



YCCD CBOC 2010-11 Annual Report to the Community



Letter from the CBOC Chair



Mr. George Nicholau
Chair of the Measure J CBOC

Dear Community Members:

As the newly elected Chair of the Measure J Citizens' Bond Oversight Committee (CBOC), it is my distinct pleasure to present to you the 2010-2011 Annual Report to the Community. A great deal has taken place since our last report. For starters, I was elected Chairman of the CBOC in February 2012 and Student Representative George Cheso was elected Vice-Chair. In addition to having new officers, the CBOC has changed in membership as well. New CBOC members include Hardial Dulay, representing

Sutter County Community Members At-Large. Mr. Dulay was approved by the Board of Trustees on November 9, 2011 and will serve his term through 2013. At its December 2011 meeting, the Board of Trustees approved Patricia Miller, representing the Sutter County Taxpayers' Association, Edith Salcedo, representing the Yolo County Business Community and James White, representing the Senior Citizens' Group in Colusa County.

The CBOC has consistently met on a quarterly basis since 2007 to monitor the progress of Measure J projects. A special CBOC meeting was held on October 11, 2012 with Dr. Douglas Houston, Chancellor of the Yuba Community College District (YCCD), to go over the details of the Series C bond issuance under Measure J. This public meeting laid out that the foremost intent of the Board of Trustees in moving forward with Series C was to fulfill the promise it had made to Lake and Sutter County voters, which was to build permanent educational facilities in those counties. Ultimately, the decision to move forward with those projects will significantly benefit our local communities and multiple generations of YCCD students.

The CBOC is currently made up of seven members who represent various organizations in Colusa, Sutter, Yolo and Yuba Counties. I encourage you to attend committee meetings and get to know us. Your input could prove to be a valued asset to the process. Our meeting schedule, along with other pertinent information about the CBOC and the Measure J bond construction program can be found on our website at <http://new.yccd.edu/administrative-services/measurej/cboc.aspx>.

In regards to the construction of new buildings district-wide, the Yuba College – Sutter County Center (YC-SCC) opened its doors in August for the start of the Fall 2012 Semester. A ribbon cutting was held for the Center on October 11, 2012. The construction of YC-SCC was entirely funded by Measure J and is the first public higher education facility to be built in Sutter County.

Similarly, construction on the three new Clear Lake Campus (CLC) buildings was completed in August 2012. CLC now has a new state-of-the-art Student Services Building, a Culinary Arts/Multipurpose Building and a Science Classroom facility. A ribbon cutting for the community was held on November 13, 2012. These Measure J buildings are the first permanent facilities at the

CLC campus and replace the original modular structures which were originally placed on the campus in 1975.

On the Yuba College campus, the Building 1100 renovation is currently under way. When this building is completely renovated, Yuba College will have a new Learning Resource Center (LRC) fully equipped with a library, computer labs, study rooms, café, tutoring labs and success center. This project is jointly funded with state resources and Measure J local dollars. The Building 1100 renovation is an extremely important project for the Marysville site as the building was originally built in 1962 and had an addition in 1975, but since that time no improvements have been made to the Yuba College Library.

Measure J contains strict financial safeguards, including a requirement that independent audits be conducted annually to ensure that bond funds are spent only on the classroom and facility improvements as identified in the original ballot language. **Since the 2006-07 fiscal year, Measure J has received "clean" audits with no significant findings, showing that YCCD has complied in all material respects with the performance requirements set by Proposition 39 and Measure J, and that bond fund financial statements have presented fairly, in all material respects, the financial position of the bond program.**

In that regard, I am proud to announce to you that the 2010-11 audits of the Measure J bond construction program also found that the District was in compliance with the provisions of the bond measure. The CBOC has verified that expenditures of Measure J dollars have been properly made and that YCCD is in compliance with the requirements of Article XIII A, Section 1(b)(3) of the California Constitution.

I would like to close by saying that I am extremely humbled to serve as the CBOC's Chair and I look forward to serving the taxpayers of this District. The Committee and the District has done great work over the last six years and I hope to continue that success during my tenure.

