

**RANCHO SANTIAGO COMMUNITY COLLEGE DISTRICT
2323 N. BROADWAY
SANTA ANA, CA 92706**

BOND OVERSIGHT COMMITTEE

**THURSDAY, APRIL 28, 2005
DISTRICT BOARD ROOM**

MINUTES

Members Present: Jim Adams
Tien Tat Chu
Patricia Garcia-Velasquez
Larry Means
Robert Odle
Edith Ortiz

Members Absent: Barbara deBoom
Cristina Montero
Michael Weisman
Darin Woinarowicz

District Staff Present: Edward Hernandez, Chancellor
Mark J. Zacovic, Vice Chancellor, Business and Fiscal Services
Ann-Marie Gabel, Assistant Vice Chancellor, Fiscal Services
Robert Partridge, Assistant Vice Chancellor, Facility Planning
Robert Brown, Director, District Construction and Support Services
Juan Vazquez, President, Santiago Canyon College
Noemi Kanouse, Vice President Administrative Services,
Santa Ana College

1. Call to Order and Information

Vice Chair Garcia-Velasquez called the meeting to order at 6:15 p.m.

2. Introductions and Welcome

The members of the committee and the district staff were introduced. The board welcomed Mr. Jeff Picket of RBC Dain Rauscher, Mr. Trennis Wright of Kinsell, Newcomb and De Dios, Mr. Jim Godsey and Ms. Jean Horimoto of Macias, Gini and Company.

3. Approval of Minutes - October 14, 2004

Due to a lack of quorum the minutes of the October 14, 2004 meeting will be distributed for approval at the July 28, 2005 meeting.

4. Public Presentations

There were no presentations made by members of the public.

5. Report on Bond Issuance - Series B, Mr. Trennis Wright and Mr. Jeff Pickett

Mr. Wright and Mr. Pickett distributed the official statement for the General Obligation Bonds, Election of 2002, Series B for \$119,999,867.25 and reviewed the snapshot presentation of the "Election of 2002 General Obligation Bonds - Series B" to the committee.

Mr. Wright indicated that RBC Dain Rauscher was the lead bond underwriters for the first issuance and Kinsell Newcomb & DeDios would be the lead bond underwriters for the second issuance.

Mr. Wright reviewed the following:

Page 1: Outline

Page 2: Series B Parameters

- Premium at issuance pays costs - preserves authorization
- Investors want premium bonds in current market
- Debt service fund supplements repayments on the bonds
- Achieved interest rate of 4.488%, inclusive of all costs

Mr. Wright added that the district is taking the second issuance one year ahead of the original schedule.

Page 3: Par Amount

- Par amount initially contemplated was as low as \$80 million
- District authorized issuance of \$120 million due to a rise in property and construction costs
- District philosophy of more funding sooner for acquisition/construction
- \$119,999,867.25 was issued
- Issuance was 12 months ahead of original schedule

Page 4: Credit Rating

- Sustained rating of 2003 bond issue which is Aa3/AA-
- Achieved solid credit rating relative to education peers
 - 1) Majority of K-12 districts are rated in "A" category
 - 2) Majority of community college districts are rated in "AA" category
- Credit rating agencies focused on economics which are solid

Mr. Pickett added that some examples of other ratings are: Mt. Sac was rated AA-/Aa3; San Joaquin Delta A+/Aa3 and Tustin Union Aa3/AA-.

Mr. Pickett reviewed the following:

Page 5: Bond Insurance

- Insurer guarantees repayment of life of the issue
 - 1) Upgrades credit rating to Aaa/AAA, attracts more investors
 - 2) Three bids procured and negotiated
 - 3) Insurer shareholder equity was \$2.6 billion at 9/30/04
- Improved interest rate on cost/benefit basis
 - 1) Aa3/AA- stand alone cost would have been 4.545% (estimated)
 - 2) Aaa/AAA insured cost was 4.488%
 - 3) \$1.7 million in gross savings, net present value of circa \$900,000

Page 6: Historical Interest Rates

Mr. Pickett reviewed the graph which shows the change in interest rate benchmarks for the last five years.

Page 7: Interest Rates at Issuance

Mr. Pickett reviewed the graph which shows the change in interest rate benchmarks during the bond transaction period.

Page 8: \$25.00 Tax Rate Limitation

Mr. Pickett reviewed the graph and answered questions from the committee regarding the \$25 per \$100,000 of assessed value.

Page 9: Series of Bonds

Mr. Pickett reviewed the schedule of issuances and advised the committee that these dates and the amounts may change on an as need basis.

