



DESERT COMMUNITY COLLEGE DISTRICT
College of the Desert

Citizens' Bond Oversight Committee Meeting
December 17, 2008
2:00 p.m. – 4:30 p.m.
Foundation Board Room
Minutes

Members Present: Mr. Kenneth E. Feenstra (Member At-Large – West Valley Representative); Mr. John Fort (Taxpayers' Association); Mr. Juan Gonzalez (Student); Mr. Alfred A. (Al) McCandless, Vice Chair (Business Representative); Mr. Noel Ramos, Chair (Member At-Large – East Valley); Mr. Robert Spiegel (College Support Organization)

Members Not Present: Ms. Berit Reistad (Senior Citizen Group);

In Attendance: Dr. Edwin Deas, College of the Desert's Vice President, Administrative Services; Mr. Steve Renew, College of the Desert's Director of Maintenance & Operations; Mr. Wade Ellis, College of the Desert's Director of Fiscal Services; Mr. Gary Dack and Cory Hammond, Auditors from Lund & Guttry; Ms. Kris Stefferud, CPA; Ms. Linda Costagliola/Recorder

Tour Campus

Before the meeting was called to order, members of the committee toured the Coeta and Donald Barker Foundation Nursing Complex.

Call Meeting to Order

N. Ramos called the meeting to order at 3:00 p.m.

Approval of Minutes from September 17, 2008

A motion to approve minutes as presented by J. Fort, seconded by A. McCandless. All in Favor. No Opposed. No Abstained. Motion Passed.

Comments from the Public

No comments from the public.

Financial & Performance Audit Reports

W. Ellis said that the audit reports were free of any findings. He introduced auditors from Lund & Guttry, Mr. Gary Dake and Mr. Cory Hammond, and Ms. Kris Stefferud, CPA. She assisted the college with the auditing process. Auditors briefly reviewed the Financial & Performance Audit Reports with the committee. Each committee member received copies of the audit reports. The audit reports were on December 12, 2009 Board agenda.

Financial Audit

- Page 1, last paragraph, states, "In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position and results of operations of the Bond Fund of the Desert Community College District as of June 30, 2008 and 2007, in conformity with accounting principles generally accepted in the United States of America."
- A. McCandless asked that when talking about interest receivable cash and banking and since we have had problems with financial institutions these last few months, how do you look at that in respect to the liability? W. Ellis said that all of the college's money is collateralized. So if the institution disappeared, we would have our money. Interest receivable is handled by the County of Treasurer. The term interest receivable means that you don't have it physically in your bank account yet but you have earned it and will be paid and collected the following month or shortly thereafter. This item is included on Page 8.
- Page 9, paragraphs 4 and 5, bond sales. "In November 2007, Series 2007 B (the Series 2007 B Bonds) general obligation bonds in the amount of \$57,850,000 were sold at a premium. The proceeds from the sale of the bonds will generally be used to finance the construction, acquisition, furnishing and equipping of District facilities. Bond issuance costs of \$722,019.73 were incurred in connection with the issuance of the Series 2007 B general obligation bonds. In December 2007, Series 2007 C (the Series 2007 C Bonds) general obligation bonds in the amount of \$223,648,443.95 were sold at a premium. The proceeds from the sale of the bonds will generally be used to finance the construction, acquisition, furnishing and equipping of District facilities. Bond issuance costs of \$3,731,929.63 were incurred in connection with the issuance of the Series 2007 C general obligation bonds." W. Ellis noted that the college is currently spending the Bond C Series and the Bond B Series will be spent last. Those are the monies that are invested long term for a five year period so that the College gets a better return. They are invested in government securities.
- Page 12 – Internal Control - under Compliance and Other Matters, second paragraph, last sentence states, "The results of our tests disclosed no instances of non-compliance that are required to be reported under Government Auditing Standards." The last paragraph, last sentence states, "We noted no matters involving the internal control over financial reporting and its operation that we consider to be a deficiency."

