The regular meeting of the Measure L Bond Citizens’ Oversight Committee of the San Joaquin Delta Community College District was held on Thursday, August 28, 2008, at 5:30 p.m. in the Board Room, Administration 103, 5151 Pacific Ave., Stockton, California.

Members Present: Scott Malm, Perfecto Munoz, Dan Schroeder

Member Excused: Janet Lilly, Donna Gale

I. Called to Order

The Board meeting was called to order by Chairperson Dan Schroeder at 5:46 p.m.

II. Communications

A. Public Comments
   - Board of Trustees member Janet Rivera noted that the Board has completed their draft response to the Grand Jury and they addressed the Citizens’ Oversight Committee (COC) issued. A copy will be mailed to the COC shortly.

III. Welcome, Introductions, and Announcements

A welcome was extended to Nancy Ahlberg Mellor, who has expressed an interest in applying for a position on the Citizens’ Oversight Committee.

Those also in attendance:
   - Janet Rivera, Board of Trustees member
   - Raquel Puentes-Griffith, Budget Manager
   - Lee Belarmino, Vice President of Information Technology
   - Greg Greenwood, Director of Public Information
   - Maria Baker, Director of Facilities Planning & Mgmt.
   - Dr. Kathy Hart, Asst. Supt./VP of Instruction

IV. Unfinished Business
A. Receipt of Resignation Letter from Committee Member Jeff Thompson
   – Chair Dan Schroeder noted receiving a resignation letter from Jeff Thompson. Attempts to have Mr. Thompson reconsider were unsuccessful.

V. New Business

A. Approval of Minutes – Committee member Scott Malm moved to approve the draft minutes from the February 21, 2008, and June 19, 2008, meetings. Vice Chair Perfecto Munoz seconded the motion, and the motion was carried unanimously.

B. Recruitment of Committee Members – Recruitment has begun to fill several vacancies on the Citizens’ Oversight Committee. The College is seeking applications from qualified citizens to fill the “Foundation,” “Senior Citizen,” “Student,” “Tax Payers,” and “At Large” positions. Information was shared with the COC as well as a timeline. It is anticipated that action to appoint these positions will take place at the October 21, 2008, Board of Trustees meeting. The COC will seat the new members at their next COC meeting.

C. Measure L Quarterly Finance Report - Dr. Stephens presented the 4th Quarter (Fiscal Year) Report.

<table>
<thead>
<tr>
<th>San Joaquin Delta College</th>
<th>Measure L Bond Program</th>
<th>Financial Report as of 7/15/08</th>
<th>Measure L Quarterly Finance Report/Program Update</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td>Total Bond Program</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>Budget Reconciliation</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>2005 Series A Release</td>
<td>$ 90,000,000</td>
</tr>
<tr>
<td></td>
<td></td>
<td>2005 Series A Premium</td>
<td>1,809,984</td>
</tr>
<tr>
<td></td>
<td></td>
<td>2005 Series A Interest to Date</td>
<td>9,285,126</td>
</tr>
<tr>
<td></td>
<td></td>
<td>2006 Refunded</td>
<td>15,500,000</td>
</tr>
<tr>
<td></td>
<td></td>
<td>2006 Refunded Interest to Date</td>
<td>1,345,990</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Budget to Date</td>
<td>$ 117,941,100</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Future Releases</td>
<td>$ 160,000,000</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Total Bond Program Budget</td>
<td>$ 277,941,100</td>
</tr>
</tbody>
</table>

There is an issue with earning this much interest on all of our funds. The IRS code is very picky on how the bond funds are spent. If they are left in the bank too long earning interest before spending them, the IRS will want to get a share of that interest. The college will address the issue of interest rate/arbitrage rebate that will have to be paid back to the IRS. The earnings of the refunded amount of the 2006 bond is the income that the IRS will be looking at to see if we achieved any
excess earnings. It is a good problem to have when your bond funds have earned more interest than expected.

Right now, the total sources of funds are about $278 million in bonds. Dr. Stephens reviewed all total bond program expenditures since the beginning of the bond, with the total amounting to $70,895,094. The total Measure L Bond Program (current projects and completed projects) total $277,941,100.

A question arose regarding the “Other” column on the Project Expenditures spreadsheet. There was no cost in the column but there was a sub-total $13,751,876. It was noted that “Other” includes the cost of issuance and debt reduction at the Bond Program inception as well as the cost of financial advisors and underwriters. These charges are applicable to all projects and would not fit into any special line item.

