

**Kern Community College District
Bond Oversight Committee
AGENDA
April 24, 2003
3:00 p.m.
Conference Room 264**

- | | | |
|------|--|--------------------|
| I. | Welcome and Introductions | Dr. Walter Packard |
| II. | Selection of Chair and Vice-Chair | Dr. Walter Packard |
| III. | Review of Citizen's Oversight Committee's
Role and Responsibilities | Dr. Walter Packard |
| IV. | Overview of District's Facilities Master Plan
Process, Projects and Management Plan | Dr. Michael Maas |
| V. | Bond Issuance and Timeline | Mr. Thomas Burke |
| VI. | Establishment of Meeting Schedule | Chair |
| VII. | Adjournment | Chair |

**KERN COMMUNITY COLLEGE DISTRICT
MEASURE G
CITIZEN'S OVERSIGHT COMMITTEE**

April 24, 2003

Present: Bud Biery, Letty Cotta, Fran Florez, Jack Thomson, Jonathan Webster, Roy Weygand

Rose Marie Bans, John Rodgers, Walter Packard, Tom Burke, Bill Andrews, Michael Maas

Absent: Shoshanna Ader, Kathi Farr, Peter Christman

Dr. Packard introduced Dr. Michael Maas, Maas Companies, indicated that Maas Companies has been retained as the Facilities Development and Planning Firm to provide Development, Planning, and Management of the District's Capital Projects, particularly Measure G. Dr. Maas introduced the following members of Maas Companies:

Ms. Ann Kennedy
Mr. Patrick (PJ) Breen
Mr. Dan Rosenberg
Mr. Frank Hodgson
Mr. Dave Horen

Dr. Packard indicated that as stated in the By-laws of the Oversight Committee, he as Chancellor has the authority to appoint the first Chairman of the Oversight Committee. He stated that after reviewing the members of the Committee with the Board of Trustees, they had agreed to the appointment of Mr. Bud Biery to serve as the Chair. Ms. Fran Florez was then appointed the Vice-Chair.

Dr. Maas provided a power point presentation relating to the Measure G Citizens Oversight Committee. He described the Role of the Oversight Committee as monitoring spending of the Measure G funds in accordance with fiscal requirements and bonds regulations; serving as the public relations entity for information of the projects; and providing semi-annual reports to the Board of Trustees. He explained that the Management Team included the Chancellor; Assistant Chancellor, Administrative Services; Maas Companies; and the Bond Advisor.

Dr. Maas reported on the experience of the Maas Companies, citing 36 years of experience in California Community Colleges; \$4 billion in construction projects; 19 new College campuses; 74 Educational/Facility Master Plans; and Management of Bond Capital Construction Programs.

Dr. Maas commented that there are significant funds resulting from Measure G and Proposition 47, during a time of diminishing operational budgets, resulting in fewer faculty to teach, fewer staff to maintain classrooms, etc.

The Project Management Responsibilities were highlighted, including the establishment of the organizational structure and budget; providing on-going management of the bond program; developing the scope and schedule for the projects; establishing and coordinating all financial accounting for the bond expenses; coordinating approvals of projects from appropriate agencies; coordinating the work of architects, engineers, et.; and to manage the construction of the projects.

Dr. Maas explained that the plan to expend the funds of Measure G is anticipated to take 10 to 12 years. He pointed out there are 52 Measure G funded projects; 3 State Capital Construction bond projects; State scheduled maintenance funds; public/private partnership funds; infrastructure costs; and a construction contingency fund. The project sources of funding total approximately \$227 million. Dr. Packard commented that the public/private partnership funds were instrumental in the new project with the Delano Joint Union High School District.

Dr. Maas reported that a District Facilities Advisory Committee will be established, with the appointment of a construction manager for each campus. Each campus will have a facilities advisory committee.

A listing of the proposed projects by campus to be funded by the \$180 million funds from Measure G was shared with the Citizen's committee. Discussion followed on the various projects, including the solar energy system and well at Cerro Coso Community College, which could result in the reduction of expenditures by the other campuses.

Mr. Burke described the process followed in selling bonds in the amount of \$75,000,000, stating that the average yield is anticipated to be 4.4%. He indicated that currently Merrill Lynch and PaineWebber serve as the Investment Managers for the Certificates of Participation fund, and it is being evaluated to determine if Merrill Lynch and PaineWebber will be used for the Measure G funds.

Discussion ensued about how many meetings will be required of the Citizen's committee. Dr. Maas indicated that the by-laws of the committee require a minimum of one meeting per year, however, he recommended that because of the initial start-up activities, two meetings a year may be more appropriate during the first few years. He stated that when working with colleges, much of the construction takes place during the summer. He suggested one meeting in the spring to review the proposed projects for the summer; and one in the fall to review the completed projects.

Dr. Maas advised that staff will be preparing Educational Master Plans for each of the Colleges and they will be presented to the Committee at the March 2004 meeting. The fall meeting is anticipated to take place in October 2003 and will include a summary of the summer projects as well as a schedule for upcoming projects.

The minutes of the meetings of the Citizens Oversight Committee will be presented to the Board of Trustees.

Dr. Packard indicated that he was resigning from the Kern Community College District effective May 31, 2003. He commented that an Interim Chancellor would be appointed to serve during the next 6 to 12 months. During that time, the process for the selection of the permanent Chancellor will take place. Dr. Packard thanked each and every one of the members of the Citizens' Oversight Committee for their willingness to serve on the Committee.

**Kern Community College District
Bond Oversight Committee
AGENDA
October 16, 2003
3:00 p.m.
Conference Room 264**

- | | | |
|-------|-------------------------------|------------------|
| I. | Call to Order and Welcome | Mr. Bud Biery |
| II. | Introductions | |
| III. | Comments from the Chancellor | Dr. Jerry Young |
| IV. | Approval of Minutes | Mr. Bud Biery |
| V. | Status Report on Bond Program | Dr. Michael Maas |
| VI. | 2003-06 Project Schedule | Dr. Michael Maas |
| VII. | Annual Audit | Dr. Michael Maas |
| VIII. | Committee Discussion | Mr. Bud Biery |
| IX. | Next Meeting Date | Mr. Bud Biery |
| X. | Adjournment | Mr. Bud Biery |

**KERN COMMUNITY COLLEGE DISTRICT
MEASURE G
CITIZEN'S OVERSIGHT COMMITTEE**

October 16, 2003

Present: Bud Biery, Letty Cotta, Kathi Farr, Fran Florez, Michelle Perkins,
Jack Thomson, Jonathan Webster, Roy Weygand

Michael Maas, Frank Hodgson, Herb Siegers, Marsha Maybee,
Verity Galvan

Jerry Young

Absent: Randy Christman

Mr. Biery, Chair, called the meeting to order at 3:10 p.m. Dr. Maas, Maas Companies, introduced members of Maas Companies who were present:

Ms. Marsha Maybee, Project Administrator
Ms. Verity Galvan, Administrative Assistant
Mr. Frank Hodgson, Acting Senior Program Manager
Mr. Herb Siegers, Program Manager, Bakersfield College

Mr. David Horen, Program Manager, Porterville College (unable to attend)

Dr. Maas reported that Ms. Maybee and Ms. Galvan track all of the dollars for the projects from the conception to completion.

Members of the Measure G Oversight Committee introduced themselves.

Dr. Young stated that he was pleased that the Committee members had agreed to serve in this very important role of assisting the District in upholding its commitment on the bond measure. It is essential that the Measure G funds be spent as designated in the bond.

It was moved by Mr. Weygand, seconded by Mr. Webster, that the minutes of the meeting of April 24, 2003, be approved.

Dr. Maas advised that he would be making a power point presentation that will subsequently be posted on the District's website. He also advised that the Colleges' Educational Master Plans for each campus will be posted on their respective websites. He then presented a Kern Facilities Development Status Report and began by highlighting the numerous completed and current projects as follows:

Bakersfield College: Bus Turnaround, Scoreboard installations, Cingular Wireless leasing agreement, High-voltage Phase I and II, repair College Chime, changing of College Clocks, and the replacement of the glass in the Press Box. Also, at the Delano Center, the installation of the Health Careers Portables, purchase of the new site, completion of the master plan for the site, approval received for the Science Building, environmental impact report, and discussion of a Joint-Use Funding Plan.

Cerro Coso Community College: Expansion of Child Development Center playground, solar photovoltaic installation, water well, library planning, and the Eastern Sierra Education Centers at Bishop and Mammoth Lakes.

Porterville College: Fire/Safety system modernized, Health Careers interim facilities, Learning Resource Center planning, and Plumbing/Electrical improvements.

Dr. Maas reported that he and staff will be meeting with the Department of Education and the California Community College Chancellor's Office regarding possible additional funding for the Delano Center joint partnership. He explained that there are funds designated in the State budget for special funding for projects such as the Delano Center and Delano Joint Union High School District. He believes the project could receive as much as a \$10 million augmentation.

Dr. Maas discussed the numerous benefits of the proposed solar photovoltaic project at Cerro Coso Community College, stating that this is phase one of possibly three phases. The current phase is a nine acre solar field that will generate saving of about \$245,000.

The Capital Construction Program funding was reviewed including the \$180 million from the bond; anticipated State funds from Capital Construction, Scheduled Maintenance, Hazardous Materials, Equipment and Materials; Redevelopment funds; Parking, Bookstore, and Campus Fees, for a total of \$227 million. Dr. Maas reviewed how the funds are allocated by campus and by each proposed project.

Dr. Maas presented a listing of the 2003-06 Major Phase I Projects, including the Utility Infrastructure at all three Colleges; Cerro Coso Community College Library and Photovoltaic Electrical System; Porterville College Learning Resources Center and Math/Science Remodel; Bakersfield College Delano Center project, Weill Institute Modernization, Applied Science and Technology Remodel, and Physical Education Improvements.

Dr. Maas indicated that there are prevalent construction issues related to projects on the campuses to be considered such as scheduling around the College calendar; noise; parking; access to buildings; relocation of programs/services; communication; and contractors on campus.

Dr. Maas reported that the next steps include completing the Facilities Master Planning which should be submitted to the Board of Trustees for approval in February 2004. He suggested that the Measure G Oversight Committee meet to review the draft Planning documents prior to the Board's approval. It was agreed that the Committee would meet on January 15, 2004, at 3:00 p.m. in Conference Room 264. It was noted that this meeting will be held earlier in the Spring than originally anticipated when the meetings were discussed at the initial meeting of the Oversight Committee.

Dr. Maas indicated that as part of the Facilities Master Planning, additional centers for the Colleges will be considered because College's are more successful when they make programs more accessible in the community and this will allow for future growth.

Other steps to be completed include implementing projects in process; prioritizing future projects; establishing construction time lines; commencing planning for future projects; and the development of a plan for alternative funding.

Discussion ensued about the advantages of the photovoltaic project and the potential of eventually developing a hydrogen system.

Mr. Webster asked about the construction bidding process and the involvement of community providers and minority groups. Dr. Maas explained that the District and Maas Companies make a good faith effort to always involve community providers, and that bid lists will include Contractors certified as a Disabled Veterans Business Enterprise; Minority Business Enterprise; and Women Business Enterprise.

A letter from Mr. Burke, Assistant Chancellor, Administrative Services, was presented relating to the Annual Audit of the Measure G Bond funds as required by Proposition 39. He explained that the current external auditor for the District is under contract for the next two years to prepare the District's Fiscal Audit. As part of that process they must also audit the Measure G Fund. Therefore, retaining the same firm to complete the Measure G Annual Audit, will decrease the costs for the District.

It was moved by Mr. Weygand and seconded by Ms. Farr to adjourn the meeting at 4:30 p.m.

Kern Community College District Bond Oversight Committee

AGENDA

December 1, 2004

- I. Call to Order
- II. Approval of the Minutes of April 28, 2004
- III. Election of Board Members/Officers
- IV. Review of the District's Resource and Facilities Master Plan
- V. Capital Construction Budget Report
- VI. Project Status Report
 - A. Bakersfield College
 - B. Bakersfield College-Delano Center
 - C. Cerro Coso College
 - D. Porterville College
 - E. District Office
- VII. Audit Status
- VIII. Next Meeting Date

**KERN COMMUNITY COLLEGE DISTRICT
MEASURE G
CITIZEN'S OVERSIGHT COMMITTEE**

December 1, 2004

Present: Mr. Bud Biery, Ms. Fran Florez, Ms. Kathi Farr, Mr. Jonathan Webster, Mr. Roy Weygand

Dr. Michael Maas, Ms. Joyce Black, Mrs. Lauraine Cook,
Mr. Drew Jung, Mr. Richard Wycoff, Mr. Herb Seigers, Mr. Gary Boyer

Ms. Sandra Serrano, Dr. William Andrews, Mr. Ken Meier,
Mr. Tom Burke

Absent: Mr. Randy Christman, Ms. Letty Cotta, Ms. Michelle Perkins,
Mr. Jack Thomson

Mr. Biery, Chair, called the meeting to order at 2:10 p.m. and welcomed everyone.

The minutes of the April 28, 2004, meeting were approved as submitted.

Ms. Serrano advised that in reviewing the By-Laws of the Kern Community College District Measure G Oversight Committee, it was determined at the first meeting of the Committee, members should have drawn lots to select a minimum of two members to serve for an initial one-year term and the remaining members for an initial two-year term.

Ms. Serrano also advised that there are three vacancies at this time. The At-Large representative from Porterville had been unable to attend any of the Oversight Committee meetings and he had indicated to Dr. Andrews that he did not wish to seek a second term. Also, Ms. Letty Cotta, Senior Citizen representative from Porterville, had submitted a letter to Dr. Andrews indicating that she would be moving from the area. The Student representative from Ridgecrest, is no longer a student at Cerro Coso Community College.

Dr. Andrews advised that he met with Mr. Ken Goodwin, Executive Vice President and Chief Operating Officer of the Bank of Sierra, Porterville, and he expressed an interest in serving on the Oversight Committee. Mr. Goodwin's qualifications were discussed and it was agreed to present his name to the members of the Kern Community College District Board of Trustees on December 9, 2004.

Dr. Andrews will talk to Porterville College students about serving as the Student representative. Ms. Serrano asked committee members to provide any suggestions for the Senior Citizen representative to her office.

After discussion, it was agreed that the committee members could volunteer to serve a one-year term. Ms. Florez indicated she would only serve a one-year term and it was concluded that the Student representative could only serve a one-year term.

Ms. Fran Florez was nominated by Ms. Farr and seconded by Mr. Weygand to serve as the Chair. The Committee elected Ms. Florez to serve as the Chair. Mr. Roy Weygand was nominated by Ms. Farr and seconded by Ms. Florez to serve as the Vice Chair. The Committee elected Mr. Weygand to serve as the Vice Chair.

