



DESERT COMMUNITY COLLEGE DISTRICT
College of the Desert

Citizens' Bond Oversight Committee Meeting
December 13, 2006
3:00 p.m. – 4:30 p.m.
North Annex Room 1
Minutes

Members Present: Dr. Ward Fredericks (College Support Organization); Dr. William Feddersen (Senior Citizen Group); Mr. Alfred A. (Al) McCandless (Business Representative); Mr. Kenneth E. Feenstra (Member At-Large – West Valley Representative); Ms. Marjorie A. Kussman (Taxpayers' Association)

Members Not Present: Mr. Noel Ramos (Member At-Large – East Valley); Mr. Matthew Vargas (Student)

In Attendance: Mr. Tim White, Program Manager/PinnacleOne, Inc.; Mr. Gordon Davis, PinnacleOne, Inc.; Mr. Jon Hudson, PinnacleOne, Inc; Mr. Jerry Patton, College of the Desert's Assistant Superintendent/President, Administrative Services; Mr. Steve Renew, College of the Desert's Director of Maintenance and Operations; Mr. Jim Baker, College of the Desert's Facilities Planner Consultant, Ms. Elaine Snyder, College of the Desert's Director of Business Services, Mr. Tom Wixon, Public Information Officer, Mr. Matt McCue, CPA Lund & Guttry, Ms. Jennefer Garcia, Sr. Administrative Assistant PinnacleOne, Recorder.

Call Meeting to Order - Dr. Ward Fredericks called the meeting to order at 3:00 p.m.

Approval of Minutes from September 20, 2006 Meeting – Motion to approve minutes as presented: by W. Fredericks, second by M. Kussman. All approved

Comments from the Public – No Public Attendees present.

Measure B Bond Financial and Performance Audit Presentation – M. McCue from Lund and Guttry presented the Performance and Financial Audit results for 2005-2006 to the Committee.

Performance Audit – The auditor's unqualified opinion states that everything is acceptable.

- Page 2 - Checks the objectives of the audit, specifically Bond Funding.
- Page 4 - Recap of the Bond Expenditures for the Fiscal Year ending June 30, 2006, and inception of the project.
- Pages 5-6 - Results Summary of Performance: All is as it is supposed to be for the performance of the Measure B Bond.

Financial Audit – The auditor's unqualified opinion states that everything is acceptable.

- Page 3 – Balance Sheet with comparison over a two year time frame.
- Page 4 – Revenues and Expenditures for Fiscal Year 2004-2005.
- Other reporting related to internal control – No findings, but adjustments were not considered reportable conditions as a major finding.

2006 has a large negative figure. Excess of expenses over revenues will continue until the next series is issued; this is to be expected as the bond funds are meant to be spent and the interest earned will always be a very small amount when compared to expenditures. The original Bond Series A release was \$65 million; and, as of June 2006, there was still \$63 million to be expended. \$15 million in Bond Funds has been spent, with \$4 million in earned income. This is a positive note for the Bond Fund. The Accounting Policies and Procedures will give more detail to this.

W. Fredericks inquired regarding the requirement to spend the Series A funds in a determined period of time. J. Patton indicated that the Internal Revenue Service (IRS) states that the initial funding needs to be spent within 36 months of the original funding date to avoid arbitrage; however, with the extenuating conditions, there will not be a penalty if the remaining \$65 million is not spent by 2008. J. Patton is talking to the Bond Counsel regarding the issuance of Series B funds as the Series A funds will run out next Fall, and Series B funds will be available for future spending toward the engaged contractors during construction. Interest funds are under the same restrictions as the issued Bond funds as they are commingled with the original Series A funds.

A. McCandless inquired about the actual audit procedure with regard to the signature on the audit report, the composition of the development of the actual audit, and the process that Lund and Guttry uses when staff assignments change on this project. M. McCue responded that the assigned person has all work products to back up the figures, which would allow any CPA to review and determine findings during the audit. Any predecessor could go behind the current staff to pick up the audit at any time. This is a typical industry practice. The actual firm signature represents the accuracy of the audit.

J. Patton encouraged the members to review the audit and be inquisitive as to its content and indicator of bond expenditures. Next year will have more construction with numerous documents to examine and also the annual report which will tie back to the project.

