Citizen’s Bond Oversight Committee

July 21, 2015

*This presentation is based on a template and specific request for topics provided by the CBOC Chairperson

Follow-up presentations are available at the request of the CBOC Chairperson
Presentation Items

1. Basics of Bond Finance - Yulian Ligioso
2. Bond Spending & Implementation Plan - Leigh Sata (LS)
3. Bond Spending Plan - Project Initiation Forms (LS)
4. Project Delivery Methods (LS)
5. Program & Project Input - Approvals Process (LS)
6. Role of CBOC (LS)
BASICS
Of Bond Finance

Yulian Ligioso
Vice President, Business and Finance
Solano Community College District
Specific Questions from CBOC

- How does SCCD work with the County Treasurer’s Office on holding and distribution of funds?

- How are Assessments calculated and what are the limits?

- How much interest does the District receive; how often and at what rate?

- How are the funds invested?
## Bonding Capacity Analysis

### Solano Community College District

<table>
<thead>
<tr>
<th>Fiscal Year</th>
<th>2010-11</th>
</tr>
</thead>
<tbody>
<tr>
<td>District Assessed Valuation</td>
<td>$38,312,706,730</td>
</tr>
<tr>
<td>Maximum Legal Bonding Capacity</td>
<td>2.500%</td>
</tr>
<tr>
<td>(as % of Assessed Valuation)</td>
<td></td>
</tr>
<tr>
<td><strong>Gross Bonding Capacity</strong></td>
<td>$957,817,668</td>
</tr>
</tbody>
</table>

### Outstanding General Obligation Bonds (1)

<table>
<thead>
<tr>
<th>Bond Type</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>2005 Refunding</td>
<td>$62,539,812</td>
</tr>
<tr>
<td>Election of 2002, Series 2006B</td>
<td>$41,905,279</td>
</tr>
<tr>
<td><strong>Total Bonds Outstanding:</strong></td>
<td>$104,445,091</td>
</tr>
</tbody>
</table>

### Total Net Bonding Capacity

(Gross Bonding Capacity Less Bonds Outstanding)

<table>
<thead>
<tr>
<th>Category</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Total Net Bonding Capacity</strong></td>
<td>$853,372,577</td>
</tr>
</tbody>
</table>

(1) Bonds Outstanding as of October 3, 2011
Legislative Changes to Education Bond Issuance Provisions

<table>
<thead>
<tr>
<th>Parameter</th>
<th>Current</th>
<th>Proposed</th>
<th>Original Measure Q Plan</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Bond Series Maximum Repayment Term</td>
<td>Maximum Bond Repayment Term = 40 Years</td>
<td>Maximum Bond Repayment Term = 40/25 Years</td>
<td>Maximum Bond Repayment Term = 35 Years</td>
</tr>
<tr>
<td>2. Bond Maximum Interest Rate</td>
<td>Maximum Bond Interest Rate = 12%</td>
<td>Maximum Bond Interest Rate = 8%</td>
<td>Assumed Interest Rates = 4.5%-6.5%</td>
</tr>
<tr>
<td>3. Bond Maximum Repayment Ratio</td>
<td>Maximum Repayment Ratio = None</td>
<td>Maximum Repayment Ratio = 4:1</td>
<td>Repayment Ratio = 2.97 : 1</td>
</tr>
<tr>
<td>4. Call Feature for Capital Appreciation Bonds (CABs)</td>
<td>None Required</td>
<td>Required for CABs Maturing after 10 Years</td>
<td>Call Feature for CABs</td>
</tr>
<tr>
<td>5. Consents Needed to Exceed Parameters</td>
<td>None Required</td>
<td>County Board of Supervisors; or</td>
<td>Not Applicable</td>
</tr>
<tr>
<td></td>
<td></td>
<td>County Superintendent of Schools</td>
<td></td>
</tr>
</tbody>
</table>
Total Bond Authorization

$348,000,000

Issue Summary

<table>
<thead>
<tr>
<th>Series</th>
<th>Issue Date</th>
<th>Term</th>
<th>Issue Size</th>
<th>Payback Ratio</th>
</tr>
</thead>
<tbody>
<tr>
<td>Series A</td>
<td>April 2013</td>
<td>35-Years</td>
<td>$120,000,000</td>
<td>2.35 : 1</td>
</tr>
<tr>
<td>Series B</td>
<td>August 2018</td>
<td>25-Years</td>
<td>$70,000,000</td>
<td>1.76 : 1</td>
</tr>
<tr>
<td>Series C</td>
<td>August 2026</td>
<td>25-Years</td>
<td>$70,000,000</td>
<td>2.78 : 1</td>
</tr>
<tr>
<td>Series D</td>
<td>August 2035</td>
<td>25-Years</td>
<td>$88,000,000</td>
<td>3.29 : 1</td>
</tr>
<tr>
<td>Total Program</td>
<td></td>
<td></td>
<td>$348,000,000</td>
<td>2.55 : 1</td>
</tr>
</tbody>
</table>