Dr. Michael Maas introduced the members of the Maas Companies' team.

Dr. Maas advised that only editorial changes have been made to the District's Resource and Facilities Master Plan as was presented to the Committee on April 28, 2004.

Dr. Maas reviewed with the Committee the history of how the projects for the bond program were developed. He stated that during the initial planning for Measure G, the District developed a list of priority projects to be funded by the bond measure, establishing budget baselines, and identifying possible additional funding revenues. It was noted at that time, and later affirmed via the master planning process, that the total capital construction needs of the District was between \$260-\$300 million. However, the Board of Trustees determined that it was in the best interest of the District to proceed with a \$180 million bond issue at this time. It was also agreed at that time that the bonds would be sold in three increments so as to minimize the fiscal impact on residents yet, at the same time, ensure funds were spent in a timely manner in accordance with IRS regulations.

Dr. Maas indicated the current project budgets need to be revised to reflect updated construction costs. He noted that the inflation in construction costs during the six months of 2004 has been approximately 20% due to tremendous increases in costs for steel and concrete caused by demands from foreign countries; additional demands from overseas; a large number of bonds measures passed throughout the State of California and the shortage of a qualified work force. Also, the Southwest Center Modernization Project is going to be more costly than projected due to hazardous materials abatement and the subsequent need to relocate the District Office and Bakersfield College classrooms and Departments during the construction project. Similar problems have occurred with the Bakersfield College Applied Science and Technology Modernization Project. In both cases, the hazardous materials were not identified until demolition began. Preliminary testing did not identify these problems.

For the Bakersfield College Planetarium Upgrade Project, \$1 million in Federal funds were earmarked and additional funding is being solicited. The Cerro Coso Community College Solar Field project is now operational but this project also had additional costs during the construct period.

To address these additional project costs, Dr. Maas stated that the Master Plan will be reviewed and adjusted, and some projects will be deleted from the plan to allow appropriate funding for the remaining projects. The District should also prioritize project reductions and prioritize the reinstatement of projects should funding increase.

Mr. Jung presented a Capital Project Update, period ending October 31, 2004. He reviewed the active projects at each campus and the District Office, highlighting the budget, project expenses through October 31, 2004, funds remaining and the percent completed on each project. In addition, he reviewed budget variances and the associated causes for the variances.

Mr. Jung advised that the Measure G Audits, 2003 and 2004, will be ready in February. He indicated that the District Internal Auditor has retained an external auditor to prepare the audits.

Dr. Maas reported that the District is looking for a site for a new center and potential campus in Bakersfield and are working with a real estate firm.

The following meeting dates and College sites for visiting were proposed:

January 26, 2005	Delano/Porterville College
April 20, 2005	Cerro Coso Community College
July 27, 2005	Bakersfield College

The meeting was adjourned at 4:45 p.m.

**Kern Community College District
Bond Oversight Committee
AGENDA
April 28, 2004
2:00 p.m.
Conference Room 264**

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|------|--|------------------|
| I. | Call to Order and Welcome | Mr. Bud Biery |
| II. | Introductions | |
| III. | Comments from the Chancellor | Dr. Jerry Young |
| IV. | Approval of Minutes | Mr. Bud Biery |
| V. | Review of Resource and Facilities
Master Plan | Dr. Michael Maas |
| VI. | Next Meeting Date
October 20, 2004 | Mr. Bud Biery |
| VII. | Adjournment | Mr. Bud Biery |

**KERN COMMUNITY COLLEGE DISTRICT
MEASURE G
CITIZEN'S OVERSIGHT COMMITTEE**

April 28, 2004

Present: Mr. Bud Biery, Ms. Kathi Farr, Mr. Roy Weygand

Dr. Michael Maas, Mr. Frank Hodgson, Mr. Drew Jung,
Mr. Dave Horen, Ms. Joyce Black

Dr. Jerry Young, Mr. Tom Burke, Ms. Sandra Serrano

Absent: Mr. Randy Christman, Ms. Letty Cotta, Ms. Fran Florez,
Ms. Michelle Perkins, Mr. Jack Thomson, Mr. Jonathan Webster

Mr. Biery, Chair, called the meeting to order at 3:05 p.m. and welcomed everyone.

Dr. Young advised that the purpose of the meeting was to review the Resource and Facilities Master Plan as prepared by the Maas Companies. Dr. Young stated that the document is the result of a lot of work by Maas Companies and the staff of the Colleges and District. He commented that after the successful passage of Measure G and the retention of the Maas Companies, the planning process began with discussions among the stakeholders within the College communities and culminated in a well laid out thoughtful plan for the facilities of the District.

It was moved by Mr. Weygand, seconded by Ms. Kathi Farr, and carried that the minutes of October 16, 2003, be approved as submitted.

Dr. Maas advised that the plan is a viable report of realistic facilities costs taking into consideration the educational plans for each of the Colleges. He indicated that the College Educational Plans will be reviewed once more by College staff. He stated that it is very important to look at the instructional programs of the Colleges to ensure that nothing jeopardizes the programs.

Dr. Maas explained that the role of the Oversight Committee is to ensure that the funds from Measure G are spent wisely; that the District spends the funds on the projects as designated in Measure G. He advised that since the last meeting of the Oversight Committee, projects were implemented, and the Facilities Master planning was completed. Also, the building and facilities program was defined, including the prioritization of future projects, the establishment of construction time lines, and projects costs were defined. In addition, planning commenced for future projects, and staff defined the approach and strategy for funding gaps, which Dr. Maas described as a problem in determining how much money is in the bank, how much money does the District need, and how does the District get there in 16 years. He stated that the listing of projects totaled \$227 million to be funded by \$180 million in bond proceeds and \$47 million in alternative funding.

Dr. Maas explained the importance of the implementation of Technology Support Systems for the establishment of a website, database warehouse, facilities information and status program; bond budget information, and construction updates. He explained that the District has proceeded with the development of a District-wide instructional technology system. The prototype will be the most comprehensive bond project program tied to the State Chancellor's Office database.

Mr. Weygand asked if Rosamond is within the District's demographic boundaries, indicating that there is a newly proposed development. He also asked if additional educational centers are being considered. Dr. Maas replied that portions of the Rosamond area are in the District and other portions of the area are served by the Antelope Valley Community College District. He further stated that the Project 2020 report projects tremendous growth in that area of the Kern Community College District as well as other areas along the 99 and I-5 corridor. Also, all classes constructed will be "smart" classrooms built with access to all technology.

Dr. Maas highlighted the current and proposed projects. He then described the strategies for resolving any funding shortfalls during the next 16 years, which includes always being aggressive in terms of construction, conservatively estimating projects costs. Also the District will take the approach to stay the course, not abandoning the buildings/facilities program, securing additional revenues, and extend the time frame of the buildings/facilities program as necessary.

Dr. Maas explained that the Kern Community College District's Resource and Facilities Master Plan will be presented to the Board of Trustees on June 10, 2004. The College Educational Plans will be distributed to the members of the Oversight Committee and members of the Board of Trustees when completed.

It was proposed that the next meeting of the Oversight Committee be tentatively scheduled for October 20, 2004, for a review of the progress over the summer. There was interest expressed in possibly meeting more than twice a year, and possibly earlier than in October. After some discussion, it was agreed that the members of the Oversight Committee review the Master Plan and the subsequent College Educational Plan, and if any questions or concerns arise, an earlier meeting can be scheduled.

It was moved by Mr. Weygand and seconded by Ms. Farr to adjourn the meeting at 4:30 p.m.

Kern Community College District Bond Oversight Committee

AGENDA

March 29, 2005

The members of the Oversight Committee will visit construction sites at both the Delano College Center and Porterville College.

- I. Call to Order – Student Center Conference Room
Porterville College
- II. Introductions
- III. Approval of the Minutes of December 1, 2004
- IV. Election of Officer
- V. Measure G Audits
- VI. Project Status Report
 - A. Bakersfield College
 - B. Bakersfield College-Delano Center
 - C. Cerro Coso College
 - D. Porterville College
 - E. District Office
- VII. Next Meeting Date

**KERN COMMUNITY COLLEGE DISTRICT
MEASURE G
CITIZEN'S OVERSIGHT COMMITTEE**

March 29, 2005

Present: Ms. Fran Florez, Chair; Mrs. Ruth Cooper, Mr. Ken Goodwin,
Ms. Lara Solorio, Mr. Jack Thomson, Mr. Jonathan Webster

Mr. Dave Horen, Mr. Herb Seigers, Mr. Richard Wycoff

Mr. Tom Burke, Mr. Sean James, Dr. William Andrews,
Dr. Sharon Dyer

Guest: Darrell Harris, Certified Public Accountant

Absent: Mr. Bud Biery, Ms. Kathi Farr
(One vacant position)

Call to Order

Ms. Fran Florez, Chair, called the meeting to order at 2:35 p.m. in the Student Center Conference Room, Porterville College. She welcomed everyone to the meeting.

Introductions

Ms. Florez asked that everyone in attendance introduce himself or herself.

Approval of Minutes

It was moved by Mr. Webster, seconded by Mr. Thomson, and carried that the minutes of the Oversight Committee Meeting of December 1, 2004, be approved as submitted.

Election of Officer

Mr. Burke advised that a vacant position remains on the Committee with the passing of Mr. Roy Weygand. He indicated that this position must be filled by a member of a County Taxpayers' Association as stated in the By-Laws of the Kern Community College District Measure G Oversight Committee. Mr. Burke advised that he is a member of the Kern County Taxpayers Association and is working with the Interim Director on the appointment. It is anticipated that the representative will be appointed prior to the next meeting of the Oversight Committee.

Audits for Measure G Bond Fund for Year Ended June 30, 2003 and Year Ended June 30, 2004

Mr. Burke introduced Mr. Darrell Harris, Certified Public Accountant, who was retained by the District to prepare the audits for the Measure G Bond Fund for the years ended June 30, 2003 and June 30, 2004. Mr. Harris thanked Mr. James, Internal Auditor, for his assistance in coordinating the audit. Mr. Harris indicated that both audits received an unqualified opinion.

The District was authorized by the passage of Measure G, under the provisions of Proposition 39, to issue \$180 million of general obligation bonds. The District issued the bonds in three series. The first series was issued March 2003 in the amount of \$75,191,548. These bonds are financed over 25 years with principal and interest payments due each November 1 and March 1, beginning November 1, 2004. The next issuance is not scheduled.

Mr. Harris reported that the performance audit of the Measure G Bond Fund is required under Proposition 39. The provisions of Proposition 39 require an annual, independent performance audit to ensure that the proceeds from the sale of school facilities bonds have been expended on specified projects, and not for teacher and administrator salaries and other school operating expenses. He stated that although the State requires an audit under Proposition 39, they do not provide guidelines for the performance of the audit. He advised that he conducted the audit in accordance with auditing standards generally accepted and the standards applicable to performance audits, under Federal guidelines.

Mr. Harris commented that as part of performing the audits, he followed State Guidelines related to construction projects; he reviewed the bidding process related to controls; considered all compliances issues; and verified that no outside costs were being commingled with the bond funds.

Mr. Burke referred to the few pages of the Audit for the Year Ended June 30, 2004, which included a compilation of all Bond implementation and Capital Outlay Projects through June 30, 2004. The report presents a listing of each project, the initial budget for the project, and accumulated expenditures to June 30, 2004, and the variances to date from the budget.

Project Status Report

Mr. Burke presented a Capital Projects Update Report, Period ending February 28, 2005, as prepared by Mr. Richard Wycoff, Maas Companies, Inc. Mr. Burke indicated that total project expenditures total \$15,295,644 with \$166,597,368 remaining in allocated Measure G Funds. He provided a breakdown by College and District Operations of each project, the project budget, anticipated start date, anticipated end date, expended funds through February 28, 2005, funds remaining, and the percentage completed. He also provided a list of completed, closed and/or cancelled projects.

Mr. Thomas asked about the proposed water well project at Cerro Coso Community College and was advised that a better solution was found. There is no water in the surrounding area to tap into and sell to the water company. College staff replaced the campus irrigation system and there has been significant savings, from \$200,000 per year to \$65,000.

Other

Mr. Burke advised that as a result of a legal opinion by the Attorney General allowing Proposition 39 funds to be used for District personnel to manage bond facilities planning and construction, the District has decided to transition the project management process to in-house personnel.

Next Meeting

The next meeting of the Measure G Oversight Committee was scheduled for June 27, 2005, at Bakersfield College. Subsequently this meeting was cancelled.

Adjournment

The meeting was adjourned at 4:20 p.m.

Kern Community College District Bond Oversight Committee

AGENDA

**September 12, 2005
10:30 a.m.**

Please meet in the Collins Conference Center (Student Center), west end of the Cafeteria. The members of the Oversight Committee will visit Bakersfield College construction sites prior to the meeting.

- I. Call to Order – Collins Conference Center (Student Center)
Bakersfield College
- II. Introductions
- III. Approval of the Minutes of March 29, 2005
- IV. Confirmation of New Member – Kern Taxpayer’s Association
 - A. Proposed Resignation of Member
- V. Proposal to Refinance Measure G Bond Measure
- VI. KCCD Facility Plans and Priorities
- VII. Community Report
- VIII. Project Status Report
 - A. Bakersfield College
 - B. Bakersfield College-Delano Center
 - C. Cerro Coso College
 - D. Porterville College
 - E. District Office
- IX. Next Meeting Date

**KERN COMMUNITY COLLEGE DISTRICT
MEASURE G
CITIZEN'S OVERSIGHT COMMITTEE**

September 12, 2005

Present: Ms. Fran Florez, Chair; Mr. Bud Biery, Mrs. Ruth Cooper,
Mr. Jack Thomson, Mr. Jonathan Webster

Ms. Sandra Serrano, Mr. Tom Burke, Mr. Sean James,

Dr. William Andrews, Dr. Sharon Dyer

Mr. Drew Jung
Mr. P.J. Breen
Mr. Herb Siegers
Mr. Dave Horen
Mr. Richard Wycoff

Guest: Mr. Jim Roth, UBS Financial Services, Inc.
Mr. Chris Addington, Architect

Absent: Ms. Kathi Farr
Mr. David Hall
(Two vacant positions)

Call to Order

Ms. Fran Florez, Chair, called the meeting to order at 10:30 a.m. in the Collins Conference Center, Bakersfield College. She welcomed everyone to the meeting.

Introductions

Ms. Florez asked that everyone in attendance introduce himself or herself.

Approval of Minutes

It was moved by Mr. Webster, seconded by Ms. Florez, and carried that the minutes of the Oversight Committee Meeting of March 29, 2005, be approved as submitted.

