

SANTA CLARITA COMMUNITY COLLEGE DISTRICT
Independent Citizens' Bond Oversight Committee

November 1st, 2016

MINUTES

(Approved January 24, 2017)

The Santa Clarita Community College District Independent Citizens' Bond Oversight Committee
Meeting was held on November 1st, 2016

in

Canyons Hall Room 201

College of the Canyons

26455 Rockwell Canyon Road, Santa Clarita, California 91355

Members Present: Mr. Nicholas Lentini, Chair
Ms. Barbara S. Cochran
Mr. Alan Difatta
Mr. Michael Hogan
Ms. Katherine Martinez
Ms. Ruthann Levison
Mr. Calvin Hedman
Mr. Spencer Leafdale

Members Absent: Mr. Don Kimball
Mr. Kevin Holmes
Mr. Michael Lebecki

Others Present: Dr. Dianne Van Hook, Chancellor
Dr. Barry Gribbons, Deputy Chancellor
Ms. Sharlene Coleal, Asst. Superintendent/VP, Business Services
Mr. Jim Schrage, Asst. Superintendent/VP, Facilities Planning, Operations and Construction
Dr. Ryan Theule, VP, Canyon Country Campus and Grants Development
Ms. Cindy Grandgeorge, Associate VP, Business Services
Mr. John Green, Director, District Publications and Reprographics
Ms. Balbir Chandi, Director, Fiscal Services

1. PRELIMINARY FUNCTIONS

A quorum was declared and the meeting called to order by the Chair of the Oversight Committee, Mr. Lentini.

**Quorum
Established
(1.1)**

The Committee moved approval of meeting agenda.

Motion: Mr. Hogan

Second: Mr. Difatta

Record of Vote: 8 - 0

**Approval of
Agenda
(1.2)**

The Committee moved approval of the March 31st, 2016 meeting minutes.
Motion: Mr. Hogan Second: Mr. Difatta Record of Vote: 8 - 0

**Approval of
Minutes
(1.3)**

All members and guests introduced themselves.

**Welcome
Guests
(1.4)**

2. FACILITIES

OVERVIEW OF THE EDUCATIONAL & FACILITIES MASTER PLAN AND PROCESSES (2.1)

Mr. Schrage went over the Facilities Planning and Development PowerPoint presentation.

Educational Master Plan

It takes over 1 year to put Educational Plans together. The First Step is to Review the following data:

- Demographic Changes
 - Labor Market
 - Economy
 - How we interact with High Schools
 - International Students
-
- Projections are done every 1, 3, 5, and 10 years.
 - We do our own growth projections.
 - We try to meet the needs of the community and look at trends for the future.

Facility Master Plan

Everything built is based on plans that are driven by student need:

- Needs are prioritized
- Funding is identified
- A team is selected
- Building begins

Staffing needs were assessed in order to support faculty. In addition, we need to make sure we can staff buildings. Fall Enrollment (Chart) is currently under 20,000 – expect to grow 25% by 2023 (3% a year)

- We need to take this into consideration for faculty

Individuals were interviewed in each department (230 faculty, staff, and community members) and add this data to the plan. Then, we will determine Educational needs (i.e., staff, equipment, etc.) After a year of interviewing and putting data together, we will compare the data to the available physical space. We will compare what we have to what we need and create new space based on the new demand. The critical part is to respond to “need,” not “want.” We maximize our funding and building, but we do it in a straightforward way with the support of the community.

- 1988 – 178,000 square feet
- 2016 – 1 million square feet

Dr. Van Hook addressed the Committee and provided a history of State capital funding:

- Prior to the 1980s, all community college buildings were funded by offshore oil funds, which worked well up until the 1980s when oil production shut down.
- In the 1980s (1983-84) – the Oil Crisis affected California’s revenue stream, drying it up.
- In 1976, the Community College Construction Act did a projection of facilities based on population.
- Then, the State issued Revenue Bonds to be funded by State income.
- From 1991 to 2005, GO Bonds issued by the State were to be paid by taxpayers.
- Up until 2001, the State fully funded projects based on space allocation studies compared to student enrollment.
- In 1987, we were 23% unfunded and Dr. Van Hook worked with Michael Moss to get projections increased, which increased funding.
- Prop 39 changed the required percentage from 67% to 55% to facilitate passage of local funding.
- For 30 years, the College of the Canyons could not build other facilities.
- In the last 15 years, the criteria for Prop 39 resources were different, so the buildings we built were different. We were one of the first districts in 2001 to pass a bond.

Facilities for California State University and University of California were fully funded by the State. California Community Colleges have 2.5 million students, while California State Universities and Universities of California only have 550,000 – we serve 5-times that amount of students.