W. Fredericks posed the following question to M. McCue; "Are you aware of any Bond funds that have been spent or committed for any project or purpose not covered or included in the language of the bond issue approved by the voters?" M. McCue responded: "No, I am not."

Phase I Projects Update - An End of Year 2006 PowerPoint presentation was presented to the committee. T. White reviewed the items listed below:

1. Measure B Citizens' Objectives
 - a. New Construction
 - b. Building Repurposing
 - c. Additional Campuses

2. Series A – August 2004
 - a. Infrastructure and Central Plant
 - b. Building Classroom Renovation
 - c. Temporary Classrooms and Office Space
 - d. Parking Lot Design and Construction
 - e. Site Development – Palm Desert Campus
 - f. New Building Construction
 - g. Planning and Design – East Valley Campus Phase I
 - h. Voice Over IP Communication – Complete
 - i. Contingency/Reserve
 - j. Project Performance Measures

3. Current Program Status – These projects are campus wide/global issues.
 - a. Quickstart Projects – These projects represent a small scale within the whole Measure B Bond projects but there is a need for immediate attention due to maintenance problems and/or health safety issues and/or property damage.
 - i. Athletics/Scoreboard/Title 9 – Complete & Ongoing

- ii. Liberal Arts/Culinary Kitchen – Complete
- iii. Stadium Locker Room – Seismic Evaluation – Complete
- iv. Diesel Mechanic Building – The repairs to the roof are complete.
- v. Sidewalk Repairs – Complete
- vi. Carol Meier Hall – Complete
- vii. Gymnasium, Separation Wall (Revised Scope) – Stage Area and Court Area; interfering with education (cannot conduct classes) – Winter 2006
- viii. Soccer Field Upgrades – Relocated the soccer field to the northwest area of the campus – Complete
- ix. Softball Field – (within scope) – Will build a new softball field.
- x. Resurfacing Parking Lot at Velma Dawson – Complete

Question was raised regarding the reporting of the projects: How is the committee able to establish original projects from newly added projects in this category? The original report was tied to the Bond language matrix already issued. More detail can be provided with coding to validate the correlation to the bond language. Also, the Committee will be informed on a quarterly basis of the newest Quickstart (Health and Life Safety Issue Projects) projects commencing.

4. Continuing Program Elements (Milestones & Projections)

- a. Infrastructure Planning – Completed
- b. ADA Assessment - Completed
- c. CEQA EIR Documentation - Completed
- d. Seismic Evaluation of existing Structures – Completed
- e. Development of Future Campuses – EVC Land Nearing Final Terms

5. Small Projects

- a. Monterey Avenue Improvements – Monterey Avenue Landscape Improvement project was a small portion of the overall Landscape Master Plan, and this project commenced to satisfy the Safety and Security issue on Monterey Avenue. This project is completed.
- b. Nursing Grant Modular – The North Annex modulares were completed. The North Annex was paid for from a Nursing Grant and not Bond Funds.
- c. South Annex –The South Annex modulares were completed. South Annex is being utilized as Swing Space and utilized on an interim basis for repurposing and remodeling of existing buildings. The first group to occupy this space is the Business Building, which is going into Phase I of the renovation.
- d. Scene Shop – Spring 2007/Construction. The Scene Shop , which is a pre-engineered metal building, is not funded as a bond project, but being financed through the Foundation; and, built to take care of the academic program which will relocate from its' current location. College of the Desert received donor funding for the Scene Shop construction. Ultimately, the Scene Shop relocates into the Multi Use Arts Building. Then Maintenance and Operations will take ownership of the building. This allows College of the Desert to meet the Code requirements. Construction and Cost of the building comes from the Foundation funding. The Architecture and Program Management come from the Bond funds, which is covered under the Bond language.

6. New Buildings (Major Projects)

- a. Nursing Complex – Division of the State Architect (DSA) – Plan Review.
- b. Public Safety Academy (Phase 1) – DSA – Plan Review.
- c. Alumni Center (small project) – DSA – Plan Review. An element was added for Public Restrooms, which are utilized by the Alumni Foundation Street Fair. The Alumni Association is reimbursing the Bond for this project. Street Fair Restrooms are funded by Redevelopment Funds.