Confirmation of New Member – Kern Taxpayer’s Association

Mr. Burke advised that the vacant position on the Committee was to be filled by a member of a County Taxpayers’ Association as stated in the By-Laws of the Kern Community College District Measure G Oversight Committee. Mr. Burke stated he was pleased to recommend the appointment of Mr. David Hall, Berry Petroleum, as the new member of the Oversight Committee. Mr. Hall is a member of the Kern County Taxpayers’ Association. He indicated that unfortunately Mr. Hall was unable to attend the meeting.

It was moved by Mr. Thomson, seconded by Mr. Webster, that the Board of Trustees confirm the appointment of Mr. David Hall as a member of the Measure G Oversight Committee.

A. Proposed Resignation of Member

Ms. Serrano reported that Ms. Kathi Farr, had asked to be released from the Oversight Committee due to time constraints. Ms. Farr represented northeast Kern. Ms. Serrano indicated that Ms. Farr will be asked to submit an official letter of resignation.

Ms. Serrano asked the members to consider possible candidates to fill the position stating this is an at-large position. The representative who should be familiar with northeast Kern and/or the Delano College Center.

Proposal to Refinance Measure G Bond Measure

Mr. Burke introduced Mr. Jim Roth, UBS Financial Services, Inc., to talk about a possible opportunity for the District. Mr. Roth provided a brief background on his experience and advised that he has been working with over 30 Community College Districts in California. He advised that the District is aware of the fact that General Obligation bonds have a tax base that grows; that tax base is growing much faster than ever anticipated, and there is an opportunity to reissue the bonds. This opportunity is due primarily to an escalation of property values in the areas covered by Measure G as well as the lower interest rate environment. Mr. Roth indicated that this can provide additional construction funds to complete one or two more projects than currently anticipated.

Mr. Roth stated that everything related to construction has increased by the demand of the products and the number of construction projects underway. He advised that if the District decreases the debt service to refinance, the District could save additional funds for an additional project. The term of the bonds would be reduced and there would be a savings related to interest.

Mr. Roth presented a proposal to the Trustees regarding refinancing the Series A General Obligation Bonds from Measure G. He indicated that the refinancing would accomplish three objectives: (1) provide additional funds for bond projects; (2) decrease the total debt service on the Series A Bonds; and (3) reduce the term of the Series A Bonds. He further indicated that the District would retain flexibility to issue the remaining bond authorization as scheduled, and the estimated tax rate of \$12.00 per \$100,000 of assessed valuation (or less) would remain. He noted that additional funds generated from the refinancing must be spent on voter approved bond projects, the cost of which has escalated beyond original estimates.

The members of the Oversight Committee agreed to recommend that the Board of Trustees refinance the Measure G bonds. It was moved by Mr. Thomson, seconded by Mr. Biery, that the proposal to refinance the Measure G bonds be presented to the Board of Trustees.

Kern Community College District Facility Plans and Priorities

Mr. Burke presented the Project Facility Project Budget Plan for all three campuses. He highlighted the funding sources for the overall program budgets, the completed Measure G project; the current expenditures through May 31, 2005, and the remaining balance for outstanding commitments against the current program budgets. He reported that the remaining Bond funds after current program expenditures for Bakersfield College is \$69,188,183; Cerro Coso Community College is \$13,235,623; and Porterville College is \$6,282,772.

Mr. Burke presented the proposed future projects for each campus and a recap of the remaining program budget. He also presented the project changes to the Bond list, stating that based on the approved Facilities Master Plan, certain projects anticipated to be completed through Measure G and other funding sources were now being deleted from this new Facilities Master Plan. He provided a list of the deleted projects for each campus.

Community Report

Ms. Serrano presented a draft copy of the "Report to the Community on Measure G". She stated that it is important to provide the communities with information on the status of Measure G projects and what is taking place in their respective communities. The Report is from the Board of Trustees as well as the Oversight Committee and it provides a glance at the projects. The report indicates that the original \$180 million has shrunk by nearly 30% and continues to decline rapidly. The decline represents a loss of \$54 million due to soaring prices for land, rising costs for construction materials, the sudden shortage of available contractors, and the escalating expenses of complying with new labor laws.

Ms. Serrano advised that the Report includes a message from the Chancellor thanking the community for their support. This report will be distributed to members of the communities, sent to members of the Colleges' Foundations, local businesses, Chambers of Commerce, Rotarian Clubs, etc., and placed on websites,

Project Status Report

Mr. Richard Wycoff, Maas Companies, provided a detailed report entitled Kern Community College District Capital Projects Update Report dated May 31, 2005. He presented a breakdown by College and District Operations of each project, the project budget, anticipated start date, anticipated end date, expended funds through May 31, 2005, funds remaining, and the percentage completed. He also provided a list of completed, closed and/or cancelled projects.

Next Meeting

The next meeting of the Measure G Oversight Committee will be scheduled in December. (That meeting was subsequently cancelled.)

Adjournment

It was moved by Mr. Webster, seconded by Mr. Biery, that the meeting be adjourned at 11:50 a.m.

Kern Community College District Bond Oversight Committee

AGENDA

September 27, 2005

- I. Call to Order – California Conference Room
District Office, 2100 Chester Avenue
- II. Introductions
- III. Approval of the Minutes of September 12, 2005
- IV. Election of Officers – Chair and Vice Chair
- V. Measure G Audit Report, June 2005
- VI. Results of 2005 Refunding
- VII. Second Issuance of Measure G Bonds -- \$50,000,000
- VIII. Annual Report to the Board of Trustees
- IX. Project Status Report
 - a. Bakersfield College
 - b. Bakersfield College-Delano Center
 - c. Cerro Coso College
 - d. Porterville College
 - e. District Office
- X. Next Meeting Date

**KERN COMMUNITY COLLEGE DISTRICT
BOND OVERSIGHT COMMITTEE**

September 27, 2006

Present: Mr. Bud Biery, Mrs. Ruth Cooper, Mr. Jack Thomson,
Mr. Jonathan Webster, Mr. David Hall

Ms. Sandra Serrano, Mr. Tom Burke

Mr. Chris Addington
Mr. Randy Patterson

Guest: Mr. Darrell Harris

Absent: Mr. Kenneth Goodwin
Ms. Kathi Farr
Ms. Lara Solorio
(One vacant position)

Call to Order

Mr. Jonathan Webster called the meeting to order at 3:00 p.m. in the California Room, Kern Community College District Office, and he welcomed everyone to the meeting.

Introductions

Mr. Webster asked that everyone in attendance introduce themselves.

Approval of Minutes

It was moved by Mr. Thomson, seconded by Mr. Biery, and carried that the minutes of the Bond Oversight Committee Meeting of September 12, 2005, be approved as submitted.

Election of Officers

Ms. Serrano reported that the term for Ms. Fran Florez had expired and she requested recommendations to fill the Chair.

It was moved by Mr. Biery, seconded by Mr. Thomson, and carried that Mr. Webster serve as the Chair Pro Tem. until Board is full. It was moved by Mr. Biery, seconded by Mr. Hall, and carried that Mr. Thomson serve as the Vice Chair Pro Tem. until the Board is full.

Measure G Audit Report

Mr. Burke introduced Mr. Darrell Harris, DH Certified Public Accountant Professional Corporation, to review the audit of the financial statements of the Measure G Bond Fund of Kern Community College District as of June 30, 2005. The audit was conducted in accordance with Government Auditing Standards issued by the Comptroller General of the United States. Mr. Harris highlighted the financial statements, balance sheet, revenues, expenditures, and changes in the fund balances and cash flow for the year ended June 30, 2005.

Mr. Burke reported that the Bakersfield City School District's new assignment is also referred to as Measure G. Mr. Burke recommended referring to the official bond name to avoid confusion. The initial name of the bond is the Kern Community College District Safety, Repair, and Improvement District (SRID).

Results of the 2005 Refunding

Mr. Burke reviewed the refunding of the Kern Community College District Safety, Repair and Improvement District Bonds. Mr. Burke reported that the Refunding/Refinancing closed on November 2, 2005 and the amount refunded was \$54,025,132. He also reported that the additional Construction Funds total \$6,900,281 and a total interest cost of 4.408%.

Mr. Burke advised that the second issuance of the SRID Bonds closed September 26, 2006, with additional construction funds of \$49,999,533, additional debt service funds of \$2,500,000 and a total interest cost at 4.645%.

Mr. Burke stated that after review of a detailed cash flow analysis, it was determined that the District would need an additional \$50 million of the original \$180 million in bond funds. Mr. Burke commented that he was pleased to report that the issuance of an additional \$50 million in bonds issued at a premium allowed the District to set aside additional monies for debt service payment.

Mr. Burke reported that the U.S. Bank Trust Company inadvertently supplied a payment schedule to the county that was incorrect to the tune of around \$2.5 million dollars; however, because it was discovered late in the process and it was too close to the issuance of the new bonds, the decision was made to issue at a premium. The premium will cover the debt payment for next year. Mr. Burke indicated the District will pursue a potential legal claim against U.S. Bank. The additional costs to the Kern, Tulare and San Bernardino County taxpayers need to be recovered. The District will determine how much taxpayers would have paid had the error not occurred. The District will attempt to recover the difference from U.S. Bank.

Mr. Burke advised that Mr. Addington and he will create and present annual bond status reports to the Board of Trustees at future meetings of the Board of Trustees.

Facilities Report 2005-06

Mr. Addington gave a presentation on District spending through 2005-06. The presentation included District SRID spending by each College with a total cost for the District of \$48,849,147.00. Mr. Addington discussed SRID funds spent versus remaining allocated funds, current and upcoming projects for each College location, and the District Facility Plan (bond spending) through 2012.

Additional Comments

Ms. Serrano reported that the solar field at Cerro Coso Community College is saving the College an estimated \$100,000 per year in its current configuration. The District is working with Southern California Edison to put the whole campus on the field. This would add an additional increase to the estimated savings per year of about \$150,000.

Mr. Webster discussed the benefit to the community in terms of jobs for individuals on construction sites and inquired regarding the District advertising projects in the communities. Ms. Serrano stated that District advertises in the communities and makes every effort to determine why local vendors have not submitted bids on projects. She further stated that when contracting with local vendors the District can see a decrease in construction costs.

After discussion, it was determined to schedule the next meeting of the Bond Oversight Committee for December 12, 2006, at 3:00 p.m. Ms. Serrano indicated that her office will send a reminder of the date. The agenda and materials will be distributed prior to the Board meeting.

Adjournment

It was moved by Mr. Webster, seconded by Mr. Biery, that the meeting be adjourned at 4:05 pm.

Kern Community College District Bond Oversight Committee

AGENDA

December 12, 2006

- I. Call to Order – California Conference Room
District Office, 2100 Chester Avenue
- II. Introductions
- III. Approval of the Minutes of September 27, 2006
- IV. Recognition of Members Having Completed Their Terms of Office
- V. Election of Interim Chair
- VI. Annual Report to the Board of Trustees Scheduled for February 1, 2007
- VII. Project Status Report
 - A. Bakersfield College
 - B. Bakersfield College-Delano Center
 - C. Cerro Coso College
 - D. Porterville College
 - E. District Office
- VIII. Next Meeting Date

**KERN COMMUNITY COLLEGE DISTRICT
BOND OVERSIGHT COMMITTEE**

December 12, 2006

Present: Mr. Bud Biery, Dr. Herb Bonds, Mrs. Lean Crane
Mr. John Drow, Mr. David Hall, Mr. Jack Thomson

Ms. Sandra Serrano, Mr. Tom Burke

Mr. Chris Addington
Ms. Kim Crews
Ms. Rafaela Cisneros

Absent: Mr. Kenneth Goodwin
Mrs. Ruth Cooper
Mr. Jonathan Webster

Call to Order

Mr. Jack Thomson called the meeting to order at 3:00 p.m. in the California Room, Kern Community College District Office, and he welcomed everyone to the meeting.

Introductions

Ms. Serrano welcomed three new members to the Bond Oversight Committee. She reported that the Board of Trustees will confirm the appointments of Mrs. Leah Crane, Student Representative from Bakersfield College; Mr. John Drow, Business Representative from the Delano community; and Dr. Herbert Bonds, At-Large Representative from the Porterville community. She asked the new members to introduce themselves.

Mr. Drow advised that he is currently a business owner in Delano and commented that he had formerly served as a principal. He is currently an adjunct faculty member at the Delano College Center.

Dr. Bonds indicated that he is very familiar with the District and the District's bond campaign as he just completed two terms as a member of the Board of Trustees. He stated that he completed 40 years in education in the Porterville area.

Mrs. Leah Crane reported that she is a Bakersfield College student completing her first term of the second year. She is also involved in the Student Government Association at Bakersfield College.

Current members introduced themselves. Mr. Bud Biery, At-Large Representative, Ridgecrest community, advised that he spent 23 years as a naval aviator, and retired 18 years ago from the defense industry.

Mr. David Hall, Kern County Taxpayers' Association Representative, stated he is employed by Berry Petroleum and he is in the process of completing his taxation dissertation for his Doctorate and he is an adjunct faculty member at Taft Community College.

Mr. Jack Thomson, Foundation Representative, is member of the Bakersfield College Foundation, and he advised that he is a graduate of Bakersfield College. Mr. Thomson advised that he rancher and farmer in the Buttonwillow, Arvin and Lamont areas.

Approval of Minutes

It was moved by Mr. Drow, seconded by Mr. Bud Biery, and carried that the minutes of the Bond Oversight Committee Meeting of September 27, 2006, be approved as submitted.

Recognition of Members Having Completed Their Terms of Office

Ms. Serrano reported that the members of the Bond Oversight Committee can serve two two-year terms. Mr. Jonathon Webster, At-Large Representative, Bakersfield College, Mr. Thomson, and Mr. Biery, have each served two two-year terms which will end January 2007.

Ms. Serrano reported that Mr. Biery had been an excellent member during his serving on the Committee, stating that he always provided thoughtful insight and always asked pertinent questions.

Ms. Serrano commended Mr. Thomson for serving on the Oversight Committee for four years and for all of his years of service on the Bakersfield College. She stated he has been instrumental in all avenues in supporting education.

Ms. Serrano advised that Mr. Webster was a very important participant while serving on the Committee and that he served on the original steering committee that decided to move forward with Measure G.

Ms. Serrano commented to Mr. Thomson and Mr. Biery that if they had any recommendations for new members to serve on the Committee to please contact her.

Ms. Serrano asked Mr. Hall if he would be interested in serving a second two-year term and he replied yes. Ms. Serrano will contact Mr. Ken Goodwin and Mrs. Ruth Cooper to determine if they are interested in serving a second two-year term.

