

# Tuesday, March 6, 2018 Propositions R & Z Citizens' Bond Oversight Committee (CBOC)

Date: March 6, 2018 Time: 5:30 - 7:00 p.m.

Room: L246

For information regarding the agenda contact Janell Ruiz at jruiz@swccd.edu; 619-482-6311.

Please be advised that the meeting is audio recorded.

#### 1. CALL TO ORDER

Subject 1.01 Call to Order at 5:30, room L246 (Yagyagan)

Meeting Mar 6, 2018 - Propositions R & Z Citizens' Bond Oversight Committee (CBOC)

Category 1. CALL TO ORDER

Type Procedural

CBOC Member	Constituencies	Membership Term		
Christine Amezcua	Student Representative	November 15, 2017 - November 14, 2018		
Michael Govea	<b>Advisory or Foundation Representative</b>	September 14, 2016 - September 13, 2018		
J.C. Hurtado-Prader	At-Large Community Member	November 15, 2017 - November 14, 2019		
Andrew McKercher	At-Large Community Member	November 15, 2017 - November 14, 2019		
Robert Muff	Senior Citizen Group Representative	September 14, 2016 - September 13, 2018		
Lucas Rathe	<b>Business Representative</b>	September 14, 2016 - September 13, 2018		
Matt Yagyagan	Taxpayer Organization Member	November 15, 2017 - November 14, 2019		

District Staff	District Position		
Mark Claussen	Consultant, Proposition R, Business and Financial Affairs		
Tim Flood	Vice President for Business and Financial Affairs		
Lillian Leopold	Chief Public Information and Government Relations Officer		
Kindred Murillo, Ed.D.	Superintendent/President		
Janell Ruiz	Recorder		

#### 2. APPROVAL OF MINUTES

Subject 2.01 Approval of Minutes: December 5, 2017 (Yagyagan)

Meeting Mar 6, 2018 - Propositions R & Z Citizens' Bond Oversight Committee (CBOC)

Category 2. APPROVAL OF MINUTES

Type Action

Fiscal Impact No

File Attachments

CBOC Minutes - 12-5-17.pdf (50 KB)

#### 3. PUBLIC COMMENT

Subject 3.01 Public Comment (Yagyagan)

Meeting Mar 6, 2018 - Propositions R & Z Citizens' Bond Oversight Committee (CBOC)

Category 3. PUBLIC COMMENT

Type Oral Communication

Persons wishing to address the Committee should complete a Request for Public Comment card (available at the reception table) and indicate on the card if they wish to speak under Public Comment, or when a specific agenda item is considered. Cards should be submitted to the secretary prior to the start of the meeting. An oral presentation to the Committee does not constitute an open discussion on the presentation topic, unless that topic is on the posted agenda. Pursuant to the Brown Act (Government Code Section 54954.2(a)): "No action or discussion shall be undertaken on any item not appearing on the posted agenda, except that members of a legislative body or its staff may briefly respond to statements made or questions posed by persons exercising their public testimony rights under Section 54954.3."

#### 4. ESTABLISH 2018 MEETING DATES

Subject 4.01 Establish 2018 meeting dates (Yagyagan)

Meeting Mar 6, 2018 - Propositions R & Z Citizens' Bond Oversight Committee (CBOC)

Category 4. ESTABLISH 2018 MEETING DATES

Type Action

Fiscal Impact No

a. Special meeting April 2018 Re: FMP Update/Workshop

i. Architect Planning Team Presentation

Suggested meeting dates - quarterly, first Tuesday of the month:

• March 6, 2018

- June 5, 2018
- September 4, 2018
- December 4, 2018

#### **5. PROPOSITIONS R & Z PROJECT STATUS UPDATE**

Subject 5.01 Propositions R & Z Project Status Update (Claussen)

Meeting Mar 6, 2018 - Propositions R & Z Citizens' Bond Oversight Committee (CBOC)

Category 5. PROPOSITIONS R & Z PROJECT STATUS UPDATE

Type Presentation

SUBMITTED BY: Tim Flood, Vice President for Business and Financial Affairs

INITIATED BY: Mark Claussen, Consultant, Business and Financial Affairs, Propositions R and Z

File Attachments

Props R Z CBOC Update 03-06-18.pdf (2,005 KB)