Performance Audit

- Page 1, last paragraph, states, "In our opinion, the Desert Community College District compiled, in all material respects, with the aforementioned requirements for the year ended June 30, 2008."
- Page 5, changed the format to match the quarterly reports that the citizens' bond oversight committee receives so that there is continuity between what the citizens' bond oversight committee receives on a quarterly basis throughout the year and what is on the financial statement. S. Renew said that the committee had requested that the college organize this in same grouping to match the Measure B Bond language.
- Item listed as Scene Shop. This project is put on hold pending further review. It's a scene building and workshop for the theatre programs. The original scene shop was located where the Public Safety Academy is now. It was intended to build it north of the art building but needed that space for traffic flow and other things. When the college did put it together and went out to bid, the bids came in substantially over what was budgeted.
- Page 10 - A. McCandless asked for clarification of the term "Safety". It ties into item "E – Safety, security and sites" on page 5.

A motion to accept the Financial Audit of June 30, 2008 and 2007 and the Performance Audit of June 30, 2008 by R. Spiegel, seconded by K. Feenstra. All in Favor. No Opposed. No Abstained. Motion Passed.

N. Ramos posed the following question to Mr. Gary Dack and Mr. Cory Hammond; "In the course of your work, 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?" G. Dack and C. Hammond responded: "No."

Bond Projects Update

S. Renew reviewed the following items from a PowerPoint presentation:

1. Project Acronyms – Reviewed list. Steve will take this item off the report and provide the committee members with hard copies for their handbook.
2. Project Steps and Definitions – Reviewed the projects steps and definitions for: programming, schematic design, design development, construction documents, DSA (Department of the State Architect) review, and bidding or negotiation. Steve will take this item off the report and provide the committee members with hard copies for their handbook.
3. COD – Project Status Report
 - a. Projects in Programming Due Diligence Studies
 - i. West Valley Center
 1. Architect: To be determined
 2. Project Status: Studies
 3. Construction Start: To be determined
 4. Projected Occupancy: Undetermined
 - ii. Communications & Community Building
 1. Architect: tBP/Architects
 2. Project Status: Programming
 3. Construction Start: Fall 2009
 4. Projected Occupancy: Summer 2011
 - b. Projects in Design Development
 - i. Classroom Building
 1. Architect: Steinberg Architects
 2. Project Status: Construction Documents
 3. Construction Start: Summer 2009
 4. Projected Occupancy: Spring 2011
 - ii. Nursing Renovation
 1. Architect: HMC Architects
 2. Project Status: DSA Review
 3. Construction Start: Summer 2009
 4. Projected Occupancy: Fall 2010

Division of State Architect reviews the Construction Documents for structural, fire and life safety, and Americans with Disabilities Act Compliance. DSA, in effect, issues the building permit for construction.

- c. Projects Under Construction / Preparing for Bid
 - i. Barker Nursing Complex
 1. Architect: HMC Architects
 2. Project Status: In Construction
 3. Construction Start: Fall 2007
 4. Projected Occupancy: Spring 2009
 - ii. East Valley Center
 1. Architect: HMC Architects
 2. Project Status: In Construction
 3. Construction Start: Summer 2008
 4. Projected Occupancy: Spring 2009
 - iii. Public Safety Academy
 1. Architect: HMC Architects
 2. Project Status: In Construction
 3. Construction Start: Fall 2007
 4. Projected Occupancy: Spring 2009

