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.
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.