#### **6. BUDGET UPDATE**

Subject 6.01 Budget and Schedule Update (Stengel)

Meeting Mar 6, 2018 - Propositions R & Z Citizens' Bond Oversight Committee (CBOC)

Category 6. BUDGET UPDATE

Type Presentation

SUBMITTED BY: Tim Flood, Vice President for Business and Financial Affairs

INITIATED BY: Joe Stengel, Consultant, Business and Financial Affairs, Propositions R and Z

File Attachments

CBOC update financial March 2018.pdf (665 KB)

#### 7. PROPOSITION 39, SCHEDULED MAINTENANCE, & REDEVELOPMENT PROJECTS

Subject 7.01 Proposition 39, Scheduled Maintenance, and Redevelopment Projects

Meeting Mar 6, 2018 - Propositions R & Z Citizens' Bond Oversight Committee (CBOC)

Category 7. PROPOSITION 39, SCHEDULED MAINTENANCE, & REDEVELOPMENT PROJECTS

Type Presentation

SUBMITTED BY: Tim Flood, Vice President for Business and Financial Affairs

INITIATED BY: Mark Claussen, Consultant, Business and Financial Affairs, Propositions R and Z

File Attachments

CBOC Other Funds March 2018.pdf (210 KB)

#### 8. 2016-2017 PROPOSITION R AUDIT

Subject 8.01 2016-2017 Proposition R Audit

Meeting Mar 6, 2018 - Propositions R & Z Citizens' Bond Oversight Committee (CBOC)

Category 8. 2016-2017 PROPOSITION R AUDIT

Type Information

SUBMITTED BY: Tim Flood, Vice President for Business and Financial Affairs

File Attachments

Audit - Proposition R.pdf (359 KB)

2017\_SWCCD\_Audit\_Summary for Governing Board.pdf (155 KB)

#### 9. CBOC ANNUAL REPORT

Subject 9.01 CBOC Annual Report (Leopold)

Meeting Mar 6, 2018 - Propositions R & Z Citizens' Bond Oversight Committee (CBOC)

Category 9. CBOC ANNUAL REPORT

Type Report

File Attachments

Props R and Z Annual Report DRAFT.pdf (1,414 KB)

#### 10. PROPOSITION Z SERIES A BOND SALE

Subject 10.01 Proposition Z Series A Bond Sale - Final Presentation (Flood) (5 minutes)

Meeting Mar 6, 2018 - Propositions R & Z Citizens' Bond Oversight Committee (CBOC)

Category 10. PROPOSITION Z SERIES A BOND SALE

Type Information

SUBMITTED BY: Tim Flood, Vice President for Business and Financial Affairs

At the last CBOC meeting, held December 5, 2017, Tim informed the committee that he would bring the final presentation that was submitted to the Governing Board at the December meeting.

File Attachments

Southwestern 2017 GO Bond Issuance Summary.pdf (639 KB)

#### **11. ADJOURNMENT**

Subject 11.01 Adjournment (Yagyagan)

Meeting Mar 6, 2018 - Propositions R & Z Citizens' Bond Oversight Committee (CBOC)

Category 11. ADJOURNMENT

Type Procedural



# Southwestern Community College District Citizens Bond Oversight Committee March 6, 2018





# **Bond Program Update**

March 6, 2018

Presented by Mark Claussen PE Program Manager





# Wellness and Aquatics Complex

 Building delivered to the owner

Continuing punch list work

 Landscape continuing into late March





# Wellness and Aquatics Complex











# **National City Classroom Addition**



- Building delivered to the owner
- Punch list work continuing
- Grand opening held February 22



# National City Classroom Addition







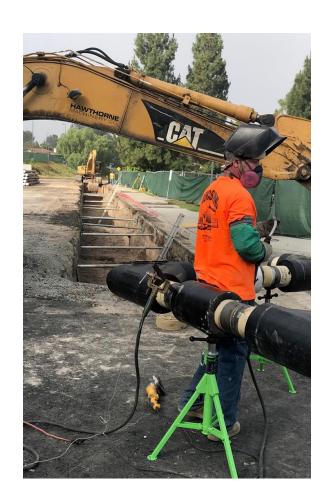






# **Hydronic Piping Loop Completion**

- Project completed
- Conduits in place to support the following infrastructure projects
  - Fire alarm system upgrades
  - Emergency generator power distribution
  - Lighted crosswalks







