

Glendale Community College District

Measure GC Citizens' Oversight Committee

President's Conference Room
AD 121

May 1, 2017
4:30 p.m. – 6:00 p.m.

Present: Armik Avedisian, Roberta Hagopian, Larry Hanson, John Kociemba, Harry Leon
Absent: Sophal Ear*, Kevin Lee*, Ani Nazaryan
Guest: Nelson Oliveira, Director of Facilities
*Notified of absence

1. (2:25) The meeting was called to order by the Chair, Armik Avedisian at 4:37 p.m.
2. The approval of the minutes of February 6, 2017 will be addressed when a quorum is present.
3. **Passage of the Measure GC Bond (3:00):**

Dr. Anthony Culpepper reintroduced himself as the new Executive Vice President of Administrative Services. Dr. Culpepper's responsibilities encompass the fiscal activities of the college which includes advising the Measure GC Committee of the progress of facility plans and Measure G and Measure GC bond matters.

Excerpts from Dr. Culpepper's discussion of the Measure GC bond sale:

"We really appreciate that you have agreed to continue on, so now we're going to call you the Measure G/GC Committee. (Laughter) We really do appreciate your commitment and insight. One of the things that we have been really encouraged with is how the community has been so supportive of the campus. You may recall that our Measure GC bond passed with 73% support of the community."

"Now we have finished the funding (of the bond). We have been able to sell the bonds at a premium. You may recall the amount we were selling them for was \$122m. We actually were able to sell the bonds for \$134.2m. Which gives us an additional \$12.2m in premium. What that means is the premium amount we received above the principal goes back to the constituency in the form of a non-levy of taxes for interest for the first 2.5 years. So instead of the levy of taxes starting August 1 for interest and principal, it's only going to start levying in 2018 just for the principal portion. The interest for the first two years, 2017, 2018 and a portion of 2019 will be covered by the premium. So they (the community) will not be levied taxes. That's how beneficial it is for the bonds to have sold at a premium."

(5:44) “We do have our \$122m, less the amount of monies that were paid for the issuance cost and the underwriter’s discount which was roughly \$260k. Along with our legal counsel fees, that brought the total underwriting amount to \$512k. Subtracting that from the \$122m gives us \$121.7m which is our bond amount that we will be able spend for the campus.”

(6:59) A question was asked for clarification on the fact that the bonds sold for \$134m but that there is only \$121m available.

(7:06) Dr. Culpepper explained that the underwriter’s amount which is RBC, their \$260k (fee) comes out of the premium. So a portion of the \$12.2m paid for the underwriter. The general counsel (bond counsel) along with the other issuance costs which totals about \$512k comes from the \$122m. The \$12.2m is subtracted from the \$134.2m.

(7:57) The California bond law will not allow the college to spend money above that which as approved by the constituency. They approved \$122m. Anything sold above that, which is called premium, goes back to the constituency.

(8:41) Dr. Culpepper: “What happens is you’re not levied any taxes. Your tax bill will not increase. If it had sold at par (\$122m), you would have been charged the interest on the bonds, along with the principal. But since we were able to sell it at a premium, you will not be levied any taxes for first 2.5 years.”

(9:25) The premium was determined by market forces. There was a question on how the bond holders make their money. Dr. Culpepper explained that the bond holders bought them at a premium and were charged a higher rate than what was on the face of the bonds because of the value of the bonds. There were three series which were sold for 4%, 5.2% and 5%.

Dr. Culpepper explains the bond credit rating: “We had a AA- and a AA2 – Standard & Poor’s and Moody’s ratings. We had a very high credit rating and people wanted them. Dr. Viar and I went to Sacramento and pitched the college to Moody’s and Standard & Poor’s. We told them about what we’re doing on campus and our financial structure and how the college has been managed fiscally for the last three years. We were able to show them that we were a great credit risk. We have great staff, great management and great faculty. We’re in a great community. The property values are high and this is an affluent community. All this went into the packet to demonstrate the value of the college and so they know the bonds will be paid for. So that’s how we were able to secure the AA- and the AA2 (ratings).”

4. 2015 Facilities Master Plan Update:

- Civic Center (12:48): We are still interested in acquiring the Civic Center. That and other properties were part of the bond language.

- Garfield Campus: (13:20) We have already sent out letters of inquiry concerning the properties around the Garfield Campus. We are hoping we won't have to go through Eminent Domain and can just purchase the property directly. We have already retained legal counsel regarding this. There are about 15 properties involved. (Discussion continued on the properties around Garfield.)
- (17:40) Discussion returned to the GO (General Obligation) Bonds. The \$122m is the first of the bond series being sold. We had planned for four. We have to spend all of this money in three years. Nelson will talk about this in a minute. Then we are able to go out for another series of bonds after the Board of Trustees has approved this. The total authorization is \$325m.
- (22:24) A question on free tuition. The cost of tuition is \$46 per unit. Most of our students qualify for the BOGG waiver (Board of Governor's Grant), which pays for the cost of tuition.

(25:28) Responding to a question about the bond projects, Mr. Oliveira discussed the projects planned.

1. PE Remodel (Seismic Replacement) (25:35): This project receives funding from both Measure G and Measure GC. The Environmental impact study was completed in 2015.
2. Fire Academy/Storage (26:58): The Environmental Impact study has not been completed. The Fire Academy is currently located in the AA (Aviation Arts) Building. It will be relocated to the Life Skills area which is northeast of the campus. It is planned to extend the Environmental Impact study of 2005 to cover the relocation, since it is an existing program.
3. Mr. Oliveira will be making a presentation to the Board of Trustees on May 16, 2017. The energy conservation measures are part of the Master Infrastructure list and Measure G. We are currently in Phase 2. Projects include replacing current lighting systems with LED systems, replacing air handlers, etc.
4. All of the projects (from Measure G), with the exception of the Lab/College Services Building have been completed.
5. Lab/College Services Building (33:14) – Mr. Oliveira discussed the history of the Lab/College Services Building. It is expected to be completed in December 2017 by the bond company's take-over contractor.
6. Planned projects (37:00)
 - Master Infrastructure List
 - Fire Academy/Storage Building

- P.E. Seismic Replacement Building
- A.A. Hanger conversion in the Welding Shop (now in the Advanced Technology Building)

7. P.E. Seismic Replacement Building (38:00)

- A section is being demolished and replaced with an auxiliary gym on the top and male and female locker rooms on the bottom. An accelerated design-bid-build plan is being considered. Once all the planning has been completed, the project will then be submitted to DSA (Division of the State Architect) for approval.
- A question was asked if there was a time restriction on the Measure G portion of the funds. Dr. Culpepper explained that the funds for Measure G and Measure GC are separate. \$3m of the Measure G bond was allocated to the P.E. remodel. There is also \$1.6m of Measure G funds for the Sierra Vista Building for “soft” costs. If additional funds are needed for the Sierra Vista Building, we may have to use the \$3m allocated for the P.E. remodel. The cost of the Sierra Vista Building is \$3.2m. The Sierra Vista building is also covered under the Measure GC bond. Discussion continued on the problems with the Sierra Vista Building.

Mr. Avedisian reminded everyone that the next meeting is August 7, 2017. A tour of the Sierra Vista Building in being planned for the November 6, 2017 meeting.

There was an inquiry about the progress of the applications for the Measure GC Committee. There are two applicants at this time and the application process is still open. Currently, there is one student application and one from the community. The Board of Trustees will review the applications and make a decision on the number of committee members. Everything has been publically posted and Mr. Avedisian asked members to direct any interested parties to apply.

The meeting was adjourned.

Respectfully submitted by
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