

SANTA CLARITA COMMUNITY COLLEGE DISTRICT
Independent Citizens' Bond Oversight Committee

December 9, 2019

MINUTES

(Approved)

College of the Canyons

Canyons Hall Room 201

26455 Rockwell Canyon Road, Santa Clarita, California 91355

Members Present: Mr. Nicholas Lentini, Chair
Mr. Calvin Hedman
Mr. Kevin Holmes
Mr. Don Kimball (via conference call)
Mr. Michael Lebecki (via conference call)
Ms. Ruthann Levison
Mr. Sebastian Cazares, Associated Student Government Representative

Members Absent: Ms. Barbara S. Cochran
Mr. Michael Hogan
Mr. Spencer Leafdale

Others Present: **District Administration**

Dr. Dianne Van Hook, Chancellor
Ms. Sharlene Coleal, Asst. Superintendent/VP, Business Services
Mr. Jim Schrage, Asst. Superintendent/VP, Facilities Planning, Operations & Construction
Mr. Jeffrey Forrest, Vice President, Economic & Workforce Development
Mr. Eric Harnish, Vice President, Public Information, Advocacy & External Relations
Mr. Jim Temple, Vice President, Technology
Dr. Ryan Theule, Vice President, Canyon Country Campus and Grants Development
Mr. Jason Hinkle, Associate Vice President, Business Services
Mr. Omar Torres, Associate Vice President, Academic Services
Ms. Balbir Chandi, Director, Fiscal Services
Mr. Will Karrat, Director, Facilities Projects

District Staff

Ms. Mary Khair, Accountant, Fiscal Services
Mr. Jon Young, Business Services Analyst

District Guests

Mr. Jason List, Principal, Isom Advisors – Financial Advisor
Mr. Trennis L. Wright, Senior Vice President, Public Finance, Piper Jaffray – Bond Underwriter

1. PRELIMINARY FUNCTIONS

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

**Quorum
Established
(1.1)**

The Committee moved approval of meeting agenda. **Approval of
Agenda
(1.2)**
Motion: Mr. Michael Lebecki Second: Mr. Kevin Holmes Record of Vote: 6 – 0
(3 Members Absent; 1 Member
Late)

The Committee moved approval of the January 9, 2019 and June 19, 2019 meeting minutes. **Approval of
Minutes
(1.3)**
Motion: Mr. Calvin Hedman Second: Ms. Ruthann Levison Record of Vote: 6 – 0
(3 Members Absent; 1 Member
Late)

The Committee Chair, Mr. Nicholas Lentini, welcomed guests. **Welcome
Guests
(1.4)**

2. FINANCIAL

Review of Life-to-Date Expenses by Project (Measure M) – As of June 30, 2019 (2.1)

Ms. Sharlene Coleal informed the Committee that ALL funds, a total of \$175,329,254, for Measure M had been expended as of June 30, 2019. She added, going forward, there will only be one report – Measure E – as Measure M has ended. She provided a brief overview of the projects that had been funded through Measures M and E through September 30, 2019. The projects included:

- Valencia Campus Parking Structure
- Upper Practice Field Improvements – due to construction of the Valencia campus parking structure
- Canyon Country Science/Lecture Building
- ADA Transition Plan
- Secondary Effects
- Modernization Projects – including the Boykin building, which has been approved for a State Match
- Door and Lock Upgrades
- Canyon Country Student Services/Learning Resources Building (the mirror building to the Science/Lecture Building)
- Canyon Country Arts & Lecture Building

Review of Life-to-Date Expenses by Project (Measure E) – As of June 30, 2019 (2.2)

Ms. Sharlene Coleal reviewed the Measure E projects in conjunction with the Measure M overview.

Review of Life-to-Date Expenses by Project (Measure E) – As of September 30, 2019 (2.3)

Ms. Sharlene Coleal reviewed the Measure E projects in conjunction with the Measure M overview.

In addition, Mr. Jason Hinkle spoke to the difference between the June 30, 2019 and September 30, 2019 reports for Measure E. An additional \$85,931,501 in General Obligation bonds is available due to the second issuance of Measure E (which occurred in August 2019), as well as net premiums and estimated interest, for a total of \$141,002,864.

Mr. Jason Hinkle directed the Committee's attention to the detailed financials for Measure E and noted there is supporting documentation behind each project. He told the Committee that the completed Audit for 2018-19 would be presented for approval at the next Committee meeting, and then brought to the Board of Trustees for their approval at the January 22, 2020 Board meeting.

A question was raised as to when the Measure E funds had to be expended. Once issued, the majority of the funds should be spent within three years.