- iv. South Annex Phase III DSPS
 - 1. Architect: HMC Architects
 - 2. Project Status: In Construction
 - 3. Construction Start: Summer 2008
 - 4. Projected Occupancy: Fall 2008
 - v. Athletic Modularity – Weight & Training
 - 1. Architect: HMC Architects
 - 2. Project Status: In Construction
 - 3. Construction Start: Summer 2008
 - 4. Projected Occupancy: Fall 2008
 - vi. Campus Infrastructure – Phase II
 - 1. Architect: TMAD Architects
 - 2. Project Status: In Construction
 - 3. Construction Start: Summer 2008
 - 4. Projected Occupancy: Summer 2009
 - vii. Business Building Renovation
 - 1. Architect: Steinberg Architects
 - 2. Project Status: In Construction
 - 3. Construction Start: Fall 2008
 - 4. Projected Occupancy: Spring 2010
 - viii. Cravens Student Services Center
 - 1. Architect: WWCOT Architects
 - 2. Project Status: In Construction
 - 3. Construction Start: Fall 2008
 - 4. Projected Occupancy: Summer 2010
 - ix. Alumni Center
 - 1. Architect: Holt Architects
 - 2. Project Status: In Construction
 - 3. Construction Start: Fall 2008
 - 4. Projected Occupancy: Fall 2009
 - x. Dining Hall Renovation
 - 1. Architect: WWCOT Architects
 - 2. Project Status: Re-design
 - 3. Construction Start: Spring 2009
 - 4. Projected Occupancy: Spring 2010
- 4. COD – Upcoming Events
 - a. East Valley Center Grand Opening, February 7, 2009 at EVC in Mecca/Thermal
 - 5. COD Project Matrix – Current Projects – Steve will take this item off the report and provide the committee members with hard copies for their handbook.
 - a. College of the Desert refers to this document to make sure we are in compliance with the bond language.
 - 6. COD Campus Guide
 - a. Reviewed road closures on campus
 - 7. Photos of New Buildings
 - a. Nursing & Health Sciences
 - b. Public Safety Academy
 - c. East Valley Campus

Discussions:

K. Feenstra asked if the College is focusing on using local (Coachella Valley) architects and engineers for the West Valley Center. S. Renew said that the architect that is on contract with the College is skilled at understanding the state requirements for space and asking low ratio. It's a small contract of approximately \$45,000.00 to do a site study, do some massing of some sizing of what classroom space would be allowed for the College's projected enrollments, parking requirements and how the green around it will fit together with the existing site. When the College gets into the actual planning, the College would do a search and hope the locals will respond. Often local architects don't have the specific State Chancellor's office and/or Department of State Architect experience but may partner with another firm that does. Some local firms that the College is using are HOLT Architects for the Alumni Building, Frank Urrutia for the Central Plant, Escalante Architects are working on a small non-bond project, and Carl Cox did the Scene Shop. K. Feenstra asked if the architect chooses the civil engineer. S. Renew said that it depends on the type of project.

The College continues working with the City of Palm Springs on the West Valley Campus.

East Valley Center has roadways, parking lots, light poles are up in the parking lots, modulars are in place and are scheduled for stucco today. The grand opening celebration is planned for February 7th and classes begin on February 24th.

The design for the Dining Hall Renovation is finalized and will go out to bid sometime during the beginning of the year. This project is expected to start early spring. The dining hall will become food service, cyber café and the student activities center. B. Spiegel asked about the culinary arts. S. Renew said that the culinary arts will remain where it is now, in the liberal arts building.

Bond Project Financial Report

S. Renew reviewed the following financial reports from a PowerPoint presentation:

1. COD – Project Expenditures - Inception Through November 30, 2008 – Included in the report are the matrix reference number that relates to the bond language and the project number. Reviewed original budget, revised budget, expenditures, balances, percent complete to revised budget and percent complete construction for the following projects:
 - a. Job and Career Training Projects
 - b. Classroom Buildings and Facilities
 - c. Health and Safety Projects
 - d. Energy Efficiency Improvements
 - e. Safety and Security; Sites

Total Expenditures: \$86,317,043 – 24%
Total Remaining: \$268,268,392 – 76%
2. COD – Completed Project List
 - a. Classroom Buildings & Facilities
 - i. Building/Classroom Renovation (Central Annex)
 - ii. Athletic Complex
 - iii. Science Labs
 - iv. Voice Over IP Communication
 - v. Wireless Access
 - vi. Scene Shop – This project is on hold.
 - vii. Culinary Kitchen
 - viii. Hilb Renovation FPP
 - ix. Visual Arts FPP
 - b. Health & Safety Projects