# Math, Science and Engineering Building

- Roofing in progress
- Interior framing, drywall, infrastructure continuing

Gym demolition complete









# Performing Arts and Cultural Center

- Division of State Architect (DSA) review complete February 26, 2018
  - Final plan review by District constituency groups in progress
- Project is in the procurement phase
  - Qualification of stone aggregate contractor in progress
  - Construction manager developing bid packages
- Construction start summer 2018





# **Security Building**

 Project is in the procurement phase

Design-bid-build project

 Construction start summer 2018

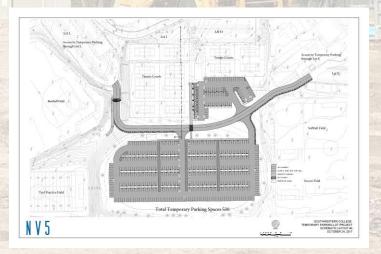




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# **Temporary Parking Area**

- Secondary effect project (loss of parking during construction)
  - Performing Arts and Cultural Center
  - Security Building
- Approx. 530 parking spaces
- Project is in construction
- Completion April 2018



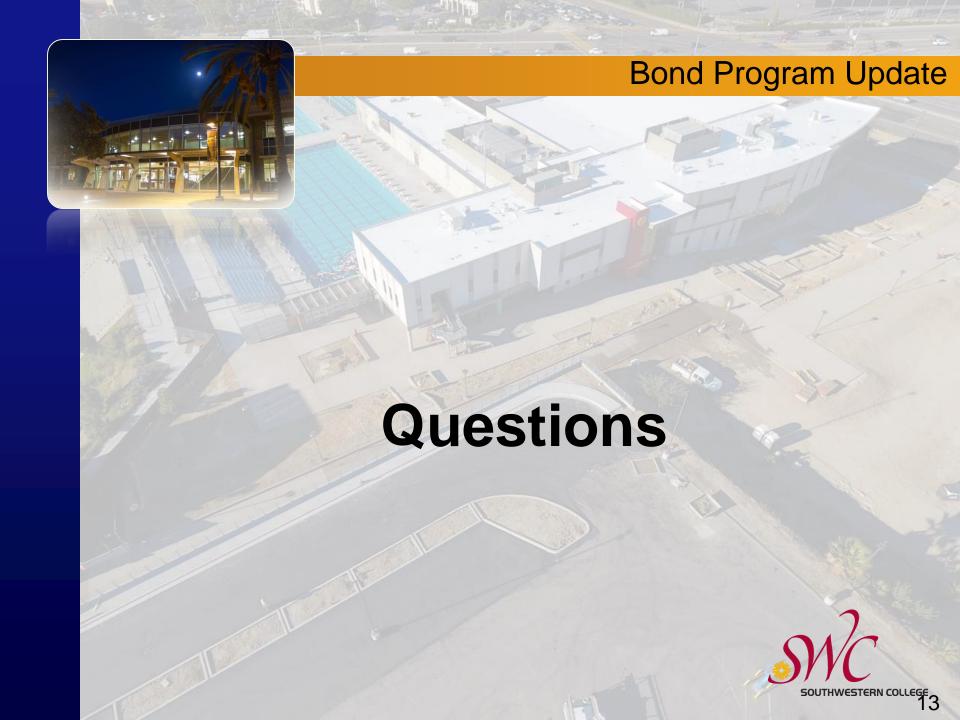






 Procurement process on the parking structure is on hold pending completion of the Facilities Master Plan update







# Financial Summary and Schedule





# Obligations, Encumbrances and Expenditures

- All but \$1 million of the \$295 million in revenue is obligated
- \$277 million has been encumbered (purchase order or contract in place)
- \$238 million is projected to be spent by end of Q1-2018
- \$57 million cash on hand (projected by end of Q1-2018)