Election of Interim Chair

Ms. Serrano reported that Mr. Webster had been serving as the Chair and in his absence she asked for recommendations to elect an Interim Chair for the meeting.

It was moved by Mr. Biery, seconded by Mr. Drow, and carried that Mr. Hall serve as the Interim Chair.

Annual Report to the Board of Trustees Scheduled for February 1, 2007

The Chancellor advised that as a part of the Bond Oversight Committee By-Laws, an Annual Report must be presented to the Kern Community College District Board of Trustees. The Annual Report was scheduled to be presented at the Board meeting of February 1, 2007. Ms. Serrano asked Mr. Hall if he would be willing to present the report to the Board of Trustees. She indicated that Mr. Chris Addington would and Mr. Tom Burke would prepare the Report and meet with him prior to presentation to the Board.

(Mr. Hall was unable to be present at the Board of Trustees meeting on February 1, 2007. The Annual Report was presented on March 1, 2007.)

Project Status Report

Mr. Addington presented the Project Status Report of the Safety, Repair, and Improvement District (SRID) funds to the Committee. He reported that the Bond funds were \$180 million, and there is Bond interest to date of \$3,342,614 and Bond refinance income of \$6,900,281, for a total of funds available of \$190,242,895. He stated that total funds spent to date are \$49,511,391, and the funds allocated but not spent total \$140,731,504.

Mr. Addington reviewed the spending of the funds by College and the District Office. He highlighted the planning phases for current projects for each of the Colleges and described the construction phases of current projects.

Mr. Addington presented the District Facility Plan, the Scheduled Maintenance Program, and the Scheduled Maintenance Plan for 2006-07. He then presented a cash flow analysis for the SRID funds and provided a fund detail.

Next Meeting

The Bond Oversight Committee will meet on July 10, 2007, at 3 p.m. in the California Room, District Office, 2100 Chester Avenue.

Adjournment

It was moved by Mr. Webster, seconded by Mr. Biery, that the meeting be adjourned at 4:05 p.m.

Kern Community College District Bond Oversight Committee

AGENDA

September 19, 2007

- I. Call to Order – California Conference Room
District Office, 2100 Chester Avenue
- II. Introductions
- III. Approval of the Minutes of December 12, 2006
- IV. Election of Officers
 - A. Chair
 - B. Vice Chair
- V. Financial Statements, Year Ended June 30, 2006
- VI. Status of Attorney General’s Review of General Obligation Bond Refunding
- VII. Project Status Report
 - A. Bakersfield College
 - B. Bakersfield College-Delano Center
 - C. Cerro Coso College
 - D. Porterville College
 - E. District Office
- VII. Next Meeting Date

**KERN COMMUNITY COLLEGE DISTRICT
BOND OVERSIGHT COMMITTEE**

September 19, 2007

Present: Mrs. Amy Covert, Mrs. Leah Crane, Ms Cathy Prout,
Mr. Cal Stead, Mr. Ken Vaughan

Ms. Sandra Serrano
Mr. Tom Burke

Mr. Chris Addington
Ms. Kim Crews

Absent: Dr. Herb Bonds
Mr. Kenneth Goodwin
(Two vacant positions)

Guest: Mr. Darrell Harris, Certified Public Accountant

Call to Order

Mr. Burke called the meeting to order at 3:15 p.m. in the California Conference Room, 2100 Chester Avenue, Kern Community College District Office.

Introductions

The Oversight Committee members introduced themselves. Mrs. Leah Crane, Vice President, Student Government Association, Bakersfield College, and Student Representative; Mr. Ken Vaughan, Certified Public Accountant and Bakersfield College Foundation member, and Foundation Representative; Mr. Cal Stead, Attorney, Borton and Petrini, and member of the Kern County Taxpayers Association, and Taxpayers Association Representative; Mrs. Amy Covert, Education Activist, Ridgecrest, and At-Large Representative; and Ms. Cathy Prout, Mayor, City of Shafter, and At-Large Representative.

Ms. Serrano shared that the Bond Oversight Committee is a committee of nine individuals and at the present time, there were two vacancies and two members absent from this meeting. The nine members represent students, business, senior citizens, the Taxpayer's Association, Foundation, and four At-Large members representing communities of the District.

Approval of Minutes

Mr. Burke reviewed the minutes from the last Bond Oversight Committee meeting of December 12, 2006. Ms. Serrano noted that Mr. David Hall had recently resigned because he left the area and Mr. John Drow resigned effective this day. It was moved by Mr. Burke, seconded by Ms. Serrano, and carried that the minutes be approved.

Ms. Serrano highlighted the authorized activities of the Bond Oversight Committee. It is to receive and review copies of the District Annual Independence Performance Audit and the Annual Independent Financial Audit; to inspect the College facilities and grounds for which Bond proceeds have been or will be expended; and to review copies of deferred maintenance proposals or plans developed by the District in which bond proceeds are used. Also, the Committee receives efforts by the District to maximize Bond proceeds by implementing cost-saving measures or leveraging the Bond resources. She commented the members would hear about each of those topics during the meeting.

Election of Chair

It was agreed that Mrs. Amy Covert serve as the Chair.

Election of Vice Chair

It was agreed that Mr. Cal Stead serve as the Vice Chair.

Financial Statements, Year Ended June 30, 2006

Mr. Burke introduced Mr. Darrell Harris, Certified Public Accountant, who conducted the Audit that is required by law on the Safety, Repair, and Improvement District. Mr. Harris presented the Financial Statements for the year ended June 30, 2006, and indicated that he gave an unqualified opinion on both the Financial Statements and an unqualified opinion on the performance part of the Bond measure. He highlighted the Report, stating that the Financial Statements included the Building Funds and the Debt Service Funds.

Mr. Harris advised that the second part of the Audit is the performance part and certain laws require that he investigate to determine that no District funds were paid for payroll on the Debt Service Funds or the Building Funds. He reported that as part of the Audit he visited some of the construction sites.

Mr. Harris called attention to the Budget Actuals, stating that typically Committee members like this Report as it shows each of the projects, amount budgeted and amount expended to date.

Mr. Harris asked if there were any questions. Mr. Burke commented that it was a lot of information to digest at once; however, he stated that should the members have a question at a later time to feel free to call Mr. Harris or himself. Mr. Burke advised that the Audit will be presented to the Kern Community College District Board of Trustees for approval at the Board meeting of November 1, 2007. The Audit will be presented as a draft and after the Board approves the Audit, it will be printed in final form.

Mr. Harris asked to make one comment. He stated that when visiting the construction sites as part of the performance part of the Audit, he stated he was impressed by how organized the projects were and how willing everyone was to assist him. He commended Mr. Addington.

Status of Attorney General's Review of General Obligation Bond Refunding

Mr. Burke reported that two years ago, the District brought to the Oversight Committee a request for support for the refinancing and refunding of the initial partial issuance of the Safety, Repair, and Improvement District. He reported that through that refunding, the District was able to slightly decrease the taxes paid by taxpayers, and accordingly acquired additional funds, of \$6 million, for construction projects. He stated that the ability to refund was due to the fact that the District had been very conservative in their estimates of how property values would grow.

Mr. Burke advised that since that time, a group of citizens in the Bay area had challenged a Community College District, stating they were not consistently meeting the requirements of Proposition 39. The citizens group asked the Attorney General to review the actions of the District. Mr. Burke stated that the District is waiting for that review and subsequent outcome. He stated that most likely if the outcome is negative and the Attorney General indicates that the District was not consistent with Proposition 39, what typically happens is that if a refunding was completed before the Attorney General's review was requested, the refunding would be grandfathered. In addition to that, the Kern District has stopped evaluating any possible refinancing or refunding of this type until the Attorney General's review is published. Mr. Burke reported that the 2005 Oversight Committee did support the proposal to refund before the challenge was filed.

Ms. Serrano stated that the District is not considering refinancing at this time. Mr. Burke advised that if a negative ruling is received, the Board of Trustees will evaluate the situation.

Mr. Burke explained that the Bond Measure is now referred to by the official name of the Bond, the Safety, Repair, and Improvement District (SRID) rather than Measure G as it was listed on the ballot when it was successfully passed by the voters. He stated the reason for using SRID is that since the passage of the bond measure in 2002, several other districts have had bond measures using G, and the District wanted to avoid confusion.

A question was asked about Kern Community College District and the Kern Community College District SRID as to whether they were separate entities. They are not, they are one. The SRID is part of the Kern Community College District, however, the geographical boundary of SRID does not include the entire District as Inyo and Mono Counties were excluded from the Bond measure.

Project Status Report

Mr. Addington presented the Project Status Report of the Safety, Repair, and Improvement District (SRID) funds to the Committee. He distributed binders for everyone and also made a power point presentation. He advised that the original Bond funds were \$180 million, and to date, there is Bond interest of \$5.3 million and the Bond refunding income of \$6.9 million, with additional funds over the original bond of \$12 million, for a total of \$190.4 million. He further advised that the total funds spent to date are \$55.8 million and the remaining allocated funds are \$136.3 million. He stated that there remains \$1.7 million that has not been allocated in 2007.

A question was asked about the beginning date for the expenditures. Mr. Burke reported that the Bond was passed in November 2002; the first issuance of the bonds totaling \$75 million was in March 2003, and the first expenditures began late March 2003.

Mr. Addington reviewed the spending of the funds by College and the District Office. He highlighted the planning phases for current projects for each of the Colleges and described the construction phases of current projects.

The question was asked if any correlation had been made with expenditures versus utilization rates. Mr. Addington responded that as far as facility utilization, yes; in the current Bond planning the District is trying to drive the capital load ratios down and increase the ability to have more FTES. Mr. Burke commented that the majority of the Bond funds were focused on modernization of existing facilities as opposed to building brand new facilities. There are some new facilities such as the Delano Science and Technology Building and the acquiring of land expanding facilities. He noted that when the District looked at those acquisitions, they studied the population patterns for future utilization. Mr. Burke advised that the California Community Colleges Chancellor's Office requires an annual Space Inventory and Reporting of Utilization of current facilities to help in the process of acquiring State capital funding.

Mr. Addington reported that one of the missions of the District is to leverage funds to maximize dollars. He stated the only way to maximize leveraging, with the largest partner of the District, is the State Chancellor's Office. To do that, the District had worked to have the cap load ratios in position so that the District can qualify for partnering funds. He added that becoming more efficient in the District operations, getting the cap load ratios in place, and allowing for future growth of FTES, the District has been able to qualify for those funds.

Mr. Addington defined cap load ratios, indicating that if an entity has over 100% in cap load ratios, the State feels that there is more space than the entity has need for, they are over built. If the entity is at neutral, 100% cap load ratio, they have just enough students to fill the spaces to meet the State's standard; and if the entity is under 75% cap load ratio, that means the entity is in an under built situation and needs more space. The ratio is the difference between capacity and utilization. FTES is the calculation of full-time students.

In response to a question, Ms. Serrano explained that the Bakersfield College Northwest Center is located in northwest Bakersfield at Enos Lane and Kratzmeyer Road. The District paid \$54,000 per acre in October 2005. Mr. Burke advised that related to the property in the south, the District is working with Bolthouse Properties, Inc. The District paid \$60,000 per acre for 60 acres and 66 acres were donated to the District. This property is located at the corner of Bear Mountain Boulevard and Highway 99. There is a long-term plan, 25 to 30 years, for a facility at that location.

Mr. Addington provided a brief overview of the current projects underway at each of the Colleges, and indicated that amount of funds allocated and funds expended, and the remaining allocations.

Mr. Burke explained that an FPP is a Final Project Proposal and an IPP is an Initial Project Approval and these are projects that the District is attempting to leverage the SRID funds to receive State funding. Mr. Addington advised that there is on going planning and scheduled maintenance projects for each of the Colleges.

Mr. Addington reported that the District has a partnership project with the Delano Joint Union High School District; where the Delano College Center will use some of the High School facilities, and the High School will use some of the College Center facilities. He stated this joint partnership is one of the first in the state and he believes it will be a trend setter in partnering community colleges with local K-12 Districts.

Mr. Addington highlighted the small project program, a concept proposed by the Chancellor and Chief Financial Officer. The District has different levels of scheduled maintenance every year and there is a small allocation for each site. These funds are to take care of small nuisance issues, such as a broken door, a hole in the wall, etc. These projects are usually under a \$1,000.

It was noted that the Campus Child Development Centers have multi-purposes. They serve as a child care center for children of students, staff, and faculty; and they serve as part of the educational program to train students to become Child Day Care Center staff.

Mr. Addington highlighted the District Office operations, indicating that the District Office has been expending funds for infrastructure improvements throughout the District, master planning, and District staff for facility planning and construction management. He added that current projects include equipment infrastructure upgrades which are on-going expenditures. He stated that the District is involved in master planning, including ADA transition plans at all delivery sites, and District security standards are being developed.

Mr. Addington referred to the District's overall facility plan, a 12 year plan, which had been developed through 2016. Included in the plan are tentative occupancy dates, projected budget by project, local and/or State funding sources, and a breakdown by Colleges and Centers. Mr. Addington noted that the life of the Bond has been extended by four years. He commented that you hear that entities throughout the State have run out of Bond funds. The Kern Community College District is breaking the curve. The District is increasing the amount of projects to be completed and increasing the life of the Bond.

Mr. Addington advised that there is \$23.2 million set aside for contingencies which is very important. He stated these funds are not for augmentation, they are for escalation. He indicated that over a million dollars in projects have been approved by the Board of Trustees for Notices of Completion and there were no Change Orders. He stated staff are very aggressive on handling these projects.

Mr. Addington described the project programming process, stating that all projects are program documented, indicating scope, budgets, schedules, and program data. The program documents are approved by the College President, District Facility Planner, Chief Financial Officer, and Chancellor; and once a project is approved, augmentation can only occur upon the approval of the Chancellor and the Chief Financial Officer.

Conflict of Interest Statement

Ms. Serrano referred to the Bond Oversight Committee By-Laws, advising that all members must file a Financial Statement Form 700 with an original signature.

Next Meeting

It was agreed that the Bond Oversight Committee would meet on January 16, 2008, at 2:00 p.m. At that meeting the Financial Statements, Year Ended June 30, 2007, will be presented. A second meeting was tentatively scheduled for July 16, 2008, at 2:00 p.m. An email would be sent to Committee members as a reminder of both meetings.

Adjournment

The meeting was adjourned at 4:45 p.m.