Three New Construction Buildings are submitted to Department of State Architecture (DSA) for approval with expected time remaining for approval of up to four (4) additional

months; Nursing Building, Public Safety Academy, Alumni Center. No delays are anticipated with the approval process.

- d. Student Services Center (formerly named Campus Center and Learning Commons) – Design Development is 75% complete. Building name has changed to Student Services Center from Campus Center. This project is moving slowly. This is a complex building with multiple programs. Building construction should start the 4th quarter next year.
- e. Classroom Building (formerly Multi-Purpose Classroom and Classroom IT Building) – Schematics is 85% complete.

There are two (2) other major new buildings close to submission to DSA: Student Services Center and Classroom Building. The Classroom Building has completed Schematic Design with a changed purpose referencing the Education Master Plan and enrollment.

- f. Central Plant – DSA-Submittal (12/20/06). Central Plant will be submitted to DSA at the end of December, and is currently under review for cost effectiveness. S. Renew explained the energy efficiency of the Central Plant with regard to peak and off peak power usage. Cost effectiveness develops when utilizing an ice bank, located directly underneath the Art Sculpture Area which would allow off loading of the cost to run the chiller at off peak hours.

The committee asked for the square footage of each building to be included in each report. The figures will be emailed to the Committee before the next meeting in March.

All buildings are going through the LEEDS Certification process (Solar panels on top of each building). Sustainability will be in compliance with the Green Movement. There is a long term return on the money spent. The City of Palm Desert has a goal to reduce energy usage by 30%, and the Governor has determined that energy usage will be reduced. College of the Desert is utilizing Redevelopment Funds to obtain LEEDS Certification.

7. Continuing Program Elements (Milestones and Projections)

- a. Campus Wide Utilities and Services
 - i. Milestone – Master Infrastructure Plan completed
 - ii. Projection – Final Design Completed 11/29/06 – In DSA Review
- b. ADA Assessment – correcting all ADA deficiencies throughout the campus
 - i. Milestone
 - 1. Submittal of Initial Report completed
 - 2. Review by College including DSCS completed
 - 3. Revise and Finalize completed
- c. Environmental
 - i. Milestone
 - 1. EIR Report
 - a. Complete Study and Initial Draft Completed
 - b. Review and Finalize Draft Completed
 - ii. Projection
 - 1. EIR Filed complete
 - iii. Milestone
 - 1. Seismic Surveys complete (included with all new buildings)
- d. Master Planning
 - i. Milestone
 - 1. Campus Standards Handbook complete
 - 2. Landscape Master Plan complete

8. New Building Design Teams

- a. Nursing Complex – HMC Architects

- i. Current preliminary cost estimate: \$7,290,337
 - b. Student Services Center – WWCOT Architects
 - i. Current preliminary cost estimate: \$18,044,857
 - c. Public Safety Academy (Phase 1) – HMC Architects
 - i. Current preliminary cost estimate: \$20,143,759
 - d. Classroom Building – Steinberg Architects
 - i. Current preliminary cost estimate: \$16,408,756
 - e. Alumni Center – Holt Architects
 - i. Current preliminary cost estimate: \$2,469,285
 - f. New Gymnasium/Fitness Center – To be determined
 - i. Current preliminary cost estimate: \$18,754,702.
- 9. Development of Future Campuses
 - a. East Valley Campus – donated land is located on Avenue 62 and Buchanan.
 - i. Letter of Intent to accept donated land completed 11/16/05
 - ii. Due Diligence review of property completed by 10/01/06
 - iii. Selection of Master Planners completed 3/8/06
 - 1. HMC Architects
 - iv. Interim Housing completed by TBD
 - v. Deed – Land Transfer
 - 1. Target date is 1/1/07

The college received a donation of 100 acres of land and infrastructure for a new East Valley Campus. The site is located in Thermal at Avenue 62 and Buchanan. There is 2000 acres that will be developed surrounding the East Valley Center as well. The developers are developing a master plan community in conjunction with Riverside County. The College due diligence has been approved by CPEC (California Postsecondary Education Commission and by the Chancellor's Office. The developer has not done his due diligence and the plan is not approved by the Riverside County yet. The construction is postponed until fall of 2008. The infrastructure is delayed too. The issue now is how much does the College want to invest in infrastructure right now? The college may incur the costs for the infrastructure and then get reimbursed from developer.

