

MINUTES OF THE MEASURE A BOND OVERSIGHT COMMITTEE  
OF THE CONTRA COSTA COMMUNITY COLLEGE DISTRICT

Date: September 26, 2002  
Time: 5:30 p.m.  
Place: George R. Gordon Education Center  
6<sup>th</sup> floor Board Room  
500 Court Street  
Martinez, California

Members Present

Keith Archuleta  
Brock Arner  
Hardeep Aulakh  
Michael Dugan  
Mary Piepho  
Myriam Roiz  
Jaime Sparks  
John Wolfe  
Sy Zell

Absent

Mary Erbez  
Jim Green  
Shilen Patel  
Mark Ross  
Erik Suarez  
Herman Welm

Staff/Guests

Tom Beckett  
Alex Edwards  
Elizabeth Hearey  
John Hendrickson  
Les Littman  
Paul Peterson  
Chuck Spence

CALL TO ORDER

At 5:40 p.m., Chuck Spence opened the information/discussion portion of the meeting agenda. Dr. Spence thanked each member of the committee for agreeing to serve on this important public committee. The bond passed at the March 5, 2002 election. The Contra Costa Community College District will provide high quality and timely data to the committee to assure integrity in all Measure A activities. The agenda for the first committee meeting is organized to provide for a legal overview, presentation of the outside audit scope and process, and to provide a summary of Measure A building activities.

Each member of the committee introduced himself/herself.

John Hendrickson briefly reviewed the information packets prepared for the meeting. College District staff are available for any questions or additional information that committee members may want. Mr. Hendrickson introduced Elizabeth Hearey, an attorney with Atkinson, Andelson, Loya, Ruud & Romo, general counsel for the District.

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Ms. Hearey provided an overview of Proposition 39, a November, 2000 state initiative approved by the voters. Proposition 39 provides for a 55% passage of local school district and community college district bonds. The measure further requires formation of the oversight committee and defines allowable uses of bond funds. The Contra Costa Community College District Governing Board resolution placing Measure A on the ballot describes the bond projects and intended uses of bond funds.

Ms. Hearey further explained that the principal role of the committee is to assure that money is spent in accordance with the Governing Board resolution and as permitted under state law. The committee will receive financial and performance audits and will also consider cost saving approaches for the use of Measure A funds. The job of the committee is to inform the public whether proceeds are spent for permitted purposes. The committee does not decide on projects to be funded or sequence of bond activities.

The committee will make an annual report to the Governing Board. The District website will include the agenda and minutes of committee meetings, along with other Measure A information. Ms. Hearey further noted that committee members should be familiar with the Governing Board approved rules and regulations. A majority of the committee members will provide for a quorum to conduct business. A majority of the members present is needed to pass a motion. The terms of office, provision for replacement of committee members, and roll of staff are also described in the rules and regulations.

Mr. Hendrickson introduced Paul Peterson, Partner, Armanino McKenna. Mr. Peterson provided a brief background on the firm, the organization of the financial and performance audits, and responded to committee member questions. Mr. Peterson noted that the first bond series was sold after start of the new fiscal year (July 1, 2002) and that the audit is performed on a fiscal year basis. In response to a committee member question, Mr. Peterson said that the cost of issuance will be reviewed as part of the first annual audit report.

John Wolfe asked if the firm had experience with other Proposition 39 bond clients. Mr. Peterson stated that two community college district clients have passed Proposition 39 bonds. The firm may perform the Proposition 39 audits for these two districts. The firm does not provide audit service for school districts.

Michael Dugan asked if there was a conflict of interest for the District to contract with its regular audit firm to perform the Proposition 39 audit reports. Mr. Hendrickson and Mr. Peterson responded that the audit is done as an independent outside review for both the regular District audit and Proposition 39 audit. The District financial controls and accounting system are examined in the audit process. There is no conflict of

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interest and there are cost and time efficiencies for audit and District staff through contracting with Armanino McKenna.

Myriam Roiz asked if the performance audit would provide an opinion concerning costs and time line of construction projects. Mr. Peterson replied that the project monitoring and control procedures are examined in the audit process. Specific opinions on project cost estimates or time schedules would not be included in the audit report.