Kern Community College District Bond Oversight Committee

AGENDA

July 16, 2008

- I. Call to Order – California Conference Room
District Office, 2100 Chester Avenue
- II. Introductions
- III. Approval of the Minutes of September 19, 2007
- IV. Approval of Revisions to the Citizens' Bond Oversight Committee
By-Laws
- V. Financial Statements, Year Ended June 30, 2007
- VII. Project Status Report
 - A. Bakersfield College
 - B. Bakersfield College-Delano Center
 - C. Cerro Coso College
 - D. Porterville College
 - E. District Office
- VII. Next Meeting Date

**KERN COMMUNITY COLLEGE DISTRICT
BOND OVERSIGHT COMMITTEE**

July 16, 2008

Present: Mrs. Amy Covert, Chair; Mr. Cal Stead, Vice Chair; Dr. Herb Bonds; Ms. Cathy Prout; Mr. Ken Vaughan

Ms. Sandra Serrano
Mr. Tom Burke

Mr. Chris Addington
Ms. Kim Crews
Ms. Rafaela Cisneros

Absent: (Four vacant positions)

Guest: Ms. Lyne Mugema, Student Representative Elect
Dr. Greg Chamberlain, President, Bakersfield College
Mr. Darrell Harris, Certified Public Accountant, Shinault Baker & Company

Call to Order

Mr. Stead, Vice Chair, in the absence of the Chair, called the meeting to order at 2:05 p.m., in the California Conference Room, 2100 Chester Avenue, Kern Community College District Office. The Chair, Mrs. Amy Covert, joined the meeting shortly thereafter.

Introductions

The Oversight Committee members introduced themselves. Mr. Cal Stead, Attorney, serves as a member of the Kern County Taxpayers' Association, serving as the Taxpayer's Association Representative; Ms. Cathy Prout, Mayor, City of Shafter, serving as an At-Large Representative; and Dr. Herb Bonds, former school Superintendent and a former member of the Kern Community College District Board of Trustees, serving as an At-Large Representative.

Ms. Serrano introduced Ms. Lyne Mugema, President, Student Government Association, Bakersfield College, indicating that she had agreed to serve as the Student Representative. At the Board of Trustees meeting of August 8, 2008, Ms. Mugema will be recommended for approval to serve on the Committee.

At this time, Ms. Amy Covert, an Education Activist, serving as an At-Large Representative; and Mr. Ken Vaughan, Certified Public Accountant, and a member of the Bakersfield College Foundation, serving as the Foundation Representative, arrived at the meeting.

Ms. Serrano shared that the Bond Oversight Committee is a committee of nine individuals and at the present time, there are three vacancies. These vacancies are Business Representative, Senior Citizens Representative, and one At-Large Representative.

Approval of Minutes

It was moved by Ms. Prout, seconded by Dr. Bonds, to approve the minutes of the meeting of September 19, 2007; motion carried.

Approval of Revisions to the By-Laws of the Citizens' Bond Oversight Committee

Ms. Serrano highlighted the proposed revisions to the By-Laws of the Citizens' Bond Oversight Committee. She indicated that it was determined that the members of the Oversight Committee are not required by law to file a Conflict of Interest Statement to comply with Title 1 of the Government Code and the Political Reform Act (Form 700) as required by all "designated employees" of the District. However, members are requested to sign the Ethics Policy Statement. The staff recommended deleting the requirement to file Conflict of Interest Statement.

Ms. Serrano pointed out that the members of the Committee do not receive compensation for their services; however, the staff was recommending that the Committee members be entitled to receive a mileage allowance when attending meetings. The reimbursement would be at the Board of Trustees approved rate for travel, for roundtrip travel in excess of thirty (30) miles.

It was moved by Mr. Stead, seconded by Dr. Bonds, and carried that the proposed revisions to the By-Laws of the Citizens' Bond Oversight Committee be approved and forwarded to the Kern Community College District Board of Trustees with a request for approval.

The revised By-laws of the Citizens' Bond Oversight Committee will be presented to the Kern Community College District Board of Trustees at the meeting August 8, 2008, with a recommendation of approval.

Financial Statements, Year Ended June 30, 2007

Mr. Burke introduced Mr. Darrell Harris, Certified Public Accountant, Shinault Baker & Company, who conducted the audit as required by law on the Safety, Repair, and Improvement District. Mr. Harris advised that the provisions of Proposition 39 require an annual, independent performance audit to ensure that the proceeds from the sale of school facilities bonds have been expended on specified projects, and not for teacher and administrator salaries and other school operating expenses.

Mr. Harris indicated that as part of the audit, he identified all facility projects authorized under Proposition 39 and approved by the passing of the bond measure; and reviewed the administration of the Safety, Repair, and Improvement District, including the development and maintenance of internal controls and procedures to ensure compliance. He indicated that fieldwork was completed during May 2008.

Mr. Harris reported that no instances of noncompliance with the terms of Proposition 39 or the Safety, Repair, and Improvement District were determined. He further reported that nothing during the audit process indicated that the District did not implement appropriate management controls to ensure the bond proceeds were administered economically.

Mr. Harris called attention to pages 17-19 of the Financial Statement, which included the schedule of fund expenses and budget to actual.

Mr. Stead questioned the fact that the Financial Statements were being presented for the first time at the meeting. Mr. Burke responded that the report was being presented in draft form and would be presented to the Board of Trustees at the Board meeting of September 4, 2008. The Chancellor advised that in the future the financial statements will be completed by November or December, and will be distributed to the members prior to the Annual meeting of the Committee.

Mr. Burke commented that should any of the Committee members have a question related to the audit after review, to please call Mr. Harris or himself.

Project Status Report

Mr. Addington presented the Project Status Report of the Safety, Repair, and Improvement District (SRID) funds to the Committee. He advised that the original Bond funds were \$180 million, and to date, there is Bond interest of \$7.4 million; refinance income of \$6.9 million; for a total of \$194 million. He further advised that the total funds spent to date are \$66 million and the remaining allocated funds are \$128.5 million.

Mr. Addington reviewed the spending of funds by the College and the District Office. He highlighted the planning phases for current projects for each of the Colleges and described the construction phases of current projects. He provided a brief overview of the current projects underway at each of the sites and indicated the amount of funds allocated and funds expended, and the remaining allocations.

Mr. Addington explained that there are numerous acronyms used by the California Community Colleges, and particularly in construction. He advised that an FPP refers to a Final Project Proposal and an IPP refers to an Initial Project Proposal.

Mr. Addington reported that the District facility planning is centralized, and the District Facility Planner is part of each College Facility Committee which works together to keep projects on scope, budget, schedule, and minimize changes after project programs have been approved by the Team. The District Facility Planner visits each site periodically to attend meetings and view campus needs and also presents a workshop annually at each College to review facility processes required by both State and local agencies. He commented that the number of change orders has been reduced dramatically.

The District Facility Plan was developed to share within the District and the State Chancellor's Office, as one of the missions of the District is to leverage funds to maximize dollars, and the only way to maximize leveraging is to do so with the largest partner of the District, which is the State Chancellor's Office.

Mr. Addington provided a brief overview of the current projects underway at each of the Colleges, and indicated the amount of funds allocated and funds expended, and the remaining allocations.

Mr. Burke explained that an FPP is a Final Project Proposal and an IPP is an Initial Project Proposal and these are projects that the District is attempting to leverage the SRID funds to receive State funding. Mr. Addington advised that there is on-going planning and scheduled maintenance projects for each of the Colleges.

Mr. Addington described the project programming process, stating that all projects are program documented, indicating scope, budgets, schedules, and program data. The program documents are approved by the College President, District Facility Planner, Chief Financial Officer, and Chancellor; and once a project is approved, augmentation can only occur upon the approval of the Chancellor and the Chief Financial Officer.

Mr. Addington commented on the fact that there have been numerous personnel changes related to positions proposing projects on campus and that he will be providing training to a new Construction Manager and new Directors of Maintenance and Operations.

Mr. Addington advised that the District continues to work with the Delano Joint Union High School District about the partnership for use of facilities; there is concern about moving the South Kern Center from Edwards Air Force Base due to access restrictions; and meeting the need for offering more courses in wind energy.

Mr. Addington reported that on June 20, 2008, Cerro Coso Community College's power usage was placed on a master meter which will result in a savings of \$150,000 to \$200,000 per year.

Mr. Addington reported that the most important District-wide project is that of mass notification and communication on the campuses related to emergencies. The notification will include a giant voice, large speaker system that allows broadcasting via sirens and voice messages.

Status of Attorney General's Review of General Obligation Bond Refunding

Mr. Burke referred to the discussion held at the last meeting of the Oversight Committee regarding the Attorney General's Review of General Obligation Bond refunding at the request of a citizen's group that had challenged a community college district, stating they were inconsistently meeting the requirements of Proposition 39 and had asked the Attorney General to review the actions of the District.

Mr. Burke advised that in 2005, the District had proposed to the Committee to proceed with refinancing and refunding the initial partial issuance of the Safety, Repair, and Improvement District which ultimately resulted in an additional \$6 million for construction projects. The Attorney General's Office has not yet published their review and noted that the funds from the 2005 refinancing will be held until the review is published. He stated that most likely if the outcome is negative and the Attorney General indicates that the District was not consistent with Proposition 39, what typically happens is that if a refunding was completed before the Attorney General's review was requested, the refunding would be grandfathered.

Next Meeting

Mr. Burke advised that the Bond Oversight Committee is to present an annual report to the Board of Trustees. It was agreed that Mrs. Covert, Chair, would present the report at the Board meeting of September 4, 2008, to be held at the Weill Institute.

Discussion ensued and it was agreed that the next meeting of the Oversight Committee would be held at Porterville College to allow members to view the recently completed construction projects on campus. This meeting will be held on February 4, 2009, at 2 p.m. The Committee members will be sent notice of the meetings for calendaring.

Adjournment

The meeting was adjourned at 4:45 p.m.

Kern Community College District Bond Oversight Committee

AGENDA

**February 4, 2009
Porterville College**

- I. Call to Order – Conference Room 405, Library
Porterville College
100 East College Avenue
Porterville, CA 93257
- II. Introductions
- III. Tour Library Project and the Wellness Center Project
- IV. Approval of the Minutes of July 16, 2008
- V. Discussion of Bond Expenditures
- VI. Attorney General Opinion – Bond Refinancing/Refunding
- VII. Project Status Report
 - A. Bakersfield College
 - B. Bakersfield College-Delano Center
 - C. Cerro Coso College
 - D. Porterville College
 - E. District Office
- VIII. Next Meeting Date

**KERN COMMUNITY COLLEGE DISTRICT
BOND OVERSIGHT COMMITTEE**

February 4, 2009

Present: Mrs. Amy Covert, Chair; Dr. Herb Bonds, Mr. Ted Ensslin,
Mrs. Cathy Prout, Mrs. Joan Smith, Mr. Ken Vaughan

Absent: Ms. Debbie Moreno, Mr. Cal Stead, Vice Chair; Ms. Lyne
Muegma

District Staff: Ms. Sandra Serrano
Mr. Tom Burke

Mr. Chris Addington
Ms. Kim Crews
Mr. Joe DeRosa

Guest: Dr. Rosa Carlson, President, Porterville College
Mrs. Donna Berry, Director, Administrative Services, Porterville
College

Call to Order

Mrs. Amy Covert, Chair, called the meeting to order at 2:25 p.m., in Conference Room 405, Library, Porterville College.

Introductions

The Oversight Committee members introduced themselves.

Tour of the Porterville College Library Project and the Wellness Center Project

Members of the Oversight Committee expressed appreciation for the opportunity to tour the Porterville College Library Project and the Wellness Center Project.

Approval of Minutes

It was moved by Mrs. Prout, seconded by Dr. Bonds, to approve the minutes of the meeting of July 16, 2008; motion carried.

Discussion of Bond Expenditures

Mr. Burke reported that recently the District had received some inquiries related to the Bond expenditures and whether or not they were truly part of the overall Bond that was passed in 2002. The question was raised primarily related to scheduled maintenance expenditures. The Kern Community College District contracted with the law firm of Orrick, Herrington and Sutcliffe, who has experience and an extensive background in municipal bonds. Mr. John Hartenstein completed the evaluation of the District's expenditures and provided advice as to whether or not there were expenditures that may or may not qualify to be paid from bond funds.

Mr. Burke shared a summary of the findings and he advised that it was concluded that there are three categories to differentiate the use of SRID bond funds: (1) to finance projects that do not constitute ongoing or current maintenance, operations, or repairs; (2) projects specifically mentioned in the Bond Project List contained in SRID (Measure G); or (3) projects considered to be necessary and incidental to a specifically listed project. He stated that projects are qualified by these three primary evaluation criteria. Mr. Hartenstein had also advised that because the law was not well developed in this area, he could not guarantee that a court presented with the same facts and questions would decide these matters as he believe they should be decided.

Mr. Burke stated that based on these findings, the District was undergoing review of its historical scheduled maintenance expenditures funded by the SRID bond, to identify how many of the expenditures did not meet the criteria. At that point, a report would be made to the Board of Trustees and ask the Trustees to take appropriate action with regard to those projects.

There will be a follow up report at the next Oversight Committee meeting about any further actions taken on this matter.

Discussion ensued on various types of projects. Mr. Burke advised that the District had followed the State Chancellor's definition of scheduled maintenance and it was determined subsequently that it was a very broad definition; in contrast the bond language was more limited in scope.

There was discussion about the State capital projects and the fact that there had been a stoppage of cash flow due to the State of California's fiscal crisis. The District will be contacting the State to ask if that means when things get better will the cash flow return or will community college districts are on their own. Mr. Burke advised that the District had agreed internally to complete the State capital outlay projects that were already underway, and any new starts of capital outlay projects would be deferred until the cash flow issue was resolved. He further advised that any projects slated to be fully funded by SRID funds will proceed according to schedule.

Attorney General Opinion – Bond Refinancing/Refunding

Mr. Burke reported that in 2005, the District did a refinancing and refunding of the initial bond issuances for SRID. The refunding allowed the District to take advantage of the significant increase in the value of homes and try to capture additional capital or construction purposes. He stated that this became controversial and there was a case submitted to the State Attorney General's Office contesting this type of refunding as not consistent with Proposition 39.

The State Attorney General stated that in his opinion the refundings and refinancings were not consistent with Proposition 39. When the refundings and refinancings first became controversial, the District noted at the time that the \$6.9 million that the District received for additional capital should probably be moved back to pay off the debt, based on the adverse opinion. He stated that he would be making a recommendation to the Board of Trustees to do just that. He noted that the Attorney General felt that legally all of the refinancings and refundings that had taken place prior to the issuance of the opinion could be grandfathered.

It was noted that the proposed refinancings and refundings were reviewed and recommended by the Oversight Committee for the District to proceed with the refunding/refinancing plan.