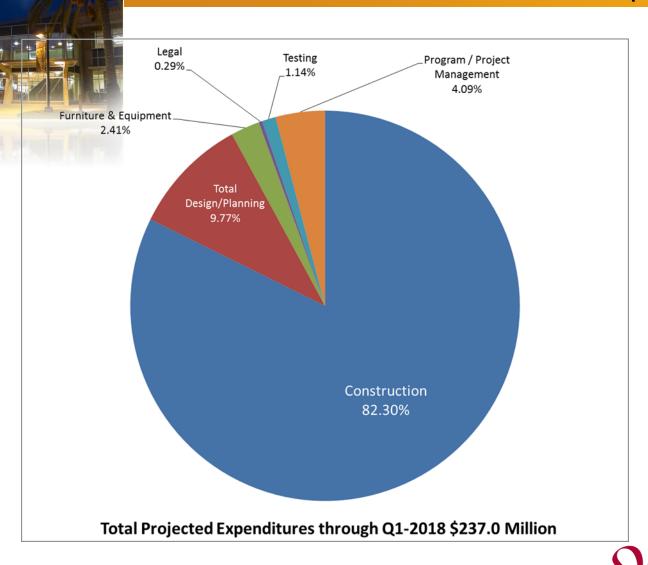


# Q1 – 2018 Projected Expenditures (in millions)

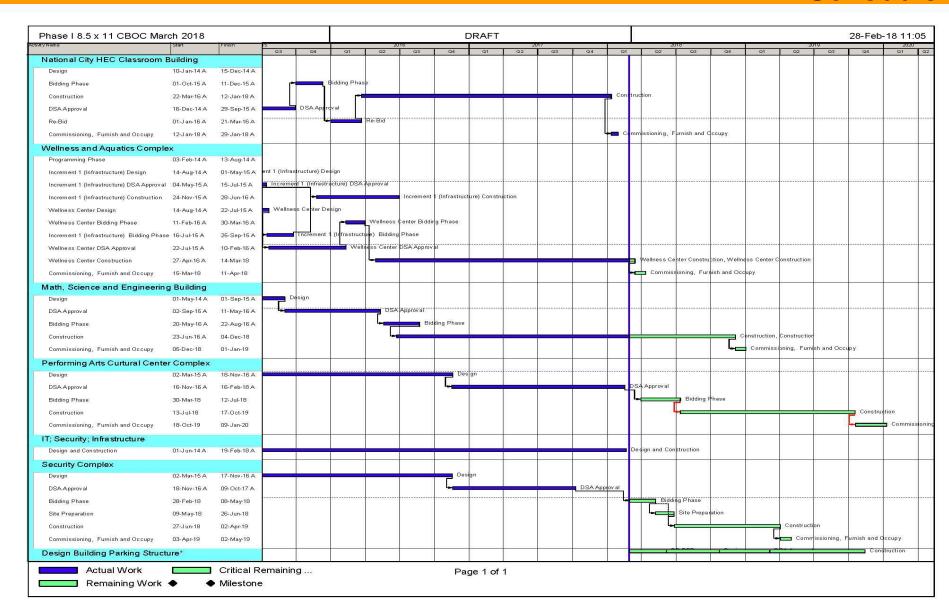
•	DeVore Stadium	\$ 33.8	(complete)
•	Central Plant	\$ 17.7	(complete)
•	Technology and Security	\$ 9.8	(complete)
•	National City HEC Phase II	\$ 24.2	(occupied)
•	Performing Arts Complex	\$ 3.1	(in progress – Prop Z)
•	Wellness and Aquatics Complex	\$ 60.0	(occupied)
•	Solar Initiative	\$ 13.0	(complete)
•	Math Science and Engineering	\$ 42.7	(in progress – Fall 2018)
•	Utilities/Landscape and Entrances	\$ 7.2	(complete)
•	Utility Upgrades and Hydronic Piping	\$ 6.5	(complete)
•	Management/Misc.	<u>\$ 19.5</u>	
•	Total Expenditures	\$237.0	



# **Expenditures**



# Schedule







# **Other Facilities Funds**



# Other Facilities Project Funds

#### Other Facility Funds Status

	RDA		SMSR		Prop 39	
	Revenue	Expense	Revenue	Expense	Revenue	Expense
Through 2015	3,343,484	969,000	900,000	420,791	956,924	956,924
2016	562,744	2,085,999	1,996,456	696,083	398,995	398,995
2017	664,910	720,470	1,882,572	1,569,094	477,119	477,119
2018	284,516	438,825		620,055	663,939	9,726
Totals	4,855,654	4,214,294	4,779,028	3,306,023	2,496,977	1,842,764
Balance		641,360		1,473,005		654,213