### MEASURE A CONSTRUCTION PROGRAM

Tom Beckett began a review of the Measure A status report packet developed for the September 25, 2002 District Governing Board meeting and for the first meeting of the Measure A Oversight Committee.

Mr. Beckett discussed the state-funded scheduled maintenance program. The District will always complete scheduled maintenance projects included in the state program. In this manner, 50% of the project cost is funded by state funds.

The November, 2002 state election includes a school district and higher education facility bond measure. If that measure is passed, considerable funding will be provided for construction projects that are included on the Measure A project list. Receipt of state bond funds would permit additional scheduled maintenance work to be completed.

Mr. Beckett further explained that cost estimating and time lines for construction projects are subject to many conditions. The College District has been successful in completing projects within budget, on time, and without litigation. The District will work with the selected architectural and construction firms to attempt to keep all projects on the original project schedules.

Mr. Beckett reviewed each section of the Measure A status report. The schedule for the architectural selection process, milestone dates for each construction project, and the capital construction expenditure forecasts were reviewed.

Committee member Michael Dugan asked if the District uses the Construction Specification Institute (CSI) cost accounting system for capital projects. Mr. Beckett responded that the District follows the budget and accounting manual rules applicable to community colleges. Further, most payments are made to contractors based on performance and payment schedules, not for tracking specific labor and materials used for the project.

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Mr. Beckett and Mr. Hendrickson reviewed the accounting support procedures and codes for Measure A projects.

Committee member Hardeep Aulakh asked if material is available to describe each construction project. Mr. Beckett said that project description material is being developed and will be provided to the committee members.

Mr. Hendrickson explained the Measure A election and issuance costs data. Payment of these expenses is provided in the Governing Board resolution ordering the election. Costs consist of the county election billing of \$426,903.06 and issuance costs of \$126,635.66. These are nonrecurring expenses.

Mr. Beckett reviewed the listing of scheduled maintenance expenditures. Expenses have been incurred for the period beginning April 1, 2002 to fund hazardous condition repairs, pathway, roadway and roofing projects best done during the summer months. Total expenditures through August 31, 2002, including election, bond issuance, and construction projects, is \$2,596,832.79.

Mr. Hendrickson reported that Measure A Bond Oversight Committee agenda and minutes, information about Measure A, and construction reports are included on the District's website. The District web address is [www.4cd.net](http://www.4cd.net).

Mr. Hendrickson explained that the California Brown Act will require adoption of the regular meeting calendar. Special meetings may be called at any time with sufficient advance public notice.

#### ACTION ITEM

##### · Election of Officers

Moved by committee member Brock Arner, seconded by committee member Keith Archuleta to nominate Sy Zell for the position of committee Chair. The motion passed unanimously.

Moved by committee member Hardeep Aulakh, seconded by committee member Myriam Roiz to nominate Michael Dugan for the position of Vice-Chair. The motion passed unanimously.

Moved by committee member John Wolfe, seconded by committee member Hardeep Aulakh, to nominate Mary Piepho for the position of Secretary. The motion

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passed unanimously.

· Establish Meeting Calendar

Discussion of the meeting calendar included suggestions for quarterly meetings, every four months, semi-annual, and polling committee members for preferred dates. It was moved by committee member Brock Arner, seconded by committee member Mary Piepho, to ask Chairperson Sy Zell to work with staff to establish the meeting calendar. The motion passed unanimously.

Committee member John Wolfe suggested that a listing be prepared of committee member name, mailing address, telephone, and e-mail address.

For inclusion on the next committee agenda, committee member Brock Arner requested that the financial advisor present information concerning the sizing and process of the bond sale.

After further discussion regarding meeting dates, it was moved by committee member Mary Piepho, seconded by committee member Myriam Roiz, that the regular meeting calendar provide for at least two meetings per year. The motion passed unanimously.

ADJOURNMENT

There being no further business to come before the Measure A Bond Oversight Committee, the meeting was adjourned at 7:23 p.m.

JEH:ctc