A question was asked about possible SRID funds remaining at the end of the bond term and Mr. Burke replied that the entire Bond proceeds, \$180,000,000, will be expended on projects. The question was asked if the District had purchased property for center(s) as included in the SRID. Mr. Burke advised that the District acquired 225 acres in northwest Bakersfield, located at Enos Lane and Kratzmeyer Road, towards Shafter; and 120 acres had been acquired in south Bakersfield, at the corner of Bear Mountain Boulevard and Highway 99. He further advised that the District had studies prepared to determine where the population migration was going and also took into consideration Taft College and their sphere of influence.

Project Status Report

Mr. Addington distributed copies of the Project Status Report of the Safety, Repair, and Improvement District (SRID) Funds and a copy of the current Bond plan for the proposed expenditures and a breakdown by delivery site for local, State, and multiple funding sources. He also distributed a report on interest income by fiscal year and he referred to the loss of the \$6.9 million; and a report of the detailed expenditures by specific projects of SRID funds to date was presented.

Mr. Addington presented the Project Status Report of the Safety, Repair, and Improvement District (SRID) funds to the Committee. He advised that the original Bond funds were \$180 million, and to date, there is Bond interest of \$13,627,000 and additional funds of \$13,627,100 for a total of \$193,627,100. He further reported that total funds spent to date were \$73,661,911 and the remaining available funds were \$119,644,189.

Mr. Addington shared the current projects underway at each site and the amount of SRID funds spent at each site for the 4th quarter of 2007-08.

Staffing Update

Mr. Addington reported that the Director of Construction position had been filled by Mr. Gary Reed. Also, Mr. Joseph DeRosa would be serving as the Project Manager for Porterville and Bakersfield Colleges. Mr. Daniel Reed will be serving as the Interim Project Manager for Cerro Coso Community College, Bishop, Mammoth, and Bakersfield College. He indicated that Dr. Rick Wright and he continue to work on planning and special facility projects for the Construction Department.

Next Meeting

The members of the Oversight Committee commented on how they enjoyed the opportunity to visit the Porterville College campus and touring the construction sites of the Library and Wellness Project.

The next meeting was scheduled at Bakersfield College on July 15, 2009, at 2:00 p.m. (The date was subsequently changed to July 22, 2009.) The members of the Oversight Committee will tour new buildings and/or construction sites.

Adjournment

The meeting was adjourned at 3:15 p.m..

Kern Community College District Bond Oversight Committee

AGENDA

**July 22, 2009
Bakersfield College**

- I. Call to Order – Collins Conference Center
Bakersfield College
1801 Panorama Drive
Bakersfield, CA 93305

- II. Introductions

- III. Approval of the Minutes of February 4, 2009

- IV. Discussion of Bond Expenditures for Scheduled Maintenance Projects

- VII. Project Status Report
 - a. Bakersfield College
 - b. Bakersfield College-Delano Center
 - c. Cerro Coso Community College
 - d. Porterville College
 - e. District Office

- VIII. Next Meeting Date

- IX. Tour of the Bakersfield College Planetarium and the Applied Science and Technology (AST) Building.

**KERN COMMUNITY COLLEGE DISTRICT
BOND OVERSIGHT COMMITTEE**

July 22, 2009

Present: Mrs. Amy Covert, Chair; Dr. Herb Bonds; Mr. Ted Ensslin;
Ms. Debbie Moreno; Mrs. Cathy Prout; Mrs. Joan Smith; Mr. Ken
Vaughan

Absent: Mr. Cal Stead, Vice Chair
(One vacancy)

District Staff: Ms. Sandra Serrano
Mr. Tom Burke

Mr. Chris Addington
Ms. Kim Crews
Mrs. Rafaela Cisneros

Guest: Dr. Greg Chamberlain, President, Bakersfield College
Mr. Lamont Schiers, Executive Director, Administrative Services,
Bakersfield College
Mr. Dan O'Connor, Dean of Instruction, Bakersfield College

Call to Order

Mrs. Amy Covert, Chair, called the meeting to order at 2:10 p.m., in the Collins Conference Center, Bakersfield College, 1801 Panorama Drive, Bakersfield.

Introductions

The Oversight Committee members introduced themselves.

Approval of Minutes

It was moved by Dr. Bonds, seconded by Mr. Ensslin, to approve the minutes of the meeting of July 16, 2008; motion carried.

Kern Community College District Proposition 39 General Obligation Bonds Safety, Repair and Improvement District Financial Audit, fiscal year ended June 20, 2009

Mr. Burke distributed copies of a draft of the Financial Audit for the Kern Community College District Proposition 39 General Obligation Bonds, for the Safety, Repair, and Improvement District, Fiscal Year Ended June 30, 2008. Mr. Burke advised that the Audit includes audit of performance as well as fiscal. He indicated that the audit provided a breakdown of the two funds of the Oversight Committee. In 2003, the Safety, Repair and Improvement District (SRID) of the Kern Community College District issued the first series of bonds in the principal amount of \$75,191,548 to be used for the purpose of financing college facilities. In 2005, General Obligation Improvement Bonds were issued to refund the SRID, and the District completed the refunding to reduce its debt service payments over the next 12 years by \$775,000 and to have an economic gain of \$423,194. In 2006, the SRID issued the second series bond in the principal amount of \$49,999,533 to be used for the purpose of financing college facilities.

Mr. Burke asked the members of the Oversight Committee to review the Financial Audit and if they had any questions to please call his office.

A question was raised about projects included in the bond measure that were currently listed as canceled and with funding no longer allocated. Mr. Addington advised that a project that seemed necessary when the bond was developed may be determined to no longer be a viable solution and those funds are returned to the funding pool for other bond approved projects. It was noted that the project status could subsequently change again and these decisions are made by the District Facilities Group.

It was reported that the Financial Audit would be presented to the Kern Community College District Board of Trustees for acceptance at the Board meeting of September 10, 2009. Also, the Committee Chair, Mrs. Amy Covert, was asked to attend the Board meeting to present the Kern Community College District, Safety, Repair, and Improvement District (SRID) Bond Oversight Committee Annual Report.

Discussion of Bond Expenditures for Scheduled Maintenance Projects

Mr. Burke reported that the District conducted a review of the Scheduled Maintenance projects funded through the bond funds. He advised that there had been concern that certain projects did not qualify under Proposition 39 and the SRID bond. As a result of the audit, it was determined that the \$706,971 has been expended on scheduled maintenance projects that did not meet the criteria of the bond. The Kern Community College District reimbursed the SRID bond funds.

Mr. Burke reported that in 2005, the District had proposed to the Oversight Committee to proceed with refinancing and refunding the initial partial issuance of the Safety, Repair, and Improvement District which ultimately resulted in an additional \$6.9 million for construction projects. Subsequently, a group of citizens in the Bay area had challenged a community college district, stating the refinancing was inconsistent with the requirements of Proposition 39. This charge was reviewed by the Attorney General's Office and they determined that there were inconsistencies. Since the refunding was completed before the Attorney General's review was requested, the refunding was grandfathered. However, the Board of Trustees decided not to use the \$6.9 million for construction and moved the funds into the bond debt service fund which will be used to payoff debt in the future.

Project Status Report

Mr. Addington distributed copies of the Project Status Report of the Safety, Repair, and Improvement District (SRID) Funds, including the current Bond plan for proposed expenditures and a breakdown by delivery site for local, State, and multiple funding sources. He also distributed a report on interest income by fiscal year; and a report of the detailed expenditures by specific projects of SRID funds to date was presented.

Mr. Addington presented the Project Status Report of the Safety, Repair, and Improvement District (SRID) funds to the Committee. He advised that the original Bond funds were \$180 million, and to date, there is Bond interest of \$14,345,151. He further reported that total funds spent to date were \$75,662,337 and the total funds available were \$118,682,814.

Mr. Addington shared the current projects underway at each site and the amount of SRID funds spent at each site for the 3rd quarter of 2008-09. He noted that \$19,900,000 had been set aside for contingencies related to project escalation costs. He advised that a total of \$35,000,000 had been added to the SRID funds as a result of leveraging funds from the State, outside sources such as Pacific Gas and Electric, etc. He indicated that Scheduled Maintenance funds of \$24,338,000 had been budgeted for the Colleges and Centers for repairs/maintenance.

Mr. Addington highlighted the District Facilities Office project programming process that provides for the development of projects with input and cooperative agreement among staff, administration, and Facilities. As a result of successful planning and completion of projects, Projects Change Orders have been kept at a minimum.

Mr. Addington shared the fact that the District was implementing an emergency notification system at the Delano Center and that as projects are undertaken at the Colleges and District, there will be funds allocated to update systems for the emergency notification systems.

Questions were raised about current projects under way. Related to the Cerro Coso Community College Students Services project, it was noted that this project was moving slowly due to lead abatement. The Committee was advised that the Porterville College Library Expansion Project was completed; however, there was an issue with the contractor related to final costs. It was reported that the Wellness Center was near completion.

Concerns were expressed about the funding required to complete the remaining phases to resurface the Porterville College Jamison Stadium parking lot. It was noted that the parking lot resurfacing project was not consistent with the Bond language and thus was not qualified for SRID funds.

Next Meetings

Proposed dates for meetings in 2010 were discussed. It was reported that the audit of the Safety, Repair, and Improvement District would be completed in early January 2010. It was agreed that the Committee would meet on January 27, 2010, at 2:00 p.m.

Dates for the annual meeting in July 2010 were discussed and it was agreed that the Committee would meet on July 14, 2010, at 2:00 p.m. An email notice of the meeting dates will be sent to members of the Oversight Committee to calendar.

Tour of the Bakersfield College Campus – Planetarium and Applied Science and Technology (AST) Building

Members of the Oversight Committee expressed appreciation for the opportunity to tour the Bakersfield College Planetarium and the Applied Science and Technology (AST) Building Project.

Adjournment

The meeting was adjourned at 3:35 p.m.

Kern Community College District Bond Oversight Committee

AGENDA

**January 27, 2010
District Office**

- I. Call to Order – California Conference Room
District Office
2100 Chester Avenue
Bakersfield, CA 93301

- II. Introductions

- III. Approval of the Minutes of July 22, 2009

- IV. 2008-09 Annual SRID Audit

- VII. Project Status Report
 - a. Bakersfield College
 - b. Bakersfield College-Delano Center
 - c. Cerro Coso Community College
 - d. Porterville College
 - e. District Office

- VIII. Strategy for Proposed Projects Funded by State Capital Outlay

- IX. Next Meeting Date – July 14, 2010

**KERN COMMUNITY COLLEGE DISTRICT
BOND OVERSIGHT COMMITTEE**

January 27, 2010

Present: Mrs. Amy Covert, Chair; Dr. Herb Bonds; Mr. Ted Ensslin;
Ms. Debbie Moreno; Mr. Ken Vaughan

Absent: Mrs. Cathy Prout; Mrs. Joan Smith; Mr. Cal Stead, Vice Chair
(One vacancy)

District Staff: Mr. Tom Burke
Mr. Gary Reed
Mrs. Rafaela Cisneros

Guest:

Call to Order

Mrs. Amy Covert, Chair, called the meeting to order at 2:05 p.m., in the California Conference Room, District Office, 2100 Chester Avenue, Bakersfield.

Introductions

The Oversight Committee members introduced themselves.

Mr. Burke advised that Ms. Sandra Serrano, Chancellor, Kern Community College District, expressed regret for not being at the meeting; she was serving as the Chair of the Accreditation Team for the accreditation of the Micronesia Community College District. He indicated that the District is a collection of islands and is part of the Western Association of the Accrediting Commission for Community and Junior Colleges.

Approval of Minutes

It was moved by Dr. Bonds, seconded by Mr. Ensslin, to approve the minutes of the meeting of July 22, 2009; motion carried.

Kern Community College District Proposition 39 General Obligation Bonds Safety, Repair, and Improvement District (SRID) Financial Audit, fiscal year ended June 20, 2009

Mr. Burke advised that the District had pressed the auditors to move swiftly and they were accommodating, providing an audit fairly quickly. He stated that this audit was an unqualified audit. Mr. Burke shared copies of the audit, stating that the District has \$68.2 million in unspent cash to date and about \$61.4 million in the fund balance and accounts payable.

Mr. Burke pointed out in the asset section the “Due from Other Funds,” calling attention to the fact that at the last meeting, he had announced that an audit had been conducted of the District’s Scheduled Maintenance Projects that were completed with SRID funds. He stated that it was determined that \$700,000 of those projects should not have been processed through SRID. He advised that funds were being transferred back into SRID from other funds. He stated that in terms of Schedule 1, Schedule of Project Expenses, it was a breakdown of all expenditures, accumulated expenditures through June 30, 2009, and the addition of the first two quarters of the current fiscal year. He pointed out a series of adjustments for the non-SRID Projects that reflected in the due from and indicated that the cash would be trued up in the current fiscal year.

Mr. Burke pointed out that the \$68.2 million is the amount that the District received through the refunding that the Attorney General later found to not be an appropriate refunding mechanism. He reminded the members of the Committee that they had concurred with the recommendation to go ahead and transfer those funds to the debt fund to pay off future debt. He advised that the Board of Trustees agreed with the Committee’s recommendation. He indicated that the cash transfer would be completed this year, and there was a liability to the SRID debt fund.

Mr. Burke highlighted revenues of \$2.4 million which was mostly interest income, cash balances, and the expenditures for the year were noted as well as some interfund transfers that had occurred. He called attention to the budget versus actual variance analysis. He stated that he forecast the interest a little high, as the interest came in lower than expected and the expenditures were lagging.

Mr. Burke advised that a matrix had been developed with assistance from legal counsel that helps evaluate every project to be absolutely sure whether it qualifies or not for funding by SRID. The matrix is part of the evaluation process.

Mr. Burke asked the committee members if they had any questions about the audit. He advised that the audit will not be presented to the Board of Trustees until the March 3, 2010, meeting. He asked that if the members had any questions between now and then, to please contact his office.

Project Status Report

Mr. Burke reported that Mr. Chris Addington, who usually provided the project Status Report, decided to go back into semi-retirement. Mr. Burke indicated that the District Facilities Department is adjusting to Mr. Addington’s transition and evaluating the District organization to determine what changes need to be made to accommodate that transition.

Mr. Burke distributed copies of the Safety, Repair, and Improvement District (SRID) Funds Facilities Report for 2009-10. He advised that the original Bond funds were \$180 million, and to date, there was bond interest of \$14,369,875, for a total of \$194,369,875 available. He further reported that total funds spent to date were \$88,851,898 and the total funds available for use were \$105,517,977.