Total All Funds

Revenue 12,131,659 Expense 9,363,080

Projects include, but not limited to:
HVAC Upgrades
ADA Improvments
Structural Repairs
Flooring
Electrical Distribution
Irrigation Controls
Drought Tolerant Landscaping
Roofing Repairs and Replacement
Sewer and Water Line Repairs
LED Light Replacement
Parking Lot Safety Repairs

RDA Re-Development Funds

SMSR Scheduled Maintenance/ Special Repair Prop 39 Proposition 39 Clean Energy Jobs Act





# Southwestern Community College District

\$140,000,000 Election of 2016 General Obligation Bonds, Series A

### Proposition Z Overview



- On November 8, 2016, 70.5% of the District's voters approved Proposition Z authorization of \$400 million in general obligations bonds for upgrading community college campuses and providing job support for students and veterans
- Proposition Z Projects:
  - Parking Structure
  - Performing Arts & Cultural Center
  - Business Building
  - Infrastructure
    - Sewer Line
    - Parking Lot Restoration
    - Electrical Safety Upgrades
    - Domestic Water Line Connection
  - Information Technology
  - Student Union Complex







#### Municipal Bond Market Review



- The District priced and sold bonds in one of the lowest interest rate markets over the past 12 months
  - Piper lowered yields as much as 10 basis points on many maturities to reflect strong investor interest and low rates
  - There were positive in-flows to tax-exempt funds and reasonable supply of competitive bond sales that week
- The 20 year benchmark MMD index was 2.47% on the day of pricing for the bonds, compared to the minimum rate of 2.45%



20 Year MMD Rates*				
High	3.20%			
Median	2.68%			
Low	2.45%			
Day of Pricing	2.47%			

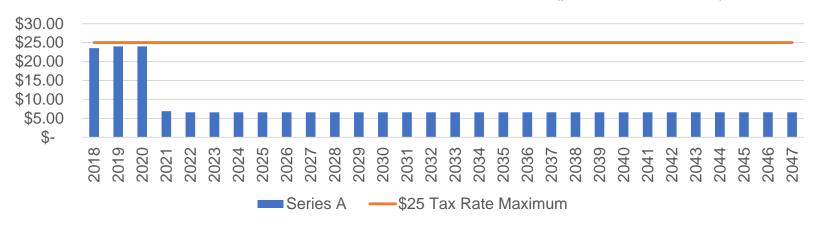
<sup>\*</sup>MMD is the benchmark municipal bond index

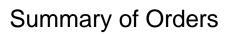


#### Election 2016 General Obligation Bonds Series A

- First series of bonds sold from Proposition Z authorization
- · Confirmed rating of Aa2 by Moody's and AA- by Standard and Poor's
- \$140 million issued, \$260 million in remaining authorization
- Current Interest Bonds with 25 year final maturity
- Assessed value assumptions of 4% and tax rate less than \$25
- All-In TIC of 3.39%
- Structured to allow for Series B in 2020

Election of 2016, Series A Estimated Tax Rates (per \$100,000 of AV)







- Piper Jaffray was selected as Senior Manager with Citi and Ramirez being Co-Managers
- The number of orders, \$786,480,000 greatly exceeded the number of bonds being offered at \$140,000,000 being 5 times oversubscribed