Total Length of Tax
47 Years

Total Payback Ratio
2.55 : 1

Assumed Assessed Valuation Growth Rate

<table>
<thead>
<tr>
<th>Fiscal Year</th>
<th>Growth Rate</th>
</tr>
</thead>
<tbody>
<tr>
<td>2012-13 (Actual)</td>
<td>-0.16%</td>
</tr>
<tr>
<td>2013-14</td>
<td>1.00%</td>
</tr>
<tr>
<td>2014-15</td>
<td>2.00%</td>
</tr>
<tr>
<td>2015-16</td>
<td>3.00%</td>
</tr>
<tr>
<td>2016-17 and After</td>
<td>4.00%</td>
</tr>
</tbody>
</table>

Projected Tax Rate
$18.99 (Per $100,000 Assessed Valuation)
Bond Funds - Oversight Diagram

- Bond Funds
- Rating Agencies: S&P, Moodies
- CBOC

- District Bond Team
- District Finance Team
- District Governing Board
- External Auditors
- CCCC
- ACCJC
- Solano County Treasurer
- Solano County Office of Education
- Solano County Treasurer
- Program Management Team
- Construction Management Team
BOND SPENDING PLAN
(IMPLEMENTATION PLAN)

Bond Spending Plan (Implementation Plan)
Project Summary
First Tier Project List
Bond Spending Plan (BSP or Implementation Plan)

- Board approved BSP - August 20, 2014

- All approved projects are found in the Ballot Language and/or Election Resolution
<table>
<thead>
<tr>
<th>PROJECT NAME</th>
<th>08/20/14 PROPOSED MEASURE Q BOND SPENDING PLAN</th>
<th>BOND FUNDS BALANCE SUMMARY</th>
</tr>
</thead>
<tbody>
<tr>
<td>FF CAMPUS</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Library/Learning Resource Center</td>
<td>$21,800,000</td>
<td>$326,200,000</td>
</tr>
<tr>
<td>Performing Arts Building (Phase 1 B1200 Renovation)</td>
<td>$6,200,000</td>
<td>$320,000,000</td>
</tr>
<tr>
<td>Performing Arts Building (Phase 2)</td>
<td>$13,700,000</td>
<td>$306,300,000</td>
</tr>
<tr>
<td>Science Building (Phase 1)</td>
<td>$33,100,000</td>
<td>$273,200,000</td>
</tr>
<tr>
<td>Science &amp; Math Building (Phase 2)</td>
<td>$8,000,000</td>
<td>$265,200,000</td>
</tr>
<tr>
<td>Career Technology Building (CTE)</td>
<td>$3,000,000</td>
<td>$262,200,000</td>
</tr>
<tr>
<td>Agriculture (Horticulture)</td>
<td>$2,000,000</td>
<td>$260,200,000</td>
</tr>
<tr>
<td>VV CAMPUS</td>
<td></td>
<td></td>
</tr>
<tr>
<td>VV Classroom Building Purchase &amp; Renovation</td>
<td>$8,200,000</td>
<td>$252,000,000</td>
</tr>
<tr>
<td>Biotechnology &amp; Science Building</td>
<td>$28,000,000</td>
<td>$224,000,000</td>
</tr>
<tr>
<td>Aeronautics &amp; Workforce Development Building</td>
<td>$15,000,000</td>
<td>$209,000,000</td>
</tr>
<tr>
<td>Student Success Center/LRC</td>
<td>$22,000,000</td>
<td>$187,000,000</td>
</tr>
<tr>
<td>Fire Training</td>
<td>$7,000,000</td>
<td>$180,000,000</td>
</tr>
<tr>
<td>Agriculture Building</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>VJ CAMPUS</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Vallejo Prop Purchase Belvedere</td>
<td>$4,800,000</td>
<td>$175,200,000</td>
</tr>
<tr>
<td>Vallejo Prop Purchase Northgate</td>
<td>$6,800,000</td>
<td>$168,400,000</td>
</tr>
<tr>
<td>Site Improvements</td>
<td>$5,100,000</td>
<td>$163,300,000</td>
</tr>
<tr>
<td>Autotechnology Building</td>
<td>$19,600,000</td>
<td>$143,700,000</td>
</tr>
<tr>
<td>Student Success Center/LRC</td>
<td>$22,000,000</td>
<td>$121,700,000</td>
</tr>
<tr>
<td>Career Technology Building</td>
<td>$21,900,000</td>
<td>$99,800,000</td>
</tr>
<tr>
<td>INFRASTRUCTURE IMPROVEMENTS</td>
<td></td>
<td></td>
</tr>
<tr>
<td>IT Infrastructure Improvements</td>
<td>$14,000,000</td>
<td>$85,800,000</td>
</tr>
<tr>
<td>Utility Infrastructure Upgrade (Energy)</td>
<td>$23,800,000</td>
<td>$62,000,000</td>
</tr>
<tr>
<td>ADA &amp; CLASSROOM IMPROVEMENTS</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Small Capital Projects</td>
<td>$8,300,000</td>
<td>$53,700,000</td>
</tr>
<tr>
<td>ADA Improvements</td>
<td>$10,900,000</td>
<td>$42,800,000</td>
</tr>
<tr>
<td>PLANNING, ASSESSMENTS &amp; PROGRAM MANAGEMENT</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Program Management, District Support and Planning</td>
<td>$25,400,000</td>
<td>$17,400,000</td>
</tr>
<tr>
<td>RESERVE &amp; INTEREST*</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Program Reserve &amp; Interest</td>
<td>$17,400,000</td>
<td>$-</td>
</tr>
<tr>
<td>TOTAL BOND SPENDING PLAN</td>
<td>$348,000,000</td>
<td></td>
</tr>
</tbody>
</table>
First Tier Building Projects