The funding formula for Community College facilities is very different (Community Colleges are funded at 1/2 of California State Universities and 1/3 of Universities of California):

Community Colleges:	\$ 5,000/FTES
California State Universities:	\$12,000/FTES
Universities of California:	\$23,000/FTES

Prioritizing Need – State Funded Projects

- State used to have bonds every 2 years
- Previously, there were only three categories of priority they would use to prioritize
- 50% Funds Category A; 50% Funds Category B & C
 - A. Health & Safety
 - B. Increase Instructional Capacity
 - C. Modernize Instructional Space
- Currently, Health & Safety Receives All Funding
- 113 Colleges are Fighting for a Small Pot of Money
- 200 Points – 4 Categories
 - 50 – Match 50% with Local Funds
 - 50 – Student Need – 100%
 - 50 – Growth
 - 50 – Capacity Load
- Local Money Significantly Helps to Fund Buildings
- High Score is 170-175

There has been no State Bond since 2006 (10 years). If Bond passes in November 2016, the Fund will be broken into 4 categories:

1. Plans
2. Working Drawings
3. Construction
4. Equipment

The funding will be spread out over years. We decided to not wait for State funding and to build using our own money.

- Identify Funding
- State and local Grants, Fundraising, Asset Generating Partnerships, Assume Long-Term Debt

Early 1990's

- Years ago, we planned to do Asset Management by surplusizing the South Lot by deeming it not needed for Educational Purposes and negotiating a land lease to generate a revenue stream.
 - Riverside built North Orange campus this way.
- Dr. Van Hook had an epiphany that we did not want to build apartments so to avoid being property managers and dealing with tenant issues.
- Along Valencia – we were going to build a strip mall with restaurants. Tom Lee at Newhall Land met with Dr. Van Hook and 58 people and ended up becoming the Co-Chair of the University Center Campaign. He assisted with strategy and fundraising to build the University Center.

The History of College of the Canyons facilities began in 1970:

- The State would not fund initial campus buildings to serve 5,000 students.
- The voters passed a \$15 million GO Bond to build Bonelli, Boykin, Seco, Towsley, Stadium, and the Student Center.

Measure M Summary of Funding and Related Projects with local Bonds, State GO Bonds, Local Funding, including the College of the Canyons Foundation.

- The District had to determine when to build without State funding, which was a juggling act.
- The State funds one project per site and they have a cycle that may not meet future needs

Define Project Scope:

- Don't Over or Under Build
- Select Project Team
- Use Construction Management Company – Multi Prime
- Control Schedule, Quality, & Budget

Build It:

- Select method of construction delivery: low bid, sole contractor, multiple prime (construction management), design/build
- Select consultant
- Package project for bidding
- Evaluate bids
- Confirm bids do not exceed budget; if not, modify project to meet budget constraints
- Board-approve contracts
- Break ground

Dr. Van Hook made final remarks regarding Facilities Planning & Development:

- Some districts have legislators write a bill for land or other types of purchases embedded in another bill (i.e., plastic bags).
- The Santa Monica Community College District had a legislator write a bill to enable them to buy a theater and operate it as their own.

Secondary Effects: Remodel and Modernization

- Paint / Carpet
- Repurpose Meeting Space to Lecture Space

350,000 square feet needs to be modernized based on changes in technology. For example, Towsley Hall houses Welding courses, which has a curriculum that has vastly changed since the 1990s. The building needs modernizing, including 10,000 additional square feet, to meet the needs of the curriculum and students.

Mr. Lentini commended Mr. Schrage and Dr. Van Hook on the planning they do for the college that has added so many new facilities.

3. COMMITTEE MEMBERSHIP

INTRODUCTION OF COMMITTEE MEMBERS (3.1)

Committee members previously introduced themselves during the welcome portion of the agenda.

APPOINT CHAIR AND ELECT VICE-CHAIR FOR THE SCCCD INDEPENDENT CITIZENS' BOND OVERSIGHT COMMITTEE AND SELECTION OF TERMS BY MEMBER (3.2)

Dr. Van Hook indicated that Mr. Lentini is appointed as Chair.

Election of Vice-Chair: Mr. Hogan nominated Mr. Leafdale for Vice-Chair. There were no other nominations.

The Committee moved approval of Mr. Leafdale to serve as Vice-Chair.

Motion: Mr. Hogan Second: Mr. Difatta Record of Vote: 8 - 0

Dr. Van Hook gave an overview of the terms for members and explained that the terms are staggered to allow carry-forward, which prevents the entire committee from terming out at the same time and retains expertise and knowledge:

- Four 1-year terms
- Seven 2-year terms
- Members can be reappointed two more terms for a total of three terms (up to 6 years)
- Terms reset with this new combined Oversight Committee
- Those that draw 1-year terms can be reappointed for two additional 2-year terms if they wish to remain

Lots with the following terms were drawn at random by the members in attendance:

- 1-Year Term
 - Mr. Spencer Leafdale
 - Mr. Alan Difatta
 - Mr. Michael Hogan
 - TBD
- 2-Year Term
 - Ms. Katherine Martinez
 - Mr. Barbara S. Cochran
 - Mr. Nicholas Lentini
 - Ms. Ruthann Levison
 - Mr. Calvin Hedman
 - TBD
 - TBD

The one remaining 1-Year Term and two remaining 2-Year Term slots will be determined at random between the absent members of the Committee: Mr. Don Kimball, Mr. Kevin Holmes, and Mr. Michael Lebecki.