- b. West Valley Campus – College of the Desert received two proposals for donated land in Palm Springs and in Desert Hot Springs. No final decision has been made and probably will not be made until January or February of next year.

Phase I Bond Project Financial Report – T. White summarized the financial spreadsheet to the Committee with the following comments;

- The percentage of soft costs of Series A funds compared to the budget for most colleges runs at 25%, but College of the Desert runs at 13%, which means we are trying our best to keep this as low as possible. We want to stay within the 20-25% for the state average.
- A. McCandless requested that the financial spreadsheet be enlarged in order to be able to clearly read the report. J. Patton suggested that there be a change to the colors on the headings, and print it on an 11" X 17" size paper. It needs to be mailed out prior to the quarterly meetings. Additionally, the financial slide will no longer be required in the PowerPoint presentation.
- The Committee will receive mailed and emailed versions of the Financial Spreadsheet prior to each meeting.
- W. Fredericks asked if there were any discrepancies to the latest financials. T. White replied that with many start-up costs in the beginning of the projects, those costs are being spread out over the entire project. Some costs will be shown before any construction work is actually begun. W.

Fredericks inquired as to what we (College of the Desert, Taxpayers) are getting for the money already being spent. T. White responded that there is much planning occurring now that benefits all projects, thus costs are allocated to projects on a pro-rata proportion of cost. J. Patton stated that cost accounting was driving allocation methodology, but we continue to further define and refine all "indirect" costs.

- A question was asked; how do we account for the dollar-for-dollar spent? J. Hudson replied that to determine indirect costs, a formula of 25% of the budget is applied leaving the remaining 75% on the project. Initial upfront costs as a percentage do appear higher than they actually are when the money is actually spent on the project. This shows a relatively high amount when there is no construction taking place, but upon commencement of construction, costs dramatically shift at a quick pace. Soft costs are 48% to date, but as the project builds out the soft costs will drop back.
- S. Renew, J. Baker, and T. White see no additional clarification required for this current financial report; however, further detailed financial reports are forthcoming for each of the Five (5) new buildings.
- A. McCandless commented on the funding for the Scene Shop as being an option that we could have had on other projects but we did not use it, how did College of the Desert arrive at that conclusion to allocate funds of this nature for that project? J. Patton responded that these were restricted funds as defined by the donor to be spent on performing arts.

W. Fredericks posed the following question to T. White; "Are you aware of any Bond funds that have been spent or committed for any project or purpose not covered or included in the language of the bond issue approved by the voters?" T. White responded: "No."

2005-2006 Annual Report Review

J. Patton presented the official 2005-2006 Annual Report to the Committee for review and comment. Before publication, the committee was shown the draft of the report and Chair Fredericks assisted with proofing. The report will be distributed via U.S. Mail to City of Palm Desert, Rotary Clubs, and other charitable organizations. The Board of Trustees has reviewed and approved this Report. The Desert Sun is also in receipt of the report.

College of the Desert finances the Report with their own funds. In addition, the Audits are performed as well at the College of the Desert's expense.

The Committee noticed one error: The College of the Desert Logo and information is not included on the front cover of the Report. But the Committee likes the mailer size, design, and reality of the product.

Business and Member-At-Large, East Valley Representation

J. Patton requested this item be tabled until the next meeting of March 7, 2007.

Future Meetings & Agenda Items

Future Meeting Dates: March 7, 2007, June 14, 2007 – Confirmed and accepted by the Committee.

Agenda Items for next meeting:

- Updated Matrix
- Project overview historical presentation
- Abbreviation references key for the Committee to utilize.

W. Fredericks posed the following question to Jerry Patton; "Are you aware of any Bond funds that have been spent or committed for any project or purpose not covered or included in the language of the bond

issue approved by the voters?" J. Patton responded, "No, we are going beyond all requirements to ensure we do not spend Bond Funds incorrectly. In fact, the College is even augmenting bond funds to cover any additional project design and inflation. We have a third-party consultant who examines invoices and costs to validate expenditures are appropriate bond expenditures by comparing the cost and project to Measure B language."

Adjournment – Motion to adjourn by W. Fredericks, second by M. Kussman. All approved. The meeting was adjourned at 4:05 pm.