Update on Measure M Bond Refunding

(2.4)

Mr. Jason List and Mr. Trennis Wright gave a Post-Pricing Presentation on the Measure M General Obligation Refunding Bonds process:

- Core Financing Team –
 - **Santa Clarita Community College District:** Sharlene Coleal, Assistant Superintendent/Vice President, Business Services; Jason Hinkle, Associate Vice President, Business Services
 - **Municipal Advisor:** Jason List, Principal, *Isom Advisors* (fiduciary to the District – puts the District's interests above all others')
 - **Bond Counsel:** David G. Casnocha, Managing Shareholder, *Stradling*; Kim Westberry, Associate, *Stradling*
 - **Underwriter:** Trennis L. Wright, Senior Vice President, *Piper Jaffray & Co.* (buys and sells bonds); Ilya Barats, Associate, *Piper Jaffray & Co.*
- Timeline of Events –
 - **October 31, 2019:** Due Diligence Review and Procedure Credit Ratings (received a AAA rating from Fitch Group and a AA rating from S&P)
 - **November 6, 2019:** Board of Trustees Authorized the Bonds
 - **November 7, 2019:** Preliminary Official Statement - offering circular distributed to investors
 - **November 7-13, 2019:** Pre-Market Bonds to Investors – reached out to 50 investors to create a demand/savings for the District
 - **November 13, 2019:** Pre-Price the Bonds – based on the District rating (the District's assessed value was \$67 billion) and Bond size versus comps to determine where the offering price should stand
 - **November 14, 2019:** Price, Sell and Underwrite – once sold, prices of the Bonds were locked in place
 - **December 12, 2019:** Projected Closing Date of the Sale
- A graph of the past three years of Five-Year and Ten-Year Treasury Rates showed it was a good time for refunding the bonds.
- Orders from investors resulted in \$112 million being received for the \$34 million in bonds offered for sale, or 3.28 times the Subscription Ratio.
- The level of investor interest (23 investors submitted orders) in the offering afforded Piper Jaffray the opportunity to change the spread on several maturities to substantially lower the yields for the District.
- Demand was so high for the bonds, interest rates were pushed lower – improving yields for the District.
- The objective was to maximize cash flow savings. The maturity date was shortened by three years in order to improve the borrowing rate (lowered from 4.6% to 3.02%) and lower debt service. The total cash flow savings over the term of the bonds saved the District over \$8 million.
- The LACOE Treasury was on all financial calls to ensure the District got the best deal possible.

3. FACILITIES

Construction Update

(3.1)

Mr. Jim Schrage provided an update on current and future projects to the Committee. Highlights were:

- **ADA Transition Plan** – The ADA picks the priority of phases.
 - **Phase 1** encompasses doorways and is 95% complete.
 - **Phase 2** encompasses paths to buildings and is in the design stage.
 - **Phase 3** encompasses everything inside the building. Designs for Phase 3 will begin once Phase 2 designs are approved by the DSA.
- **The Science/Lecture Building** – Construction is 65% complete. There is no roof on the east side of the building, so rain could delay construction. A soft open of the building is scheduled for Summer 2020.
- **The West PE Modernization** – The project’s completion is expected this week with finalizing the installation of the new bleachers. The building is expected to completely reopen, including the women’s locker room, on January 2, 2020.
- **The Student Services/Learning Resources Center** – Construction on the “mirror building” to the Science/Lecture Building is set to begin in March 2020.
- **Boykin Modernization** – All three floors of the building (the second oldest building on campus) are being renovated. This will be the second to last building that needs to be seismically retrofitted (a complicated process). Construction is set to start in the first quarter of 2021.
- **Bonelli Hall, Classroom Renovations** – The four lower level classrooms were retrofitted with bright LED lighting within a month.
- **HVAC Modernization at CCC** – Loud HVAC units were replaced with more efficient mini splits to reduce noise and save money.

4. GENERAL

Annual Report Draft – Review by Committee

(4.1)

Ms. Sharlene Coleal showed the Committee an example of the *Breaking News* that included information on bond projects. Then, she presented a draft of the Annual Report that would include the 2018-2019 Annual Audit, as well as the following:

- Background of the District and the surrounding region
- Background of the Citizens’ Bond Oversight Committee and Prop 39
- Requirements for Committee members
- Background on Measure M and Measure E
- List and status of projects funded by Measure M and Measure E
- Summary of the General Obligation Bond Audits
- Frequently Asked Questions

The Committee was told to please send any input or feedback on the Annual Report draft to Ms. Sharlene Coleal. It was noted that the Report would serve as a good background of the Committee to any new members and good insight into the Committee for any non-members. The report, once approved, will be posted online.

Comments by Members of the Audience on Any Item NOT ON THE AGENDA

(4.2)

Mr. Nicholas Lentini asked if anyone had additional comments. There was none.

5. ADJOURNMENT AND ANNOUNCEMENT OF NEXT MEETING

Adjournment

(5.1)

The meeting was adjourned by Mr. Nicholas Lentini. The next meeting will be held on January 16, 2020 at 4 P.M.