Project list includes both infrastructure and building construction projects

All projects are acknowledged with a “project initiation form” (PIF) which is also board approved
Bond Spending Plan

- Board approved specific projects - September 17, 2014
- Project List includes:
  - Bio-Technology and Science
  - Vacaville Annex Structural Upgrade
  - Auto Technology
  - Science and Veteran’s Building
  - Performing Arts Phase 1
  - Agriculture Program (Horticulture)
  - Small Capital Projects
  - IT Infrastructure Improvements
  - Utility Infrastructure Upgrade (Energy)
- Project Initiation Forms
Project Initiation Form (PIF)

A PIF is Board approved and includes the following:

- Project Scope of Work
- Project Schedule
- Total Project Cost
- Delivery Method
- Other project information

Project Initiation Forms
How are components of the PIF Developed?

- Scope
- Schedule
- Budget
- Delivery Method
Scope:

- Develop scope based on needs assessment and examination of existing space requirements
- Consider age and condition of building, classroom & lab space, and equipment
- Does it meet conditions of bond language?
Schedule:

- Develop schedule based on size and technical complexity of project
  - Highly technical program?
  - System complexity?
- Cash flow considerations are important
  - Don’t start project that can’t be finished
- Consider timing of bond sales and Assessed Values (AV) in County
Budget:

- Program Manager develops budget level estimate for cost of project
- Construction Manager affirms budget once scope is signed off by users
- Architect also provides cost estimate of project
- Reconciliation process
SOLANO CCD CAPITAL IMPROVEMENT PROGRAM
Project Initiation Form

<table>
<thead>
<tr>
<th>Campus:</th>
<th>Fairfield Campus</th>
<th>Date:</th>
<th>09/17/14</th>
</tr>
</thead>
<tbody>
<tr>
<td>Building Name(s):</td>
<td>Building 1200 Theater</td>
<td>Project No.:</td>
<td>42101.821210.</td>
</tr>
<tr>
<td>Project Name:</td>
<td>Performing ArtsBuilding (Phase 1, B1200 Renovation)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Project Scope:</td>
<td>Renovation of Building 1200 Theater to provide theater arts and music programs instructional and student support spaces. The project will include the following components: planning, assessments, surveys, design, abatement and renovation of Building 1200 and associated site work; furniture, fixtures and equipment; project/construction management and swing space during building renovation.</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Project Cost Estimate:</td>
<td>$ 19,960,000</td>
<td>Building Square Footage:</td>
<td>26,000</td>
</tr>
<tr>
<td>Construction Cost Estimate:</td>
<td>$ 14,400,000</td>
<td>Construction Cost/Sq. Ft.:</td>
<td>$554</td>
</tr>
<tr>
<td>Funding Source(s):</td>
<td>State Funded and Measure Q Bond Funds</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Design Consultant:</td>
<td>LPAS</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Design Start Date:</td>
<td>December, 2013</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Delivery Method:</td>
<td>Design Bid Build</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Comments:</td>
<td>Due to State funding allocation timeline, project design commenced in 2013.</td>
<td></td>
<td></td>
</tr>
<tr>
<td>KCEM Design Manager</td>
<td>Mike Dossa</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Submitted by:</td>
<td>Mike Dossa</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Design Manager, Kitchell CEM</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

PROJECT AUTHORIZATION

<table>
<thead>
<tr>
<th>Ines Zildzic</th>
<th>Leigh Sata</th>
</tr>
</thead>
<tbody>
<tr>
<td>Program Manager</td>
<td>Executive Bonds Manager</td>
</tr>
<tr>
<td>Kitchell CEM</td>
<td>Solano Community College District</td>
</tr>
</tbody>
</table>
Project Delivery Methods

