1(b)(3)(C) of the California Constitution.*
 - b. Member Charboneau asked of the auditor why if there were no funds spent on projects why the report language reads, “expended Measure Q funds only for the specific projects approved by the voters in accordance with Proposition 39.”
 - The auditor’s response was that the language used is general used in all audit reporting but agreed that the report would read better with the statement, “meets language of the bond”.
 - c. Member Charboneau posed his question, for comment, to Mr. Sata as the Executive Bond Manager.
 - Mr. Sata’s response was that that question would be better addressed by Bond Counsel and that he would invite counsel to the next meeting to respond.
 - a. Chairman Jordan concurred with this decision.
 - d. Member Quinn asked Member Charboneau to further clarify his question, on if his inquiry was meant to bring clarity on a specific concern he had that would be of benefit for the entire committee to have knowledge of.
 - Chairman Jordan further clarified Member Quinn’s question for Member Charboneau who response was, no. Member Charboneau was just request further clarification on the use of the identified language.

B. Measure G Quarterly Report

Presenter – Ines Zildzic, Program Manager, Kitchell CEM

1. This Quarterly Report covers financials through the end of second quarter (12/31/13). It includes projects in progress, a note about future planned projects, a financial summary, completed projects and a master program schedule section. The following is a summary of report highlights made to the Committee regarding projects in progress:
2. Building 600
 - a. The drawings for this building’s renovations were approved by the Division of the State Architect (DSA) in April 2014.
 - b. Board approval of DPR’s contract is scheduled for May 21, 2014.
 - c. This building is scheduled to be completed by December 2014.
3. Vacaville Center Parking Lot Extension
 - a. This project construction is complete and the new parking lot opened to public first week in April. This project was coordinated with District Photovoltaic Project and all of the solar panels are also complete.

4. Building 202/200 Child Development Center
 - a. This project is currently being evaluated for department needs related to their kitchen facility. The expansion of the program will be part of a project under Measure Q Bond program.
5. Building 1100 Portables Demolition
 - a. There is no update for this project. It remains connected to State funded Library Building Renovation project.
6. Building 1200 Theater Building Renovation
 - a. This is a State funded project and is current in schematic design. Preliminary plans were submitted to the State Chancellor's office first week of April and the District is anticipating release of next phase funded by the end of June. This renovation project will address all of structural, ADA and seismic upgrades necessary and also renovate the existing theater.
7. Financial Summary was reviewed to cover three major categories:
 - a. Expenditures for projects completed and projects in progress were reconciled with the Audit Report for fiscal year 12/13. In addition, projects that have been deemed complete were reviewed for any fund balances. The Committee was briefed on the Methodology and Variance Analysis applied to reallocate any fund balances from projects that are now complete.

C. Measure G Annual Report

Presenter – Ines Zildzic, Program Manager, Kitchell CEM

1. Ms. Zildzic reported that the purpose of the Annual Report is for the CBOC Committee to report that, to the best of their knowledge, Solano CCD has complied with the requirements of the state law in its accounting for an expending of Bond Funds. The Annual Report includes seven sections of which two major sections are contained within section 4 - Letter from the Chair and a summary of meetings held in fiscal year 12/13 as required by Proposition 39 language regarding CBOC. It also includes a financial report for fiscal year end 12/13.
2. Chairman Jordan motioned for the committee to accept the annual report. The motion was moved by Member Bertagnolli and seconded by Member Sunga. The motion carried unanimously.
 - Member Bertagnolli asked for clarification on what was a “lease-leaseback” and what is its intended end result.
 - Ms. Zildzic response was that a *lease-leaseback* is an alternative construction/project bid delivery method. A contractor is selected early on in the process based on their qualifications as well as their price point. The intent is to ensure that the end product is of quality and the project is completed with fewer change orders.
 - Member Sunga asked if the lease-leaseback incurred any additional financial cost then other delivery methods
 - Mr. Sata response was that there is not much difference in price from the traditional delivery methods.
 - Mr. Sata asked Ms. Zildzic to provide the committee with a status update on Building 1200.
 - Building 1200 renovation is being paid for out of state funding. The renovations have been approved by the state and the estimated start date for construction is summer 2015.

- Member Bertagnolli suggested that a “dashboard” be created so that the committee could see “trouble spots” quickly.
 - Mr. Sata agreed to develop a few ideas for consideration by the committee for the next CBOC meeting.
- Member Bertagnolli asked for the definition of *defeasance*.
 - Ms. Zildzic responded that she will follow up with a more thorough definition. According to Investopedia online dictionary, the definition is “*when the borrower sets aside cash to pay off bonds, the outstanding debt and cash offset each other on the balance sheet and don't need to be recorded.*”
- Mr. Sata clarified the reporting periods of the two reports and noted that due to the different cut off dates for each of the two reports presented by Ms. Zildzic, the total fund amount remaining as reported in the quarterly report is *lower* than the total reported in the annual report. The annual report is reporting activity from July 1, 2012 until June 30, 2013, whereas the quarterly report period begins on October 1, 2013 and ends on December 31, 2013. The next quarterly report will cover the period from January 1, 2014 through March 31, 2014.
- Chairman Jordan asked if there were contingencies for unforeseen expenses posted after a project has been closed out.
 - Mr. Sata responded that there are multiple close-out processes: DSA, internal and financial. After DSA closes a project, the District still has training, operations manuals and other documents that must be reviewed. As part of the financial close-out process, vendors are contacted and all open Purchase Orders are reviewed and closed. Once the outstanding financial issues are resolved, the project can be considered closed. By this time, no further contingencies are required. However, the “lag time” for this due-diligence process is why a project can remain “un-closed” after construction is completed.
- Member Dennis asked if an Outlook invite for all the next scheduled meetings could be sent out to each member.
 - Ms. James responded that invitations for all the meetings will be sent out no later than Wednesday, May 7, 2014.
- Member Bertagnolli asked if the committee could receive future reports requiring their review or acceptance be sent out when they are completed.
 - Mr. Sata response was yes. The committee support staff would do its best to get reports to the committee in a timelier manner.

VII. FUTURE MEETINGS:

- A. The next schedule meeting will be Monday, August 11, 2014
 - 1. Bond Counsel will be present at this meeting to address the question posed by Member Charboneau.

VIII. ADJOURNMENT

Chairman Jordan adjourned the meeting at 6:43 pm.