RESOLUTION - ADOPT A POLICY FOR FUNDING OF THE DISTRICT’S BOND PROGRAM RESERVE TO ADDRESS THE LEVEL OF RISKS AND WORK REMAINING ON THE DISTRICT’S BUILDING PROGRAM.

The following resolution is presented by Trustees Santiago, Veres, and Field:

WHEREAS, Proposition A and AA did not fund a reserve and the Measure J reserve was not adequately funded; and

WHEREAS, An original amount of $158 million was identified for a District Bond Program Reserve at the establishment of the Measure J Bond issue, $140 million of which was nearly immediately distributed to City College, Trade Tech College and Valley College, to address requested needs associated with the age of the campuses and infrastructure; and,

WHEREAS, Nearly $2.7 billion of work remains to be completed on the Building Program, and there are several outstanding claims and known risks remaining on the already completed $3.5 billion of work; and,

WHEREAS, The current District Bond Program Reserve is not set or funded at an appropriate order of magnitude for the remaining work; and

WHEREAS, The Board President created an Ad Hoc Committee to consider implementation of the recommendations from the Building Program Review Panel and certain of those recommendations dealing with the moratorium have been evaluated; now, therefore, be it

RESOLVED, That the Board of Trustees accepts the recommendation from the Ad Hoc Committee for the District to set aside $160 million of the remaining $2.7 billion as a District Bond Program Reserve to provide funds for the many risks associated with contractor claims, defaults, unforeseen conditions, DSA close-out, and post warranty design and construction issues, and other yet unbudgeted-for risks, particularly as the Building Program moves into the later stages of completion with limited funds remaining; and be it further

RESOLVED, That a risk assessment firm shall be retained to document the level of reserve to maintain, when the funds may be reduced, and at what time after the Building Program has been completed any potentially remaining funds may be fully distributed; and be it further

RESOLVED, That this District Bond Program Reserve is in addition to the project design and construction contingencies that each college is responsible for budgeting and controlling; and be it further

RESOLVED, That the Chancellor shall ensure that a detailed policy and procedure is consulted, developed and issued to control access and distribution of those funds, including a provision that all future bond interest will go to this District Bond Program Reserve; and be it further

RESOLVED, That the Bond Construction Program operates within the established program budget.

Chancellor and Secretary of the Board of Trustees

By __________________________ Date ____________

Student Trustee Advisor/ Vote

Page 1 of 1 Pages Com. No. BT1 Div. Board of Trustees Date 5/23/12