A motion was made by Vice Chair Perfecto Munoz to accept the 4th Quarter Financial Report with the change to clarify the “Other” line in the format. Committee member Scott Malm seconded the motion. The motion was unanimously approved.

D. Rebaselining of Bond Projects – Bond Executive Lee Belarmino noted that the new Bond Team has been in place since April 15th with the commitment to look at every project and estimate on the data guide. The Bond Team brought forward June 26th to the Board of Trustees information of what the true estimates were for every project. Dollars were matched to a schedule and a task per project. At a workshop on July 14th, the Bond Team submitted to the Board of Trustees a matrix of projects listed out as either Completed, Near Completion, Too Far Along, and Critical. Some of the projects were under budgeted. The Board was asked for direction. It was noted to them that all the “Too Far Along” projects will need to be completed.

**Cunningham Math & Science Project** - One critical project that was included in this listing was the Cunningham Math & Science building. This is a total replacement of the existing Cunningham building. This project is a state matching fund with a local match from Delta College of a little more than 50 percent of that amount. However, in the Cunningham project there were spaces that the State would not support. At the time the application was submitted, Delta College was considered to be over built in office space. There was an additional $2.5 million that Delta College would have to pick up. The Data Center was coupled in with this project as it currently dwells within the Cunningham building. The funding from the State was contingent upon Delta College demolishing the Cunningham building, so the building will not be retained. If we chose not to move forward with this project, the District would jeopardize about $29.5 million of State funding. There are secondary effects – the displacement of the Data Center, the displacement of several instructional areas that are currently housed in the building, and the relocation of the Shima Day Care portable that is located at the site of the new Cunningham building. These are not covered under the match and, therefore, Delta’s portion of the total project cost is higher ($54.8 million).
**Goleman Library Project** – Another example of secondary costs can be found in the budget for Goleman Library. Items was not included in the estimate were the move of the actual library while it is being renovated, the cost of the lease of the building where the library is currently housed, and some storage costs. In construction there are things that are unplanned that need to be allowed for – contingencies need to be included in the budget. These contingencies are qualified Bond Measure L expenses.

Vice President Lee Belarmino also noted that the Board approved the listing and all projects are going forward. Because of the depressed market, we are seeing some good construction bids and they are coming in low.

E. **Citizens’ Oversight Committee Members’ E-Mail** – Director of Public Information and Marketing Greg Greenwood reported on the problems he has been encountering with the Citizens’ Oversight Committee members’ e-mail accounts. At this time, all COC e-mails come from the web page to Mr. Greenwood’s computer. He will continue to field all e-mails for the Committee and forward them on. Mr. Greenwood will bring any additional information to the Committee meetings that he feels the Committee should be aware of.

F. **Change of Date for Next Citizens’ Oversight Committee Meeting** – A suggestion was made to change the next regular Citizens’ Oversight Committee meeting from October 16, 2008, to October 23, 2008, in order to accommodate the seating of new Committee members. A motion was made by Committee member Scott Malm to change the meeting date from October 16th to October 23rd. Vice Chair Perfecto Munoz seconded the motion. The motion was unanimously approved.

G. **Project Updates** – Discussion regarding project updates will be included in the tour of the bond projects.

H. **Tour of Bond Projects Under Construction** – Once the meeting adjourns, Committee members will be taken on a tour of the following projects:
   - Student Services Center
   - Goleman LRC Temporary Site (41 W. Yokuts)
   - Northeast Infrastructure
   - North Road Infrastructure
   - Softball & Football/Track Complex
   - Soccer/Field

V. **Committee Member Comments**
   - Vice Chair Munoz commented that he is glad to see Lee Belarmino leading the Bond Team, and he is looking forward to future presentations by Vice President Belarmino.
   - Committee member Scott Malm noted that he has been routinely impressed with the preparation and delivery by staff with the
presentations made.

- Chair Dan Schroeder commented that while he was on vacation when the Grand Jury report came out, he wanted to point out that there was something absent from it: the Citizens’ Oversight Committee’s primary task is to make sure Measure L funds are spent on projects approved by the bond ballot language. The Committee has done that. He was disappointed that this was not addressed in the report. Chair Schroeder thanked all staff for their efforts in addressing that issue. He expressed his gratitude for the work done by staff.

VI. Other Business/Comments

A motion was made by Vice Chair Perfecto Munoz to adjourn the meeting. Committee member Scott Malm seconded the motion. The motion was unanimously approved, and the meeting was adjourned at 7:00 p.m. and the tour of the Bond Projects commence.

Respectfully submitted,

Jon C. Stephens
Vice President of Business Services

Meeting adjourned; tour of Bond projects.