Mr. Pickett informed the committee that the official statement is the offering document which is provided to investors. This statement describes the district, the district's needs and the payment schedules. If the committee has further questions regarding the official statement, the committee should contact Dr. Zacovic's office for clarification. Mr. Wright reviewed sections of the official statement.

Ms. Garcia-Velasquez thanked Mr. Wright and Mr. Pickett for their presentation.

6. Schedule of Proceeds and Use of General Obligation Bonds (Election of 2002, Series 2003 A) with Independent Auditor's Report for 2003-04

Mr. Godsey informed the committee that Macias, Gini and Company has audited the schedule of proceeds and use of general obligation bonds for the district for the period from July 1, 2003 through June 30, 2004. The schedule is the responsibility of the district's management and the responsibility of Macias, Gini and Company to express an opinion on the schedule based on their audit.

The audit was conducted in accordance with auditing standards generally accepted in the United States of America. Those standards require that Macias, Gini plan and perform the audit to obtain reasonable assurance about whether the schedule of proceeds and use of general obligation bonds is free of material misstatement. The audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the schedule of proceeds and use of general obligation bonds. The firm of Macias, Gini and Company believes the audit provides a reasonable accounting principles.

Mr. Godsey added that in the opinion of Macias, Gini and Company the schedule of proceeds and use of general obligation bonds presents fairly, in all material respects, the proceeds and use of the district's general obligation bonds for the period from July 1, 2003 through June 30, 2004 on the basis of

accounting.

Mr. Godsey reviewed the report and asked the committee if there were any questions regarding the audit. There were no questions from the committee.

Dr. Zacovic added that this is the first report that shows a full 12 months of bond activity and that the approval of the report would be placed on the agenda for the July 28, 2005 meeting.

7. Approval of 2004 Annual Report of Activities

Due to a lack of quorum the minutes of the October 14, 2004 meeting will be distributed for approval at the July 28, 2005 meeting.

8. Bond Budget Update

Dr. Zacovic introduced Ms. Ann-Marie Gabel the new Assistant Vice Chancellor for Fiscal Services who joined the district 3 weeks ago from North Orange County Community College District.

Ms. Gabel distributed and reviewed the bond budget update. This handout has three sections, the Santa Ana College projects, the Santiago Canyon College projects and the District Office projects and shows the current amounts as of today, April 28, 2005. Ms. Gabel reviewed each column.

Column (1) is the November 2002 ballot estimate budget;

Column (2) is the cumulative budget changes for fiscal year 2005;

Column (3) is the prior years actual amounts;

Column (4) is the year to date encumbrances for fiscal year 2005 (ending June 30, 2005);

Column (5) is the year to date actual amounts for fiscal year 2004;

Column (6) are the total expenses and encumbrances (columns 3, 4 and 5 combined) this column shows how much has been spent since the beginning of the life of the bond;

Column (7) is the total amount available to date;

Column (8) is the percentage of each project that has been completed.

Ms. Gabel asked the committee if there were any questions. There were no questions from the committee at this time.

Dr. Zacovic added that this report is computer generated by our accounting system and at the next meeting we would distribute this report and a report on the new issuance.

Mr. Odle commented that this report shows what the increase in land acquisition has done to the original list of projects.

9. Bond Projects Update

Mr. Partridge and Mr. Brown reviewed the Bond Projects Update list as follows:

SANTA ANA COLLEGE

1. CHILD DEVELOPMENT CENTER:

- Fields Devereaux Architects hired and schematic design will be completed by June 2005
 - Construction to commence approximately fall 2006
2. COLLEGE AVENUE APARTMENTS/CHURCH – DEMOLITION:
 - Scheduled for late summer 2005 after board approval of the SAC master plan environmental impact report
 - Asbestos abatement to be done prior to demo
 3. DIGITAL MEDIA CENTER:
 - Bernards Bros. (contractor) is making good progress in spite of rains
 - Exterior and interior block walls – approaching second floor
 4. ENVIRONMENTAL IMPACT REPORT (EIR)
 - Draft EIR is projected to be available on may 16, 2005
 - Draft EIR is subject to 45 day review period
 - Draft EIR should be reviewed and approved by board of trustees in July 2005
 5. INFRASTRUCTURE:
 - LPA (master plan architect) is proceeding with design work associated with this project which includes road work, parking lots, lighting, and maintenance & operations building
 6. MEN’S/WOMEN’S LOCKER ROOMS:
 - Separate projects (state and Measure “E”) but being bid as a single project by may 10, 2005
 - Construction to be completed by June 30, 2007
 7. PARKING STRUCTURE:
 - Design of this facility by LPA commences on may 2, 2005
 - Shall accommodate 1,500 vehicles
 - Challenge – where to park student vehicles during construction
 8. PUBLIC SAFETY INSTITUTE:
 - Project is still at the division of state architecture (DSA)
 - Estimated construction start date is approximately August/September 2005
 9. RELOCATION – COLLEGE AVENUE TENANTS:
 - 52 tenants were occupying these apartments
 - As of May 2, 2005, it is estimated that only four (4) tenants will remain. of the four (4), three (3) have been served with eviction notices. Remaining tenant was authorized to stay until escrow closes approximately May 6, 2005, on their new home
 - All eligible tenants received relocation entitlements pursuant to title 25, California code of regulations
 10. SCIENCE BUILDING:
 - Architect (A. C. Martin) was just hired by the Board of Trustees on April 25, 2005
 - design process, including DSA approval, projected to take 18—20 months