Mr. Burke provided a breakdown of the SRID spending by site: Bakersfield College \$45,287,264; Cerro Coso Community College \$18,166,098; Porterville College \$18,723,993; and the District Office \$6,674,544. He also highlighted projects currently underway and he detailed the SRID funds spent by delivery site for each College.

Mr. Burke reported that there was a lot of activity at the Delano College Center, including the completion of the relocatables project, planning was occurring on the Learning Resource Center and the Multi-purpose Building. He advised that there will be some brainstorming with Paramount who is currently leasing the former Delano College Center on Randolph Street. They remodeled the building at their cost. This site is where their BARD Academy is located. Mr. Burke advised that Paramount had expressed an interest in expanding as a partner with the District at the Timmons property. He commented that this might provide some opportunities for the District, primarily financial opportunities to possibly have some capital funds for projects that the District had not considered.

Mr. Burke indicated that the District is in a partnership with the Delano Joint Union High School District, with a joint venture on the Performing Arts Center and part of the Gymnasium as Bakersfield College is offering College classes on their campus.

Mr. Burke showed slides of current on-going projects that were in progress including the Bakersfield College baseball and softball fields; Security Planning Campus Video Surveillance and Intrusion Alarm System at Delano College Center.

Mr. Burke also shared photographs and/or renderings of projects that were not SRID funded but were exciting. They included the Bakersfield College Thermal Energy Storage System and Mr. Gary Reed indicated that it was 660,000 gallons of a treated liquid that will allow the College to shift the power consumption from daytime peak hours to the middle of the night where it is the lowest possible rate. The water will be cooled down to about 40 degrees and then the water will be pumped through during the day in the summertime through the heat exchangers so the College will not have to run the expensive chillers during peak demand times of the day. Mr. Reed indicated that it would offset the huge amount of the electric load; this does not reduce any electric usage but is reduced by one-third the cost.

Mr. Reed reported that another new project will be in the northeast parking, there will be an installation of a one mega watt solar photo voltaic field which will produce over 2 million kilo watt hours of electricity annually which is about one-third of the electrical use at Bakersfield College. It is a shade structure and it tracks the sun as it moves across the sky. He stated that one of the most exciting companies that he has seen in this industry, SunPower, submitted the best bid and engineering proposal. This project is on target to be completed by the end of summer.

Mr. Burke commented that he wished SRID funds could have been used for both of these projects. He stated that the only solar facility was the one mega watt facility at Cerro Coso Community College.

Photographs and/renderings were shared of the Cerro Coso Community College Science Laboratory Modernization, Fine Arts Modernization and Addition, and the Main Building Modernization Projects. Mr. Burke reported that the District acquired sites in California City for a future center; he commented that essentially it had been determined that the base where the current center is located, Edwards Air Force Base, is becoming problematic for having an effective Center. He advised that land prices had plunged in California City and the District was able to take advantages of it.

Mr. Burke shared Porterville College projects which included the new Library, the new Wellness Center, and renderings of the Security Planning Campus Video Surveillance and Intrusion Alarm Systems.

Mr. Burke reported that there is \$20 million in contingency funds for costs of inflation.

Dr. Bonds asked if a facility was funded by SRID and then the facility is used for another purpose by a different department and then need repair and/or maintenance, would those funds be SRID funds or District funds. Mr. Burke responded no, as the District cannot use the bond for the ongoing day-to-day maintenance, which must come out of the general funds. He commented that Scheduled Maintenance is an odd name, as it really is the District/College fixing capital items such as HVAC systems, fixing things for safety issues, etc. As long as those fall within the definitions identified in the bond plan, those can go through. Mr. Burke commented that even some of those will not fit the criteria.

Mr. Burke stated that there was \$710,000 in maintenance projects that were evaluated in the audit and there was not a number that corresponded with a bond projects on the actual language of the bond.

Mr. Ensslin asked about a rumor that Porterville College would be building a new Gymnasium and a Cultural Center because the current Gymnasium is in such need of repair. He asked if the rumor was true. Mr. Burke responded that in the Capital Outlay funding the Gymnasium Project is listed and he believed that an FPP was submitted to the State Chancellor's office. He commented that there is a proposed gymnasium; however, there were no SRID funds identified for that project.

Mr. Burke advised that this touched on the next agenda item.

Strategy for Proposed Projects Funded by State Capital Outlay

Mr. Burke advised that he wanted to give the members of the Bond Oversight Committee a heads' up, stating that the District has attempted to use the bond funds to leverage capturing State bond monies and the District has been fairly successful in doing so. He commented that the problem is that the issuance of State bonds has come to a screeching halt. He referred to the fact that on the last general election there was no State bond to vote for and there will probably not be one in November 2010. He commented that in essence, other than a few projects at Bakersfield College, all of the other projects are significantly linked to future State bonds, and since there were two cycles of State bonds that had not gone to a vote, those projects will be frozen in time because there is not enough SRID funding to do the whole projects.

Mr. Burke reported that the District will do what it can with what is not tied to State capital outlay funds or where the District has not been allocated funds. Scheduled Maintenance Projects will continue to be done as they are not tied to SRID funds. He commented that if there is not a new State law in 2012, the District probably at that point will evaluate whether or not there will be one in 2014, and if not, the District will have to take the remaining bond funds and reshuffle the funds to the highest priority projects at each of the sites and pay for those projects at 100% with the bond funds. He stated that with the State economy, and the State Legislatures the way it is, and the reaction by the market of California's indebtedness, he was not sure if a new State bond will happen very soon.

Dr. Bonds commented that the likelihood that the Community Colleges would be funded for construction out of State bond money is very small, because of Proposition 98 funding. The funding is going to go to elementary and secondary schools because all those splits have to be negotiated before the bonds are placed on the ballot. Mr. Burke predicted that it will be 4 to 6 years before seeing any State bonds, which will most likely force the District to make some decisions about moving away from some of the projects that were leveraged and do them out of the SRID funds. He stated that at this point the District should take a wait and see approach and not make a commitment at this time.

Dr. Bonds stated that he hoped the District realizes how fortunate they were that the Measure G SRID was passed; if it had not been done then, where would the District be now trying to construct anything. He commented that the District and Colleges had tremendously benefitted from Measure G.

Mr. Burke stated that at this point that is the staff's recommendation to the members of the Oversight Committee and to the Board of Trustees. He stated that in the meantime the District will complete the projects that have been identified as 100% SRID funded and move forward from there.

Dr. Bonds asked Mr. Burke to share the Master Plans for the Northwest Center and the South site. Mr. Burke advised that the Northwest Center is located at the corner of Kratzmeyer and Enos Lane, across from Rio Bravo Greeley Elementary School. He indicated that there had been a little bit of a setback in that the new Global Warming Planning directives that were issued by the State to the Counties has somewhat stranded that property from being included in the next general plan. He reported that County Planning had essentially advised that the District will have to wait another reiteration before that property is included in the General Plan. He indicated at the same time, the District is re-evaluating the decision, a pretty good case that the District does not need to expand on that property for another 10 to 15 years. Mr. Burke indicated that related to the South property, the District was doing some joint planning with Bolthouse on this property and there may be some temporary facilities either with a lease or rental of a facility from Bolthouse temporarily to get started.

Mr. Burke reported that there will not be too many big capital projects in the near future because of the current economic situation; there will probably be a lot of little scheduled maintenance projects at Cerro Coso Community College and Porterville College; and the projects underway will be finished. He commented that the next project at Bakersfield College, which ironically was at the bottom of the list has moved up to the next project, and that will be an agriculture/horticulture laboratory modernization. It was scheduled for 100% SRID funds. The other projects in front of the laboratory modernization are some that are linked to other capital outlay projects.

Mr. Ensslin commented that with Athletics under jeopardy at all of the Colleges, he thought that it would be too long before the learning centers for student athletes. Mr. Burke advised that physical education courses and health courses are under significant pressure at the State level. He stated that the California State Universities and the Universities of California have essentially eliminated the physical education and health as a required course to graduate. It was noted that there is also talk about doing away with athletics period. Mr. Burke advised that the Chancellor has Operations doing some budget planning for a very extreme budget scenario and that extreme is not outside the realm of possibility. He commented that the current California budget situation is horrible and the proposed budget by the Governor has pipe dreams. He stated that the District is getting ready for the worst and the Board of Trustees is trying to determine how to manage utilizing its reserves. He commented that the District has built up reserves and wants to use those reserves in logical and methodical manner so as to not get caught short down the road, as there will be no new revenues to backfill the reserves.

Next Meeting

Mrs. Covert advised that when the Committee met last July, the date of July 14, 2010, was set as the next meeting date for the Annual Meeting. She asked if Cerro Coso Community College might be willing to host the meeting and the Committee members could visit projects at the campus.

Adjournment

The meeting was adjourned at 3:35 p.m.

Kern Community College District Bond Oversight Committee

AGENDA

November 2, 2010

1:00 p.m.

**Cerro Coso Community College
Ridgecrest, California**

- I. Call to Order – Cerro Coso Community College
3000 College Heights Boulevard
Ridgecrest, CA 93355

- II. Introductions

- III. Approval of the Minutes of January 27, 2010

- IV. Project Status Report
 - a. Bakersfield College
 - b. Bakersfield College-Delano Center
 - c. Cerro Coso Community College
 - d. Porterville College
 - e. District Office

- V. Next Meeting Date

- VI. Tour of the Cerro Coso Community College Projects

**KERN COMMUNITY COLLEGE DISTRICT
BOND OVERSIGHT COMMITTEE**

November 2, 2010

Present: Mrs. Amy Covert, Chair; Dr. Herb Bonds; Mr. Phillip Duncan
(Videoconference); Mr. Ted Ensslin; Mrs. Joan Smith; Ken Vaughan

Absent: Mrs. Cathy Prout; Mr. Cal Stead, Vice Chair; (One vacancy)

District Staff: Ms. Sandra Serrano, Chancellor
Mr. Tom Burke, Chief Financial Officer
Mr. Gary Reed, Director, Construction

Guests: Ms. Jill Board, President, Cerro Coso Community College
Mr. John Daly, Director, Maintenance and Operations,
Cerro Coso Community College

Call to Order

Mrs. Amy Covert, Chair, called the meeting to order at 1:05 p.m., in the Administrative Conference Room, Cerro Coso Community College, 3000 College Heights Boulevard, Ridgecrest.

Introductions

The Oversight Committee members introduced themselves.

Approval of Minutes

It was moved by Dr. Bonds, seconded by Mr. Ensslin, and carried to approve the minutes of the meeting of January 27, 2010.

Project Status Reports

Mr. Burke advised that the Project Status Report to be shared included the data through the first quarter of 2011. He indicated that also included in the folders was the detailed reports by project for the members to review.

Mr. Burke distributed copies of the Safety, Repair, and Improvement District (SRID) Funds Facilities Report 2011. He advised that the original Bond funds were \$180 million, and to date, there was bond interest earned of over \$15 million which was in the construction fund. He indicated that technically those funds have been placed in a contingency fund for projects as the District moves forward. The total funds available are a little more than \$195 million; total funds spent to present was just under \$95 million and there are still total funds available in excess of \$100 million for a total of \$194,369,875 available. He further reported that total funds spent to date were \$88,851,898 and the total funds available for use were over \$107,700,000.

Dr. Bonds asked about the invested funds and the fluctuating market. Mr. Burke responded that those funds were invested in short-term, liquid funds with Kern County, and the interest rate is very low, and there is very little risk.

Mr. Burke shared that the spending to date was Bakersfield College, \$47.7 million; Cerro Coso Community College, \$21.8 million; Porterville College, \$19 million; and the District Office, \$6.1 million, to total expenditures of almost \$94.6 million. He also shared the expenditures by delivery site to date was: Bakersfield College \$10.9 million; Delano Center, \$13.1 million, with the Science Technology Building and the modular classroom expansion; Southwest Center (Weill) \$10.7 million which included the acquisition costs of a future center, and the Northwest Center, \$13 million.

Dr. Bonds asked about the Southwest Center and the Weill Institute, and Mr. Burke advised that the State currently considers the Weill Institute as the Southwest Center for Bakersfield College. There are plans for movement of that Center once the District moves back into a growth pattern and that will be located at Highway 99 and Bear Mountain Boulevard.

Mr. Burke highlighted and shared photographs of the completed Women's Softball/Men's Baseball Fields Project. He reported that there was a campus wide ADA Transition Plan update underway; programming on the Campus Center Modernization project; the College is moving ahead with putting swing space in place so that the College can deal with the Performing Arts Building Modernization and future projects. He reported that the District received some good news in the spring; there were unused capital outlay funds from previous projects that were returned to the State so the Performing Arts Building Modernization Project has been authorized to be funded.

Bakersfield College also has the following projects going through the process: Logistics Building Project, Supportive Services Modernization, Phase One, Fine Arts Modernization, Facilities and Operations Modernization, Language Arts Building Remodel for Efficiency, Master Planning Scheduled Maintenance and Security Planning. Mr. Burke reported that with the delays in State bonding, many of these projects, whether a Final Project Proposal (FPP) or an Initial Project Proposal (IPP) designation, these projects will have to recompile for authorization each year. He indicated that the State Chancellor's Office decided a few years ago, to keep updating the statewide capital plan for changes in the environment as well as demographics. Any project that had not been authorized for preliminary plans, working drawings, and construction, would go through the competitive process.

Dr. Bonds asked about the Maintenance Assessment District (MAD) bond monies and if they were ever used for any of these projects and Mr. Burke advised that the MAD funds were exhausted before the Safety, Repair, and Improvement District bond was initiated. He advised that the only activity on the Maintenance Assessment District is paying off the debt.

Mr. Burke reported that at the Bakersfield College Delano Center, the Relocatables Project, which expanded the classroom capacity, was complete and they were occupied. The Delano Center Learning Resources Center Multi-Purpose Building has a Final Project Proposal approval; however, it has to recompetete. There is also the Academic Facility Phases 2 and 3; one is in an FPP status and the other in an IPP status. He stated that the partnership with the Delano High School District is complete; the College continues to operate under that partnership, and things were going well. Bakersfield College is using the facilities that the District provided funds for building.

Mr. Burke advised that the Paramount BARD Academy rents the former Delano Center on Randolph Street and they have approached the District about expanding their educational operations and partnering use of the new Delano Center site and they are in discussions.

Mr. Burke stated that there is currently planning for security planning and mass notification, an Amber system that provides light alerts.

The Northwest Center was noted to be in a holding pattern at this time due to the slow economy as well as expansion in that area and also the South Center.