Sincerely,

George Nicholau, Chair
Measure J CBOC

CBOC Members

NAME	COUNTY	CATEGORY
Deborah Barocio-Mirande	Sutter	College Support Organization
George Nicholau, Chair	Yuba	Business Member
Hardial Dulay	Sutter	Community Member At-Large
Patricia Miller	Sutter	Taxpayers' Association
George Cheso, Vice-Chair	Yuba	YCCD Student
Edith Salcedo	Yolo	Business Community Member At-Large
James White	Colusa	Senior Citizens Group

Independent Auditor's Report

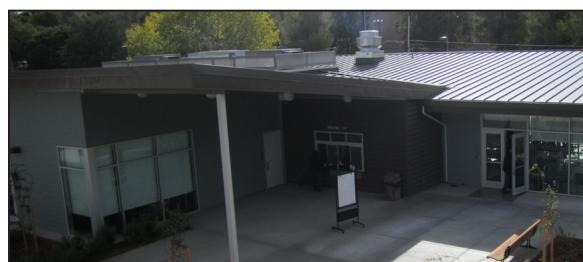
The 2010-2011 Performance Audit found that YCCD's Bond Program has complied in all material respects with the performance requirements set by Proposition 39 and Measure J through the fiscal year ending June 30, 2011, according to a Performance Audit Report conducted by the Certified Public Accounting Firm Matson and Isom. Measure J contains strict financial safeguards, including a requirement that independent audits be conducted annually to ensure that bond funds are spent only on classroom and facility improvements as identified in the original ballot language.

Ms. Roxie Azparren, Auditor for Matson and Isom, presented the annual YCCD Financial Statements and Performance Audit to the CBOC at its quarterly meeting held on February 21, 2012. The Audit verified that Measure J Bond revenues were expended only for the construction, acquisition, furnishing, and equipping of the District projects approved by the voters and that no funds were used for salaries of school administrators or other operating expenses of the District. In addition, the audit indicated that the District properly accounted for the proceeds and expenditures of Proposition 39 and Measure J General Obligation (GO) Bonds. The audit also showed that the District's financial statements presented fairly, in all material respects, the financial position of the Measure J Bond Program as of June 30, 2011, and the changes in financial position and cash flows thereof for the year then ended in conformity with accounting principles generally accepted in the United State of America. No material weaknesses were found. As such, the CBOC approved the audit report and the YCCD Board of Trustees adopted it on April 11, 2012.

Completed Projects



Woodland Community College's Building 100 Renovation



Clear Lake Campus Culinary Arts Building



Yuba College - Sutter County Center

We are Hard at Work



Yuba College's Future Learning Resource Center

Local Vendor Commitment and Measure J's Sizeable Economic Impact

Shortly after the passage of Measure J YCCD and the CBOC established a local vendor commitment that had an overarching goal to use as many local vendors as possible to keep Measure J Bond dollars in our local communities. Specifically, the District established a target/goal of procuring 60% to 70% local vendors in its lease-leaseback projects. **The District has far exceeded that goal, using 84% local vendors, and reinvesting \$110 million in the community from the total \$130 million in Measure J dollars garnered thus far.**

YCCD has had a long history of making significant economic contributions to our region. **As a matter of fact, the regional economy is \$605 million stronger due to the activities of the District, and YCCD returns \$1.76 for every dollar of taxpayer financial support.**

Measure J Bond Program, Series A, B and C and the Capital Appreciation Bonds (CABs)

The sale of Measure J Bond Series A and B transpired in May of 2007. At that time, two national rating agencies, Standard & Poor's Ratings Services and Moody's Investors Service, awarded their "A" and "A1" ratings respectively for YCCD's first sale of Measure J General Obligation (GO) bonds. These positive bond ratings reflected the District's sound management practices, low debt levels, operational flexibility, population growth, and its sizeable eight county property tax base, which in 2007 had an estimated valuation of \$24 billion.

As a result of these positive ratings, YCCD was able to sell \$95 million in GO bonds, which included both Current Interest Bonds (CIBs) and Capital Appreciation Bonds (CABs), at a favorable interest rate averaging 4.85%. This relatively

low interest rate translated into significant savings for District taxpayers. The bond sale process was jointly managed by the District's administrative officer, contracted financial advisor, Yuba County Treasurer's Office, and investment banker UBS Financial Services. The Capitol Finance Group functioned as the steward of the process guaranteeing that the public interest (taxpayer) was protected, and bond counsel insured the legality of the sale.

In April 2011 the YCCD Board of Trustees adopted a resolution authorizing the issuance and sale of GO Bonds under Series C in the amount of \$35 million with a rating of Aa2, a higher rating than for the sale of Series A and B. \$30.3 million of the Series C sale were in CIBs and \$4.6 million in CABs. Series C was issued within the legal limit of \$25 per \$100,000 of assessed property values within the District. The fact that the sale of Series C had this higher tax rate and was not able to garner the entire \$95 million remaining in Measure J's bonding authority, was ultimately based on the current economic downturn and the subsequent decrease in property values in our region. \$31 million of Series C proceeds were used to build three new buildings at the Clear Lake Campus and the Sutter County Center.

The combined sale of Series A, B and C bonds produced \$130 million in revenues and will cost \$399 million to payback, a 3 to 1 ratio. According to standard debt repayment guidelines, a 4 to 1 ratio, or less, is acceptable.