	Amount of Bonds		Amount	of Orders		
Maturity	Available	Piper Jaffray	Citi	Ramirez	Total	
8/1/2018	\$ 12,100,000	\$ 27,985,000	\$ 375,000	\$ -	\$ 28,360,000	
8/1/2019	13,350,000	26,875,000	-	-	26,875,000	
8/1/2020	10,790,000	43,645,000	-	-	43,645,000	
8/1/2023	160,000	430,000	-	-	430,000	
8/1/2024	335,000	1,925,000	-	-	1,925,000	
8/1/2025	530,000	3,565,000	40,000	-	3,605,000	
8/1/2026	740,000	4,210,000	-	-	4,210,000	
8/1/2027	970,000	8,275,000	-	-	8,275,000	
8/1/2028	1,220,000	7,795,000	1,225,000	-	9,020,000	
8/1/2029	1,490,000	10,600,000	1,500,000	-	12,100,000	
8/1/2030	1,780,000	10,015,000	1,790,000	1,780,000	13,585,000	
8/1/2031	2,095,000	15,835,000	-	-	15,835,000	
8/1/2032	2,415,000	21,805,000	2,500,000	-	24,305,000	
8/1/2033	2,755,000	24,340,000	2,500,000	-	26,840,000	
8/1/2034	3,120,000	24,840,000	2,500,000	3,120,000	30,460,000	
8/1/2035	3,510,000	21,380,000	1,750,000	1,250,000	24,380,000	
8/1/2036	3,890,000	26,090,000	1,500,000	3,890,000	31,480,000	
8/1/2037	4,330,000	22,210,000	1,500,000	4,580,000	28,290,000	
8/1/2038	4,800,000	29,540,000	1,500,000	1,000,000	32,040,000	
8/1/2039	5,300,000	23,550,000	1,500,000	1,250,000	26,300,000	
8/1/2040	5,835,000	23,670,000	1,750,000	1,750,000	27,170,000	
8/1/2042	13,300,000	78,150,000	5,750,000	9,000,000	92,900,000	
8/1/2047	45,185,000	247,370,000	8,330,000	18,750,000	274,450,000	
Total	\$ 140,000,000	\$ 704,100,000	\$ 36,010,000	\$ 46,370,000	\$ 786,480,000	

### **Investor Participation**



- There were a wide range of investors interested in buying the District's bonds: institutional investors, asset managers, separately managed accounts, trust accounts as well as retail buyers
- Investors included:
  - Eaton Vance
  - JP Morgan
  - Loews Corporation
  - · Nuveen Asset Management
  - PIMCO
  - · State Farm Insurance
  - · Vanguard Funds

#### Costs of Issuance



- Costs of Issuance include all fees to complete the transaction except for underwriting fees and expenses
- · Professional fees include fees for:
  - Bond & Disclosure Counsel
  - · Municipal Advisor
  - · Rating Agencies
  - Paying Agent
  - Municipal Disclosure Statistics
  - Financial Printer
- · Underwriting fees and expenses include sales commission, regulatory fees, and underwriter's counsel
- All fees represented 0.52% of the par amount of the bonds being sold or \$733,325



## **Total Debt Service**

Period				Total Debt	Debt Service	
Ending	Principal	Coupon	Interest	Service	Fund	<b>Net Debt Service</b>
8/1/2018	\$12,100,000	3.000%	\$3,654,192	\$15,754,192	\$3,654,192	\$12,100,000
8/1/2019	13,350,000	4.000%	5,095,544	18,445,544	5,095,544	13,350,000
8/1/2020	10,790,000	4.000%	4,561,544	15,351,544	1,466,641	13,884,902
8/1/2021			4,129,944	4,129,944		4,129,944
8/1/2022			4,129,944	4,129,944		4,129,944
8/1/2023	160,000	3.000%	4,129,944	4,289,944		4,289,944
8/1/2024	335,000	4.000%	4,125,144	4,460,144		4,460,144
8/1/2025	530,000	5.000%	4,111,744	4,641,744		4,641,744
8/1/2026	740,000	5.000%	4,085,244	4,825,244		4,825,244
8/1/2027	970,000	5.000%	4,048,244	5,018,244		5,018,244
8/1/2028	1,220,000	5.000%	3,999,744	5,219,744		5,219,744
8/1/2029	1,490,000	5.000%	3,938,744	5,428,744		5,428,744
8/1/2030	1,780,000	5.000%	3,864,244	5,644,244		5,644,244
8/1/2031	2,095,000	4.000%	3,775,244	5,870,244		5,870,244
8/1/2032	2,415,000	4.000%	3,691,444	6,106,444		6,106,444
8/1/2033	2,755,000	4.000%	3,594,844	6,349,844		6,349,844
8/1/2034	3,120,000	4.000%	3,484,644	6,604,644		6,604,644
8/1/2035	3,510,000	3.000%	3,359,844	6,869,844		6,869,844
8/1/2036	3,890,000	4.000%	3,254,544	7,144,544		7,144,544
8/1/2037	4,330,000	4.000%	3,098,944	7,428,944		7,428,944
8/1/2038	4,800,000	4.000%	2,925,744	7,725,744		7,725,744
8/1/2039	5,300,000	4.000%	2,733,744	8,033,744		8,033,744
8/1/2040	5,835,000	3.125%	2,521,744	8,356,744		8,356,744
8/1/2041	6,350,000	4.000%	2,339,400	8,689,400		8,689,400
8/1/2042	6,950,000	4.000%	2,085,400	9,035,400		9,035,400
8/1/2043	7,590,000	4.000%	1,807,400	9,397,400		9,397,400
8/1/2044	8,270,000	4.000%	1,503,800	9,773,800		9,773,800
8/1/2045	8,995,000	4.000%	1,173,000	10,168,000		10,168,000
8/1/2046	9,760,000	4.000%	813,200	10,573,200		10,573,200
8/1/2047	10,570,000	4.000%	422,800	10,992,800		10,992,800
	\$140,000,000		\$96,459,955	\$236,459,955	\$10,216,377	\$226,243,578