Design-Bid-Build
Design-Build
Other
Three Project Delivery Methods Under Consideration:

- Design-Bid-Build
- Design-Bid
- Lease-Lease-Back*

*new information to share
Design-Bid-Build Methodology:
- Most common (time tested) delivery methodology
- Lowest Cost
- Architect is selected on qualifications
- Design process allows users input far into development of project
- Architect is responsible for Department of the State Architect (DSA) approval process
- Builder is procured by low bid with limited time to review drawings
- Change Orders are part of process & managed by Construction Manager; Budgets include 10% construction contingency
- Claims (& settlements) are part of the process
Measure Q Project Utilizing Design-Bid-Build Methodology:

- Fairfield Performing Arts Modernization (Building 1200)
- Why? When the District submitted the “Final Project Proposal” (FPP) to the State, the delivery methodology was defined and cannot be changed without risk to funding.

Projects under consideration for Design-Bid-Build

- Fairfield Library & Learning Resource Center
- Why? The FPP was submitted with this project delivery methodology

Issues and challenges:

- Lowest bid requires experienced Construction Manager
- Change Order management - change orders will occur

Design-Bid-Build

Based on presentation on August 20, 2014 to Measure Q Steering Committee
Design-Build Methodology

• Built for Speed
• Criteria Architect selected based on qualifications
• Criteria Architect works with users to create a criteria document describing the project requirements
• Design-Build Entity (DBE) provides a design and guaranteed maximum price (GMP) based on criteria the documents
• DBE is responsible for DSA process
• User input occurs early in the process with development of criteria
• DBE is single point of responsibility during construction; Criteria Architect provides quality control for owner
• Tested in CA Community College system
• Project minimum size is $2.5M construction cost
• Not for inexperienced owner

Design-Build

Based on presentation on August 20, 2014 to Measure Q Steering Committee
Measure Q Projects Utilizing Design-Build Methodology:
- Biotechnology & Science Building - Vacaville Center
- Automotive Technology Building - Vallejo Center
- Utility Infrastructure Upgrade (Energy) - ESCO & Solar Projects

Projects under consideration for Design-Build
- Fairfield Science & Veteran’s Center Building
- Vacaville Annex Structural Upgrade

Issues and challenges:
- Later stages of design do not allow for substantial user input (high value user input occurs early in process)
- Negotiated bid process - but change orders are still possible
- Established track record of on time and higher quality delivery

Design-Build
Based on presentation on August 20, 2014 to Measure Q Steering Committee
New Information: Lease-Lease-Back (LLB) Methodology

- LLB was challenged and recent rulings state that a “lease” must look like a lease; meaning that it should include financing and interest payments beyond the construction period.
- The question for the District is whether the benefits of LLB outweigh the cost of the lease, when bond funding is available.

Projects previously under consideration for LLB include:

- Fairfield Science & Veteran’s Center Building
- Changing delivery method for FF Science project to Design-Build is modification of architect’s contract and issuing new RFP for CM services.
Internal Approvals
Process

Shared Governance
Shared Governance:

- Legal authority for the institution rests with the Governing Board.
- The Board may delegate authority to the Superintendent/President for the day to day operations of the institution.
- Shared Governance provides internal constituents an opportunity to express their opinion about a project or initiative.
- Shared Governance does not mean that there is no one in charge.
Internal Constituents include:

- Faculty - Faculty is represented by SCFA/CTA
- Staff - Staff is represented by CSEA and Local 39
- Administration - includes the management team for the academic and operational sides of the house
Shared Governance meetings may include:

- Associated Students of SCCD
- All-Department faculty meeting
- Project-champion faculty meeting
- All-Section Dean’s meeting
- All-Deans meeting
- Bargaining Unit meeting
- Executive Management Team meeting
- Shared Governance Meeting
External Constituent Meetings may include:

- Measure Q Steering Committee
- CBOC

Previous presentations to external groups have included:

- SCCD Foundation
- Vaca Select Committee
- Vacaville Chamber of Commerce
- Central Solano Taxpayer Association
- Fairfield City Council, Suisun City Manager & Vallejo City Staff
- Vallejo/Benicia Community & Business Leaders Workshops
- Rotary Clubs - Cordelia, Fairfield, Winters, Vallejo
Input is considered, consolidated & presented to the Governing Board:

» The Governing Board decides

» Check SCCD website for Board Agenda
Role of the CBOC

Roles & Responsibilities
Revised Bylaws
Role of CBOC:

- Ensure that the District is spending Measure Q dollars as specified in the bond language
- Staff will continue to provide information and data as needed
- At minimum, provide an annual report to the Board
Revised Bylaws:

- The Board is reviewing the revised Bylaws
- The matter will be considered on August 5, 2015
Questions?