

MARIN COMMUNITY COLLEGE DISTRICT
CITIZENS' BOND OVERSIGHT COMMITTEE MEETING
JANUARY 30, 2018

LOCATION:
KENTFIELD CAMPUS
ACADEMIC CENTER, ROOM 229
835 COLLEGE AVE.
KENTFIELD, CA 94904

CITIZENS' BOND OVERSIGHT COMMITTEE, MEMBERS PRESENT

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| Ross Millerick | CBOC Chair and Representative, Support Organization |
| Jeff Gunderson | Representative, At Large |
| Paul Premo | Representative, Taxpayers Association |
| Eric D. Sitzenstatter, Jr. | Representative, Senior Citizen Organization |
| Margaret DeSomma | Representative, At Large |

CITIZENS' BOND OVERSIGHT COMMITTEE, MEMBERS ABSENT

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| Nancy McCarthy | Representative, Business Organization |
| Janelle LaChaux | Representative, Student Organization |

MARIN COMMUNITY COLLEGE DISTRICT, STAFF PRESENT

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| Jonathan Eldridge | Senior Vice President of Student Learning and Student Services |
| Peggy Isozaki | Director of Fiscal Services and Acting VP of Finance and College Operations |
| Katy Bauer | Executive Assistant |

GUESTS

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| Ann Kennedy | A Kennedy Group, Financial Manager |
| Mike Chegini | A Kennedy Group, Communications Manager |
| Tim McBrian | Gilbane Building Company, Program Manager |
| Arthur Ngo | Crowe Horwath, Auditor |
| Sarah Frye | District Librarian |
| John Erdmann | District Librarian |

I. CALL TO ORDER

Committee Chair, Ross Millerick called the Citizens' Bond Oversight Committee (CBOC) meeting to order at approximately 4:30 PM. In addition to Committee Chair, Ross Millerick, Committee Members, Jeff Gunderson, Eric Sitzenstatter and Margaret DeSomma were present, establishing a quorum. Committee Member, Paul Premo arrived at approximately 4:32pm. Committee Members, Janelle LaChaux and Nancy McCarthy were absent.

II. APPROVAL OF AGENDA

Committee Member, Margaret De Somma made a motion to approve the agenda. Committee Member, Jeff Gunderson seconded the motion. The motion was unanimously carried by the Committee Members present (5 approvals and 2 absent).

III. APPROVAL OF MEETING MINUTES FROM OCTOBER 30, 2017 MEETING

Committee Member, Paul Premo identified a clerical error in the header (date needs to be changed) and he made a motion to approve the meeting minutes with the corrected header. Committee Member, Eric Sitzenstatter seconded the motion. The motion was unanimously carried by the Committee Members present (5 approvals and 2 absent).

IV. PUBLIC COMMENT

Sarah Frye, District Librarian, and her co-worker, John Erdmann, were interested in the progress on the Library (Learning Resources Center) project. There were no other comments from the public.

V. COMMUNICATIONS RECEIVED BY COMMITTEE MEMBERS

No communications were received by the Committee Members.

VI. FINANCIAL AND PERFORMANCE AUDITS FOR FY 2016/2017

Arthur Ngo from Crowe Horwath (District Auditor) gave a presentation outlining the results of the financial and performance audits for FY 2016/2017. In the Measure B Financial Statement, Crowe Horwath did not identify any corrected or uncorrected misstatements through the audit procedures. The management presented a clean audit and clean financial statements to the Board and Oversight Committee. The Independent Auditors Report describes the responsibilities of the management and the auditor. Crowe Horwath is issuing an unmodified opinion of a clean audit for the year ending June 30, 2017. It was noted that the date range, in the Statement of Revenues & Expenditures (page 11 of the packet), is December 1, 2016 through June 30, 2017. The period begins in December because that's when the bonds were issued; next year the Statement will have the entire fiscal year (July 2017 to June 2018).

Committee Member, Margaret DeSomma asked for an explanation of how the capital outlay total of \$4,561,155 was spent (page 4 of Financial Statement Report). Ann Kennedy reminded the Committee that the details are in the October 30, 2017 meeting materials.

Committee Member, Paul Premo asked if there was a policy for how the District invests short-term cash from bond issuance proceeds (page 6 of Financial Statement Report). Ann Kennedy replied that in January 2016, the Education Code changed to require that district funds must be held at the county, and each county has its own investment policy. Ann Kennedy also addressed Committee Member, Paul Premo's inquiry as to whether the District holds onto funds for a lengthy period of time. She explained that the majority of bonds are sold with the 3 year spend down requirement.

Arthur Ngo of Crowe Horwath discussed the Performance Audit, covering the period of December 1, 2016 through June 30, 2017. In conclusion, the District Auditor found that the funds were spent in accordance with the ballot language and there were no findings to report to the Committee Members.

Committee Member, Margaret De Somma asked for a definition of payroll since bond funds should not be used to pay teacher salaries. Payroll applies to individuals who work directly on the bond, e.g., Bond Buyer, Bond Accounts Payable Specialist, Director of Capital Projects. Arthur Ngo of Crowe Horwath informed the Committee that there is a legal opinion that allows these types of expenditures to be charged against Measure B. He also explained that the District has an agreed upon procedure with Crowe Horwath for additional services related to bond testing. Bond expenditures are tested twice a year (July 1 – Dec 31, Jan 1 – June 30) instead of the required annual audit. There were no additional questions from the Committee Members.

VII. FY 2016/2017 ANNUAL REPORT DRAFT FOR COMMITTEE REVIEW/APPROVAL

Communications Manager, Mike Chegini presented a draft of the Annual Report section from the Measure B Bond website. Upon approval, Committee Chair, Ross Millerick will present the Annual Report to the Board of Trustees as an Action Item. A letter from the Committee Chair is part of the Annual Report and was reviewed by the Committee.