# Prop R 2 Z ANNUAL REPORT

# LETTER FROM THE CHAIR

On behalf of the members of the Proposition R Citizens' Bond Oversight Committee, it is my pleasure to present our annual report.

South County voters were extremely generous in their overwhelming support of Proposition Z in November, 2016. This new \$400 million general obligation bond will allow Southwestern College to continue upgrading facilities throughout the district.

Several large projects have already opened to students and community. New science and medical labs at the Higher Education Center at National City opened in January, 2018 and will help meet the growing need for the classrooms needed to complete some of the college's most popular science and health profession majors.

A 75,000-square-foot wellness and aquatics complex also opened in January and houses the new gymnasium, two Olympic-size pools, a third therapy pool and fitness classrooms. The wellness and aquatics complex will also be home to the Health First Fitness Club where community members can participate in the latest fitness classes.

More projects are on the way, and I encourage you to see the updates outlined in the next couple pages of this report.

As the community representatives to Propositions R and Z, we welcomed two new members to the Citizens' Bond Oversight Committee: student representative Christine Amezcua and at-large community representative J.C. Hurtado-Prather. Additionally, at-large community representative Andrew McKercher was selected to serve another two-year term. I also had the honor of being selected for a second two-year term as a taxpayer organization representative.

We welcome you to find out more about our progress by going to our website: www.swccd.edu/propr. You can request a presentation to your community group, have your name added to our mailing list or leave a comment.

Thank you for your continued support of the students of Southwestern College.

Matt Yagyagan, Chair Proposition R Citizens' Bond Oversight Committee

# Citizens' Bond Oversight Committee Members

Christine A. Amezcua
Student Representative

Michael Govea Advisory or Foundation Representative

Andrew McKercher At-Large Community Representative

Robert (Bob) Muff Senior Citizen Group Representative Lucas Rathe Business Representative

J.C. Hurtado-Prather At-Large Community Representative

Matt Yagyagan Taxpayer Organization Representative

#### Annual Performance and Financial Audits

The independent auditing firm of The Pun Group conducted an audit of the internal controls, finances and performance of Proposition R. In a report provided to the Governing Board, the auditing firm has found the district's internal financial controls to be in compliance with Government Auditing Standards.

The objectives of the performance audit are to review Proposition R expenditures, determine if Proposition R funds were used for the purposes set forth in the ballot measure and to comply with the California Constitution and Proposition 39. The auditing firm found Southwestern College to be in compliance of all material respects and in compliance with the performance requirements of Proposition 39.

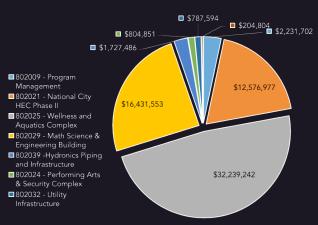
Furthermore, there are no findings or questioned costs related to the performance audit of the Bond Fund for the year ended June 30, 2017.

#### About Propositions R and Z

Proposition R is the \$389 million general obligation bond approved by voters in 2008. Proposition Z is the \$400 million general obligation bond. Proceeds from the bonds are to be used for the construction/reconstruction and/or rehabilitation of facilities, including the furnishing and equipping of facilities, acquisition, or lease of real property for its facilities and construction

management by district personnel.

The goal of the district's construction efforts is to improve affordable community college education and job training for the residents of South Bay. Bond proceeds will provide project funding at the college's Chula Vista campus and at each of its three Higher Education Centers in National City, Otay Mesa and San Ysidro.



