



**Financial Advisory Council Meeting**

Tuesday, November 16, 2004

RSC, room 515

2:00 p.m. to 4:00 p.m.

**MINUTES**

**Members Present:** Jan Binder, Alyssa Brown, Karen Chalmers, Larry Christiansen, Roy Cohen, Rufus Glasper, Carnella Hardin, Steve Helfgot, Maria Hesse, Frank Laborin (PC Student), Conrad Mills, Jim Moore, Kristine Ouzts, Linda Rosenthal, Anna Solley, Trevor Smith (CGCC Student), Les Strickland, Debra Thompson, Kevin Vahle

**Guests:** Carl Couch, Lulut Clow, Joyce Elsner, Georgia Gudykunst, Andrew Huhn, Mark Mason, Robert Mendoza (for Steve Riley), Jane Saldana-Talley, Grady Wolfe

**Welcome and Introductions:** Everyone was welcomed to the meeting. Frank Laborin and Carol Clark were introduced as student representatives to the council. Frank Laborin attends Phoenix College and Carol Clark attends Rio Salado College. The students were welcomed to the council.

**Agenda Items:**

**September 7, 2004 Minutes** – The September 7, 2004 FAC Minutes were approved.

**Next Steps: Capital Program (Information Item)** – The group reviewed the Maricopa Community Colleges Proposition 401: Next Steps Presentation. The presentation provided an overview of Proposition 401; 76% approval rating, permits issuance of up to \$951,359,000 in GO bonds for capital acquisitions and development district-wide, repayment in no more than 20 years with an interest rate not to exceed 12%, and additional secondary property taxes to be levied to repay the bonds with an average estimated rate of \$.1583.

District-wide activities will generally be around the issuance of debt, accounting for these funds, project management and assistance planning, procurement and major maintenance work. Procurement will involve land acquisitions, architects, construction firms, furniture, fixtures and equipment.

While college activities will include more detailed facilities planning in conjunction with architects and the district office planning staff. College activities will involve planning committees for projects, selection of consultants and contractors, educational

specifications development, facilities design, construction, allocation of budget and grand openings of new facilities.

The overall program will include 5 debt issuances totaling up to \$951,359,000, land acquisition, additional equipment and technology from occupational, academic and support needs. The program will result in several projects and second phase development of numerous centers such as Red Mountain, North Glendale, Sun Lakes and Sun City. There will also be remodeling and renovation of existing space. Major maintenance projects involving roofing, central systems and related projects will also occur. In the course of the program there will also be implementation of new information systems.

The first step in the program is for the Governing Board to meet to canvass the vote. The first bond issue is approximately \$190 million of the \$951 million. There is a maximum maturity date of 15 years with the average being around 8.5 years. Technology and equipment items amortized over no more than 7 years with an average of about 3 years. Closing dates will be March 1<sup>st</sup> to April 1<sup>st</sup>.

**Expenditure Limitation (Information Item)** – The group was asked to review the FY05-06 Expenditure Limitation handout. Every year an expenditure limitation is set for political subdivisions of the State of Arizona. Maricopa Community College's expenditure limitation is a calculation based on Maricopa's base FY 79-80 budget of approximately \$52 million inflated by the GDP deflator (inflation adjustment) and a projection of FTSE (growth adjustment). The expenditure limitation is a State Constitutional provision and statutory provision that essentially limits budget growth that is funded by local taxes. In Maricopa's case, the limitation largely effects budgeted growth in property taxes and State Aid.

Maricopa Community Colleges determines the FTSE projection to be used in the calculation. The preliminary estimate is due in early January and the final number in March. The current FY 04-05 Expenditure limitation is \$379.9 million based on 85,000 FTSE estimate (provided by MCCCCD).

Every additional 1000 FTSE is equivalent to \$4.48 million of Expenditure Limitation. Every 1% change in the inflation factor equals \$1.6 million in the Expenditure Limitation. If there is no change in the projected FY 04-05 FTSE (85,000), the estimated Expenditure Limitation will be \$381,146,677 for FY 05-06. Resulting in an increase of \$1.2 million from the FY 04-05 Limitation.

The council was asked to begin consideration of an estimate to provide for FY 05-06. In addition, the council was asked to take into consideration the population boom, increased tuition at the university level, and the potential for the recent ASU Alliance. The FAC Joint subcommittee will discuss Expenditure Limitation at their next meeting and bring a recommendation back to FAC.

**Strategic Planning Update (Information Item)** - The council was provided copies of the 2004 Environmental Scans Summary, the November 2004 Assessment Report, and