Committee Member, Margaret De Somma requested that the \$5 million "Other" should be identified

as Novato Rotary contribution for Jonas Center.

Committee Member, Margaret De Somma and Committee Chair, Ross Millerick asked for "A&E" to be clarified as architecture and engineering, as well as "DSA" to be noted as Division of State Architect.

The project list was reviewed. Committee Chair, Ross Millerick asked about the total. The bond project list total includes the bond authorization of \$265 million, plus interest earned, plus \$5 million (Novato Rotary Endowment). The total is further broken down by location: Kentfield, IVC and District.

Committee Member, Eric Sitzenstatter is concerned about changes to projects and would like to be notified of significant changes that have been made to projects. Ann Kennedy clarified that the committee's purview is to review expenditures. For the Annual Report deliverable, the Committee reviews the expenditure information presented throughout the year in the Auditor's reports to confirm the District spent the money according to the ballot language. She reminded the Committee that the "go forward" view is the responsibility of the Board of Trustees and the District management, and it will be the Board of Trustees and District Management who will communicate project changes back to the Committee.

Committee Member, Jeff Gunderson would like the Program/Project Update Report to include past and anticipated differences communicated to Committee and community.

Committee Member, Margaret De Somma asked to add detailed scope to each project for "District" projects, but it is not needed for specific campus project list.

Committee Chair, Ross Millerick would like to add a paragraph to the letter from the Chair that defines and limits Committee role in that the Committee is approving expenditures through June 30, 2017, not budget numbers. Ann Kennedy to run revised wording by bond counsel and working group.

Committee Chair, Ross Millerick suggested that the District IT budget removes shorter-lived assets, so they're not funded with 25-year term bonds. Ann Kennedy explained that this is the responsibility of the District' Bond Financial Advisor in conjunction with legal counsel.

Committee Member, Paul Premo asked if the budget is broken down by duration of time during which the money will be spent. For example, will the IT money be spent in 5 years or 15 years? Senior Vice President, Jonathan Eldridge explained that with regards to IT and Instructional Equipment (IE), the intent is to leverage the bond funds, in terms of investments, interest earnings to get closer to 20 years worth of life out of these funds, but the duration will depend on many factors.

The Committee will approve the Annual Report with the following changes: Letter from Chair - Add paragraph to clarify scope of Committee's responsibility and clarify overseeing expenditures through 6/30/2017; Note Novato Rotary Endowment (\$5 million other); Clarification of acronyms; Addition of scope to District projects.

Committee Member, Margaret De Somma made a motion to approve the Annual Report with the noted changes. Member, Eric Sitzenstatter seconded the motion. The motion was unanimously carried by the Committee Members present (5 approvals and 2 absent).

VIII. PROGRAM/PROJECT UPDATE REPORT

Gilbane Program Manager, Tim McBrian, gave an overview of current projects.

Committee Member, Eric Sitzenstatter asked if IVC Childcare center would be relocated as part of the Jonas project. Senior Vice President, Jonathan Eldridge confirmed Childcare will stay in building 12,

and will be remodeled. Building 12 will eventually include a student center and food service.

Committee Chair, Ross Millerick asked if classes in Pomo would be discontinued. Senior Vice President, Jonathan Eldridge confirmed classes will not be discontinued, but will be relocated.

IX. FINANCIAL AND COMPLIANCE ITEMS

- a. Ann Kennedy provided an overview of the whole program report and the project summary report (inception through 9/30/2017). Committee Member, Paul Premo made a motion to accept the Program Financial Reports through 9/30/2017; Committee Member, Margaret De Somma seconded the motion. The motion was unanimously carried by the Committee Members present (5 approvals and 2 absent).
- b. Ann Kennedy explained that any changes to project name, scope or budget must be approved by the Board of Trustees, and she reviewed Bond List Revision (BLR) #3 with the Committee. BLR #3 was approved at the November 14, 2017 meeting.
- c. This item was a request from the October 30, 2017 meeting. We will address at the next meeting due to the full agenda, and many projects are currently out to bid; Gilbane will be better informed once they see the results of the current bids.
- d. No questions were sent to bond counsel in the last quarter.

X. CONFIRMATION OF NEXT MEETING DATE/TIME

The next meeting is March 27, 2018 from 4:30-6:00pm at the Indian Valley Campus. Committee Member, Jeff Gunderson may be out of town; Committee Chair, Ross Millerick may have a commitment. Katy will confirm quorum. Committee Member, Margaret De Somma will not be able to attend a meeting after June 17th.

Executive Assistant, Katy Bauer raised the question of whether Committee Member, Jeff Gunderson would be willing to extend his term by one year, which expires March 14, 2018. Committee Member, Jeff Gunderson agreed to extend his term by one year. For the Committee Members whose terms expired in December 2017, it was confirmed that Committee Members are allowed a six-month grace period to extend their terms, so there is no interruption in the reappointment of terms.

XI. TOPICS FOR NEXT MEETING

Committee Member, Jeff Gunderson asked that at a future meeting the Project Update include anticipated changes and early stages of signature projects, e.g., Learning Resources Center (LRC) and Student Services (SS) at the Kentfield campus. The Board has elected to look at LRC and SS as a single project for planning purposes because so many pieces interrelate. Senior Vice President Eldridge confirmed that the District have contracted with WLC Architects to do the program plan. In the next two weeks, they will reach out to all user and constituent groups to discuss needs. The data will form the instruction manual for the architects that are hired.

XII. ADJOURNMENT

The meeting was adjourned at approximately 6:18 PM.