# Prop RS ZProject Updates

# ANNUAL REPORT

#### PLAZA BUILDING

The new two-story Plaza Building opened in January with four new science labs, a medical assisting clinic, a large lecture classroom and a community room. Also new to the project is a plaza and a second-story outdoor terrace that will provide places for students to sit, study and socialize between classes.

#### **PROJECT STATUS:** Complete

#### SECURITY COMPLEX

College Police will have a new headquarters that include new security space for police vehicles and equipment. The new building, which will be located in parking Lot B, include office space, meeting rooms, a customer service counter, locker rooms, an armory, emergency communications/security monitoring and a secure vehicle parking/sally port. The single-story structure will cost \$6.8 million.

PROJECT STATUS: To come

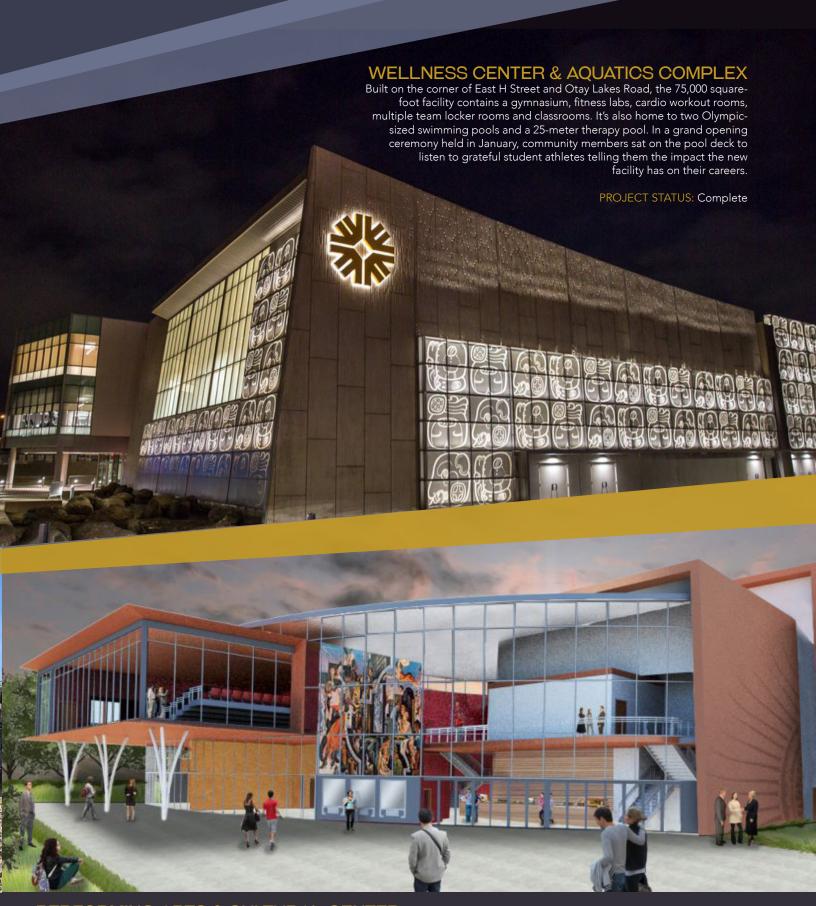




#### MATH. SCIENCE & ENGINEERING

Tons of steel and cement have risen in the interior of the Chula Vista campus as the Math, Science & Engineering begins to take shape. The design of the two buildings will highlight the theme of "Science on Display," ensuring all classrooms, shared spaces and study areas are viewable and accessible. Designed for LEED Silver, the new buildings will contain 15 classrooms, a rooftop telescope platform, the Math, Engineering, Science Achievement (MESA) program and will recreate the beloved turtle pond.

PROJECT STATUS: Under construction, scheduled opening spring semester 2019.



#### PERFORMING ARTS & CULTURAL CENTER

The construction trailers that supported the Wellness & Aquatics Complex have been moved away and planning is complete for the Performing Arts & Cultural Center, which will also occupy the corner entrance to the Chula Vista campus. A 500-seat theater will be the centerpiece of the building, but a two-story lobby will allow for stunning artwork to be on display. Supporting facilities, including a black box theater, ample storage area for constructing and storing props, as well as versatile classroom space will meet the needs of the college's arts programs for years.

PROJECT STATUS: Project documents signed by Division of State Architect. Construction estimated to begin in summer 2018.