OVERVIEW OF COMMITTEE ROLES AND RESPONSIBILITIES

(3.3)

Ms. Coleal presented a PowerPoint presentation summarizing the Independent Citizens' Oversight Committee roles and responsibilities. She explained that the District's attorney, David Casnocha, was not able to attend the meeting as he was at a bond rating in New York. The overview covered the following points:

- Overview of Measure M and Measure E Bond Authorizations
 - Measure M – November 7, 2006 - \$160 Million
 - Measure E – June 7, 2016 - \$230 Million
- Proposition 39 Requirement for a Citizens' Oversight Committee
- Roles and Responsibilities of the Citizens' Oversight Committee
- Membership and Terms
- Duties of the Board and Chancellor
- District Support to the Citizens' Oversight Committee

4. FINANCIAL

REVIEW OF FINAL MEASURE M BOND ISSUANCE - TIMELINE

(4.1)

Ms. Coleal announced that the final issuance of Measure M funds in the amount of \$20 million was completed that day. The voters had originally authorized \$160 million in November 2006 and almost ten years later, on August 10, 2016, the Board approved a Resolution to approve the final \$20 million issuance. Many projects have been funded with Measure M including Hasley Hall (Classrooms), Aliso Hall (Science), Pico Canyon (Dance Building), the PAC (Performing Arts Center), the University Center, Canyon Country Campus (Modular Admin and Classroom buildings), Mentry Expansion (Media, Entertainment, Arts), TLC and Library expansion, the Culinary building and the Canyons Hall (Student Service and Administration). With the final \$20 million, the main projects to be funded will be the Canyon Country Campus Science building and the beginning of a Valencia Campus parking structure as well as ADA and Scheduled Maintenance projects.

The District’s bond counsel, Mr. David Casnocha, provided a legal opinion confirming that the GO Bond debt service payments were paid through local property taxes not District funds. This was the foundation for the District’s first AAA rating. A comprehensive presentation was developed by the District and its bond underwriter, which provided background on the District and its local community and economy as well as the District’s financials, administrative structure, and accomplishments. On September 29, 2016, Sharlene Coleal and Jeff Baratta presented the information to the two rating agencies; Fitch and S&P. The presentation was well received and the district was commended for being fiscally stable and for its positive presence in the community as well as for the longevity of its Chancellor, administrators and Board of Trustees and the ability of the district to grow as well as its flexibility to weather the volatility of the state budget. They said that the investors know the college and feel it is a sound investment. The result of the rating presentation was AAA and AA ratings based on the following:

- **Security** – The Bonds are secured by ad valorem property taxes
- **Strong Tax Base; Low Debt** – Economic Resource Base supporting the Bonds is diverse, growing, and reasonably stable in downturns
- **Operating Performance** – Expenditure cutting flexibility and solid financial reserves leave the District very well positioned to address cyclical downturns. District maintained solid financial flexibility through last recession
- **Revenue Framework** – Historical revenue growth has exceeded inflation and U.S. economic performance due primarily to long-term enrollment growth

The sale of the bond funds was structured by the District’s underwriter, Jeff Baratta at Piper Jaffray and reviewed by the District’s Bond Counsel, David Casnocha, Financial Advisor, Joanna Bowes and the LA County Treasurer. The overall recommendation was that it was a great time to be in the market with rates at an all time low and the all-in cost of 3.58% was good for the local property taxpayer who would ultimately be responsible for repaying the bonds. The bond funds were estimated to be available to the district by mid-November with \$20 M for project funds and \$1.6 M in premium bond funds to cover the \$600,000 cost of issuance with the remaining \$1 million deposited into a debt reserve fund.

REVIEW OF LIFE-TO-DATE EXPENSES BY PROJECTS – AS OF 6/30/16; REVIEW OF LIFE-TO-DATE EXPENSES BY PROJECTS – AS OF 9/30/16 (4.2),(4.3)

The Committee was provided with summary and detail expense reports for 6/30/16 Life-To-Date and 9/30/16 Life-To-Date. Ms. Coleal shared that the first three issuances of Measure M totaled \$140 million, but those funds were augmented as follows:

\$140.0 million - Bond Issuances 1, 2, & 3
 \$ 6.3 Million - Premium Bonds
 \$ 5.9 Million - Interest Income
\$152.2 Million - Total

5. OTHER

COMMENTS BY MEMEBERS OF THE AUDIENCE ON ANY ITEM NOT ON THE AGENDA (5.1)

No comments.

6. ADJOURNMENT AND ANNOUNCEMENT OF NEXT MEETING (6.1)

The meeting was adjourned by Mr. Lentini. The next meeting will be held in January.