Mr. Burke turned over the meeting to Mr. Gary Reed, Construction Manager, District Office, to review the various schematics in the PowerPoint presentation. Mr. Reed advised that the Delano Center was in the process of security planning and campus surveillance, and also an intrusion alarm system. He advised that the approach from the beginning was to master a plan on how to deal with security on that campus and he commented that there had been great progress. He reported that there are issues between the Department of State Architecture (DSA) and the Fire Marshall related to lock downs and fire alarms, etc.

The Chancellor commented that as District buildings are being constructed, they are a beta site testing things that will be appropriate for all of the campuses and developing construction standards. Dr. Bonds asked if these types of projected were included on the SRID Bond measure and he was advised that they are part of the technology that was included in the funding. Mr. Reed advised that there had been tremendous strides in technology. It was also noted that the Delano Center was part of the allocation of bond funds for expansion in Delano. Also, the bond language stated that site improvements for accessibility, safety, and security for all campuses, were funded.

Mr. Reed highlighted the Bakersfield Baseball and Softball Bleachers projects and the Performing Arts Modernization Project. Mr. Burke advised that the \$16 million project was funded by the State plus \$4 million in SRID funds. Photos were also shared of the Photovoltaic Field even though not funded by SRID funds.

Mr. Burke shared the SRID spending by delivery site totaled \$21,782,268, for Cerro Coso Community College and Centers, and this included the College, \$20,937,775, and the Southern Kern Center Land acquisition in California City of \$844,493. He explained that the District is poised for expansion in that area. He commented that SRID funds were used for the installation and upgrade of Instruction Television (ITV) along the Highway 395 corridor. He advised that the Eastern Sierra Colleges Center, both at Bishop and Mammoth Lakes, were not part of the SRID. The remaining balances of allocated SRID funds are \$8,325,066.

Mr. Burke highlighted current Cerro Coso Community College projects: the Science Lab Modernization; Fine Arts Addition and Modernization; Main Building Modernization; Student Center Modernization; Vocational Education Building; Campus Master Planning; Scheduled Maintenance; Security Planning/Mass Notification Planning; and the California City Site Acquisition.

Mr. Reed shared photographs of the various projects under construction and/or near completion.

Mr. Burke reported that SRID Spending for Porterville College totaled \$19,049,238; with a balance of \$15,000,062. He advised that a third of the \$15,000,062 is committed to Scheduled Maintenance Projects. He further reported that the following projects were either complete, under construction, or in the State funding process, and they are the Library Modernization and Expansion; Math Science Wing Modernization of Science Labs; Wellness Center Building; Allied Health Facility; Applied Technology Building; Gymnasium Building; Fine Arts Building; Master Planning; and Scheduled Maintenance/Mass Communication.

Mr. Reed highlighted the photographs of the various projects under construction and/or near completion.

Mr. Burke reported that at the District Office, some infrastructure improvements and this was the only area of equipment included in the Proposition 39 Bond. The equipment included infrastructure upgrades and protection measures; and the implementation of the mass notification system. District projects also included ADA Transition Planning, Security Facility Standards and Planning, District Facility Standards, District Facility Planning, SRID, Scheduled Maintenance Planning, Mass Notification Systems for Facilities; and the Facilities Department Operations expended funds for facility planning and project management. The District Office has expended SRID funds in the amount of \$6,141,522, and there are remaining allocated SRID funds of \$2,503,077.

Mr. Burke stated that there are contingency funds in the amount of \$21,600,496, which has not been allocated to date and the funds will also be used for inflation costs. He further stated that all of the SRID funds for construction has a debt payment of funds kept with the Kern County Treasury; the interest earnings is not high, but to date the fund has earned interest of \$15.2 million since inception.

Mr. Burke reiterated that all of the projects will recompile with other projects across the State. He stated that the one project in the District that may have the greatest struggle is the Allied Health Facility. District staff contemplated increasing the match dollars; however, that would lock up a large amount of funds, and the Scheduled Maintenance needs at Porterville College are much greater. There currently is an Allied Health Facility funded by a grant.

Next Meeting

The Chancellor reported that the By-Laws for the Citizens' Bond Oversight Committee indicate that there must be one meeting per year, the organizational meeting, which is in July. The Committee has struggled to meet with a quorum since the Oversight Committee was formed. She commented that at the last meeting held in January, there were three members absent. She suggested amending the By-Laws through the Kern Community College District Board of Trustees. She asked for feedback related to changing the organizational meeting date and if so to which month. It was agreed to keep trying for the month of July.

Mr. Burke indicated that the audit of the Safety, Repair, and Improvement District would be completed in the winter and a meeting would be scheduled in March or April.

The Chancellor advised that there were a number of members with terms expiring and because they are at the end of the second terms, new members for the Committee will be sought. She indicated that there was a vacancy for Business and Organization. She asked current Committee members for any recommendations they may have and she could follow up with. She asked if they could email any recommendations to her office.

It was noted that Mr. Ensslin has a remaining term; the Taxpayer's Association will be vacated in January; Foundation Support, Mr. Vaughan second term would expire in January; At-large, preferably someone from Delano, Shafter, and California City areas. Mrs. Covert, Mrs. Smith, Mrs. Prout, and Dr. Bonds' terms were also expiring. It was agreed that the term lengths must be varied to prevent the large number of vacancies at one time. It will also be researched if former members could return after sitting out a term.

Mrs. Covert will be present at the Board of Trustees meeting in December to present the annual report of the Bond Oversight Committee.

The members present then toured the construction projects at the Cerro Coso Community College.

Adjournment

The meeting was adjourned at 2:15 p.m.

**KERN COMMUNITY COLLEGE DISTRICT
BOND OVERSIGHT COMMITTEE**

February 1, 2012 – 4:30pm

Minutes of the Meeting

Present: Mr. Bruce Auld; Mr. Ken Byrum; Mr. Ted Ensslin; Mr. Jay Hershey;
Mr. Xenos Lopez; Mr. Brent Rush

Absent: Ms. Jan Bans (Business); Sandra Serrano, Chancellor

District Staff: Mr. Tom Burke, Chief Financial Officer
Mr. Eitan Aharoni (Consulting Dir., Facilities Planning & Construction)
Ms. Jana Durham, Business Services
Ms. Kim Crews, Facilities Planning
Mr. Craig Rouse, Project Manager, Facilities Planning & Construction)

Guests: None

Call to Order

Mr. Burke called the meeting to order at 4:30 p.m., in the Kern Conference Room, Kern Community College District Office, 2100 Chester Avenue, Bakersfield, CA 93301.

Introductions

The Oversight Committee members introduced themselves.

Election of Chair and Vice Chair

Mr. Burke opened up discussion of interest of appointment of electors. Mr. Rush indicated his interest in serving as the Chair. Mr. Burke moved that Mr. Rush be appointed as Chair; Mr. Auld seconded the motion; the Committee voted in favor of Mr. Rush' appointment as Chair.

Mr. Auld opened up discussion of interest of appointment of electors. Mr. Lopes indicated his interest in serving as the Vice Chair. Mr. Auld moved that Mr. Lopes be appointed as Vice Chair; Mr. Byrum seconded the motion; the Committee voted in favor of Mr. Lopes' appointment as Vice Chair.

Approval of Minutes

Moved by Mr. Rush, and seconded by Mr. Byrum, the Committee carried to approve the Minutes of the Meeting of November 2, 2010.

Review of By-Laws Changes

Mr. Burke reported that Section 6.1 of the By-Laws was modified to omit the actual date for the annual meeting, and the language has been modified to target availability of the full committee participation. Mr. Hershey asked if audit time would be a better time to meet. Mr. Burke suggested that January is probably the best time for a planned annual meeting. Mr. Byrum asked whether it would be set several months in advance so that scheduled commitments may be made. Mr. Burke confirmed. Mr. Xenos moved for approval of the changes in the By-Laws. Mr. Ensslin seconded the motion. The committee voted for recommendation to the Board of Trustees for approval of the change in the By-Laws.

2010-Draft Financial Audit

Mr. Burke reported that the Draft Financial Audit has been recently revised to correct certain journal entries. He noted that last year there were some changes in the performance report portion requirements and advised that the changes are reflected in the independent auditor's performance report, and added that that portion of the audit has been significantly expanded. Mr. Burke reported that the auditors had no findings for this year in the audit. Mr. Hershey reported that he had never seen a financial statement like what is shown on page 12, 2nd paragraph, last statement, and inquired as to why the report contained the statement: "We do not express an opinion on the effectiveness of the District's internal control over financial reporting" and asked why an audit is then conducted. Mr. Burke directed Mr. Hershey to page 13 of the performance report and directed him to the performance evaluation. Mr. Burke said that that specific financial expression is unqualified. Mr. Byrum said that he thought that the auditors would have reviewed it, in order to make that statement, and if there were problems, there would have been findings. Mr. Ensslin said that the auditors are following regulations verbatim. Mr. Burke directed them to top of page 14 that reads: "The results of [our] audit tests show that internal control procedures appear to be working to meet the financial compliance objectives" and there was discussion of clarifying what seemed to be ambiguous statements. Mr. Ensslin further reiterated that the auditors had/have to follow the industry standards of regulations and rules. The committee continued to comment on the findings. Mr. Burke reported to Mr. Byrum that Prop 39 requires an internal audit. Measure G is part of the District's entire Capital Outlay Funds, and Prop 39 requires a separate audit of the fund. This is a full and final audit. Mr. Hershey inquired as to the process of review and recommendation to the board of trustees for their approval. Mr. Rush asked about the more recent construction and the testing that was done. Mr. Burke said that not every site will be tested, and that only selected testing was made. Mr. Ensslin stressed the importance that each area, i.e., Porterville, Bakersfield and Ridgecrest, is fairly and equally treated and that doing this is part of the ethics of [our] job as members of the oversight committee. The Bond needs to be administered in accordance with Prop 39. Mr. Burke said that for next year's auditors, he will address the appropriateness of enhancing the audit to have test and controls on the financials, and not only on the performance side. The committee agreed to make the recommendation to the Board of Trustees of acceptance of the bond audit report. Mr. Burke introduced Mr. Aharoni to present the Facilities Financial report and materials.

Project Status Reports

Mr. Aharoni discussed the second quarter report of 2011-12, for period ending December 31, 2011. Specifically, Mr. Aharoni summarized the report with respect to SRID expenditures. The original Measure G Budget was \$180,000,000. Since then interest has accrued and other funds totaling \$21,633,523. Total SRID funds available is \$201,633,523. Total SRID funds spent to date is \$101,989,381 and one-half of the total. With a total of remaining allocated SRID funds in the amount of \$78,010,619. Bond interest income to date is \$21,633,523.

Mr. Burke discussed state funding. He reported that the Capital Outlay process is competitive with other districts who are trying to qualify for same bonds. There has not been a state bond approved since 2006. The District has stretched those dollars. The freeze on the funds from the State has resulted in projects slowing down, or put on hold indefinitely, pending future funding availability. So, again there is no bond on the ballot for 2012, so we need to rethink our strategy of leveraging by doing as many projects as is feasible with what we have. New Educational and Master Plans are being prepared and we will evaluate again once they are completed. Mr. Byrum asked if the cost of the delay in construction project is quantified. Mr. Burke confirmed that there are costs associated with delaying projects, but at the same time, there has been a decline in actual construction costs. Mr. Auld inquired as to whether the \$78,010,619 was in the form of cash. Mr. Burke explained about the process of liquidating and transferring these funds, emphasizing that strict regulations are attached to the qualification of these funds, and how they are used.

Mr. Aharoni went on to say that the Educational Plans underway at this time use demographics and plans looking back over the last 5-10 years, and the findings may indicate a level of optimism then that is not present with the current status of State bonds, meaning, we need to tighten our belts. We are not able to save a lot on the Scheduled Maintenance Projects. He reported that the Bakersfield College Performing Arts Building went out to bid and the bids came in high – so the project was delayed and is now being re-evaluated. Mr. Burke reported that between 2004 and 2007, the bidding activity was much less than it is now partly because there was so much work. Now there is not as much work so bidders are very competitive and actively bidding. Mr. Aharoni said that part of the \$78,010,619 is a reserve for future long term projects, but we are waiting to see what happens with the State bonding status. We are doing Scheduled Maintenance Projects out of that money, as well. The Board may decide that that money be moved to adjust for the current needs. The overall amount of \$101,989,381 is distributed to each campus and the District Office. Funding is distributed by initial allocations by size and leveraging.

Mr. Burke directed them to a detailed expenditure spreadsheet on what has been spent only, and what has been audited as of today. Mr. Byrum asked for a future reflection on the report of percentage of completion to better enable the committee to appropriately evaluate. Mr. Hershey agreed. Mr. Burke responded that he will review and discuss having the percentage of completion reflected in future reporting by the Facilities Department. Mr. Hershey stated that he just wants to know what normal construction managers would want to know, i.e., percentage of change, percentage of completion, etc. Mr. Aharoni reported that Facilities will incorporate having a real time update including change orders, and cumulative information for each project. Mr. Byrum said he wants to see this information before the next meeting of the committee.

Mr. Aharoni went on to discuss the Facilities Report by site. Mr. Burke said that the Bakersfield College-Delano campus is a recent build-out, i.e., expanded by relocatable classrooms. Accordingly, there are not a lot of projects at that site.

Mr. Aharoni shared photographs of the projects. Mr. Aharoni then opened the forum up for questions and answers. Mr. Bynum asked about the solar project activity and development. Mr. Aharoni responded that at Porterville College there is already a site designated for the next solar site, and that there is some adjacent land available to do so. This development is being evaluated and weighed against the prospective planned growth of the campus site, but this development does not qualify for bond funding. Mr. Rush asked about PPAs and the construction process and Mr. Burke responded that for this we do not do PPAs. Bond funds can be used for solar projects at Cerro Coso Community College, but not for Bakersfield College or Porterville College – so we have to find other financing for those things. Mr. Aharoni added that we are on the verge of hiring energy consultants to do more research about further solar project development.

Next Meeting

Mr. Burke proposed that the Committee's next meeting occur in late summer or early fall. Mr. Burke asked the committee turn to "Codes" in the report for a last review. He explained that a coding system had been devised to determine funding eligibility on proposed projects. He added that some of the original documents that guide us are the Resolution that was Adopted by the Board of Trustees for the _____. He added that The Robert Maas Company helped to manage the bond listing and plan back in 2003. Those two documents developed then still guide us significantly in ensuring the projects are (or are not) qualifying for the bond money. Mr. Ensslin asked about the level of public communication. Mr. Burke described that in 2005 we sent out a packet to the community. The Chancellor's Office will be working now on keeping the community up to date. The Chancellor will attend the next meeting. The next meeting will be at Bakersfield College – and we will take a tour.

Adjournment

The meeting was adjourned at 5:58 p.m.