SANTIAGO CANYON COLLEGE

1. ENVIRONMENTAL IMPACT REPORT (EIR):
 - Draft EIR shall be available on May 2, 2005 and subject to 45 day review period

- _ Shall be reviewed and approved by Board of Trustees in June 2005
- 2. INFRASTRUCTURE:
 - _ LPA (master plan architect) and related engineers are designing the mass grading of site and utility backbone for construction in mid-year 2006
- 3. LEARNING RESOURCE CENTRE (LRC):
 - _ All foundations completed and contractor is laying block walls up to approximately 4' high
 - _ Also, forming of poured-in-place walls
- 4. ORANGE EDUCATION CENTER:
 - _ Completed and fully operational
- 5. SCIENCE BUILDING:
 - _ Project architect (LPA) is proceeding with working drawings for submittal to DSA in the fall of 2005
 - _ Construction expected to commence in fall 2006

There were no questions from the committee at this time.

10. Santa Ana College Update

Ms. Kanouse informed the committee that there is a lot of construction activity on the Santa Ana campus. Ms. Kanouse added that the college has a committee that reviews and advises Mr. Partridge and Mr. Brown on what the needs of the campus, the students and the staff are. Ms. Kanouse said that the staff is very active and concerned about the progress on the campus but overall everyone is extremely happy about the progress being made.

Mr. Chu asked about an incident that happened on the college campus parking lots concerning lighting and security. Mr. Brown said that all lighting issues have been addressed and that there is roving security on the campus is visible at all times. Mr. Brown added that a survey of the campus was conducted and, once again, Mr. Brown said he can assure the committee that all regulations regarding lighting and other facility issues have been addressed with the master planners.

Ms. Kanouse added that Santa Ana police is also visible on the campus when there are safety issues.

There were no further questions from the committee.

11. Santiago Canyon College Update

Mr. Juan Vazquez informed the committee that one of his roles in overseeing the construction on the campus is to include internal as well as community folks and to take into consideration what the needs of the campus are.

Mr. Vazquez added that the Orange Education Center was constructed at a pace where one day the building was in a drawing stage and within month, the building was standing and occupied with staff and students. Mr. Vazquez said that enrollment is up since the district moved into the Orange Education Center and is very pleased with the work that Mr. Partridge and Mr. Brown did to make

sure the building was completed in time for the beginning of the semester in January, 2005.

12. Report from the Chancellor

Dr. Hernandez thanked Mr. Partridge, Mr. Brown for the wonderful work they did in getting the Orange Education Center up and running in time for the spring semester.

Dr. Hernandez added that he would be meeting with the college presidents, Dr. Zacovic, Mr. Partridge and Mr. Brown to re-prioritize the list of projects at each of the colleges. As indicated on the report presented by Ms. Gabel, not all projects listed will be completed with bond dollars and at some point we may have to look at other ways of obtaining funds to complete these projects. Dr. Hernandez assured the committee that the district will do whatever possible to make sure the projects are completed.

13. District Liaison Report

Dr. Zacovic informed the committee that since the last meeting Dr. Russell Langenbeck who represented Santiago Canyon College had passed away.

14. Comments from the Members

Ms. Ortiz said that she wanted to thank the committee for allowing her to participate and that although she would be graduating in May, 2005 she looks forward to working with the committee for the next six months.

Mr. Odle added that he is just happy to see buildings being built.

Mr. Means added that he is very impressed by the progress on each of the campuses and thanked Mr. Partridge and Mr. Brown for their may efforts.

Mr. Chu added that he would like to see the security issues cleared up and that overall the campus at Santa Ana has improved with all of the new construction.

Mr. Adams added that he is happy to serve on this committee and again is very impressed with the progress.

15. Future Meetings

A calendar review was done and the following are the scheduled meetings for the 2005 calendar year: July 28, 2005 and November 17, 2004 at 6:00 p.m. in the district board room.

16. Adjournment

A motion was made, seconded and passed to adjourn the meeting at 7:40 p.m.