- i. Field House Restroom & Shower
- ii. Diesel Mechanic Floor
- iii. Roof Repair Carol Meier Lecture Hall
- iv. Contractor Lay Down Area
- v. Agricultural Shed Corrections
- c. Safety & Security; Sites
 - i. Monterey Avenue Improvements
 - ii. ADA Master Plan
 - iii. Parking Lot Design & Construction
 - iv. Gym Repair
 - v. Sidewalk Repair
 - vi. Safety

Closed projects expenditures to date: \$12,291,115

Discussions:

It was noted that Temporary Space I and II (Modulars in South Annex I and II) were leased modulars. It seemed to be a good idea to lease the modulars at that time, but after reviewing the cost over the real likelihood of the cycle of the modulars, it became apparent that the college would do better if they were purchased instead of leased. The modulars have been occupied for two years.

East Valley Center Phase I – On the expenditure report, it shows 85% complete construction and only 19% complete to revised budget. Steve said that the invoices have not yet been received. There was a tremendous amount of work that occurred in November and December. Pay applications come in at the end of the month and it takes some time to process through the bond management office. By January, those numbers will increase. Modulars for the East Valley Center have been purchased.

B. Spiegel asked if there was going to be another building going to be built for the Public Safety Academy. Steve said that there are three buildings in sequence within the plan that will have fire labs, additional classrooms, and some scenario buildings. The classrooms itself needs to go along with enrollment so that the College stays within the state requirements. These are part of the Bond.

N. Ramos posed the following question to S. Renew; "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?" S. Renew responded: "No."

Draft 2007-2008 Annual Report Review

S. Renew thanked all who continue to help with producing the annual report. S. Renew reviewed the report with the committee members. N. Ramos thanked Tom Wixon for his assistance.

Page 2 - The picture of the Public Safety Academy Building, A. McCandless asked about the PSA wall that is leaning. S. Renew said that the user group that consisted of the PSA program director, local fire and police chiefs, campus faculty and other users determined that the facility should look like an academy of some sort, design a building with some measure of privacy and protect it from the prevailing winds that are strong on that side of the campus. The user group looked at several options and the group continued to go back to this design.

Page 6 – Dr. Deas wanted the committee members to be aware of an important message under the fourth year report, last paragraph states, "The momentum experienced in the fourth year of the program will heighten over the next few years and it will be necessary for the District to assess the overall program—the projects completed, the projects underway, and the anticipated projects—to ensure continued viability in the ever-changing economic climate." Dr. Deas went on to say that the college is at

a point where the college needs to take stock of what it has achieved and what it's set out to do with the remaining of the funds. It is very important for the college to constantly match what we are doing with our needs and our needs change. The challenge in a multiple year program with multiple projects is that we insure that it is still current and relevant. The college will be doing a lot of work in January on that and will bring recommendations to President's Cabinet and this committee.

Page 7 – Bond projects Expenditures and Progress Report - J. Gonzales said that there was a missing digit under the total budget column for the wireless access item and there was an additional zero under total budget column for the planning and program management item. S. Renew will make the corrections.

Page 8 – Upcoming Meeting Dates: Future meeting dates are March 11th and June 17th that were approved at the last committee meeting. It was recommended that the September meeting be held on the 16th. A motion to approve September's meeting date for the 16th at 3:00 p.m. by R. Spiegel, seconded by A. McCandless. All in favor. No opposed. No abstained. Motion passed.

Future Agenda Items

No items were suggested.

Adjournment – A motion to adjourn at 4:30 p.m. by J. Fort, seconded by A. McCandless. All in favor.

The next meeting is scheduled on Wednesday, March 11, 2009, at 3:00 p.m. in the Foundation Board Room.