

SANTA CLARITA COMMUNITY COLLEGE DISTRICT
Measure “M” Citizen’ Oversight Committee

JANUARY 15, 2015

MINUTES

(Approved January 19, 2016)

**The Santa Clarita Community College District Measure “M” CITIZENS’ Oversight Committee
meeting was held on January 15, 2015**

**in the office of Dr. Van Hook, Canyons Hall Building, Room 250,
College of the Canyons, 26455 Rockwell Canyon Road, Santa Clarita, California 91355**

Members Present: Mr. Nicholas Lentini, Chair
Mr. Alan Difatta
Mr. Calvin Hedman
Mr. John Hoskinson
Mr. Michael Hogan
Ms. Jill Mellady
Mr. Kevin Holmes

Members Absent: ASG Trustee
Ms. Barbara Cochran

Others Present: Dr. Dianne Van Hook, Chancellor
Ms. Sharlene Coleal, Asst Superintendent/VP, Business Services
Mr. Jim Schrage, Asst Superintendent/VP, Facilities Planning, Operations and
Construction
Mr. Eric Harnish, VP, Managing Director, Government Relations & Advocacy
Mr. Will Karatt, Project Manager
Ms. Cindy Grandgeorge, Controller
Ms. Angel R. Robinson, Business Services, Coordinator
Mrs. Balbir Chandi, Director of Fiscal Services
Mrs. Cynthia Fernando, Accounting Technician

A quorum was declared and the meeting called to order at 4:15 p.m. by
the Chair of the Oversight Committee, Mr. Lentini.

**Quorum
Established
(1.1)**

The Committee moved approval meeting agenda.

Motion: Mr. Hoskinson Second: Ms. Mellady: Record of Vote: 7-0

**Approval of
Agenda
(1.2)**

All guests were asked to introduce themselves and the members were thanked for their willingness to serve
on the committee and for attending in the new venue of Canyons Hall.

**Welcome Guests
(1.3)**

The Committee moved approval of the April 24, 2014 meeting minutes with a correction requested from Calvin Hedman.

**Approval of
Minutes
(1.4)**

Motion: Mr. Hogan Second: Mr. Hoskinson Record of Vote: 7-0

FACILITIES UPDATE

(2.1)

Mr. Schrage and Dr. Van Hook provided a verbal update on the progress of the construction projects on campus. The highlights were:

- Student Administration Building is completed - Ribbon Cutting, 3/25/15
- Culinary Building is open for Spring classes - Ribbon Cutting, 4/15/15
- Two Science Labs are undergoing a remodel
- ADA work is planned as accessibility standards change all the time

Other projects being discussed are:

- Public Safety Training Building
- Manufacturing Lab Building incorporated with Towsley Hall
- Adult Education Training Center
- CCC Science Building

Dr. Van Hook provided information on future funding. The Governor vetoed the bill to include a State Construction Bond on the last ballot in 2014. It was unanimously approved by the Legislature with one abstention, but he vetoed it so it would not compete with the Water Bond. As a result, all the Districts are feeling the constraint as 65% to 70% of GO Bonds are passing but colleges have no match. Bill are due February 20, 2015, and our District is hoping a bill will go forward.

The State has been funding the Student Success and Support Program, Workforce Development, Adult Education, and Student Equity. There is funding for all these State initiatives but no funding to pay for the facilities to house these functions and programs. In the early 1980's up to about 10 to 15 years ago, the State issued Revenue Bonds that paid the debt service out of current revenue. This may be one of the proposals for new State construction funding.

From 2000 to 2006, the State issued 2 to 3 State construction bonds that provided the college with State match funding. But, since 2006, the State has not issued any construction bonds, the same year that the college passed Measure M. When Measure M was passed in 2006, the vision was to build out the Canyon Country Campus within 10 years by matching Measure M resources with state bond funds. The college has done an excellent job maximizing the value of the bond resources, especially given the lack of state support. But without State bond matching funds, the college's ability to complete the Canyons Country campus has been limited.

The Canyon Country Campus has been full since it opened, with 80% of all AA degree graduates taking at least one class at the Canyon Country Campus. Enrollment has grown since the campus opened in 2007 with housing growth and more projects to be completed in the future. If a November 2016 state bond measure is passed, the college is eligible to receive state funding for two additional buildings at Canyon Country, but it's doubtful that money will be forthcoming in the near future. The State Chancellor's Office is only approving one building per year to be funded, in addition to Modernization projects, to accommodate the capacity needed on growing campuses.

Technology and the nature of industry changes every 18 to 24 months with training coordinated through the SCVEDC to meet the needs of business and industry in the areas of Allied Health, Science, Engineering, Bio Medical and Public Safety Training. With enrollment continuing to grow at both Valencia and Canyon Country, it will be incumbent upon the district to identify and obtain resources needed to ensure students have the best facilities possible for learning.

The Canyon Country Advisory committee is comprised of approximately 17 community members that have been instrumental in providing feedback regarding the development of the Canyon Country campus and support what can be done in the future to fund the continued expansion of the campus. With the support of the community that relies on COC to provide entry level training and degrees, pursuing additional funding is a critical next step to the expansion of facilities to serve students and the community.

FINANCIAL and PERFORMANCE ANNUAL AUDIT

(3.1)

Ms. Coleal summarized the audit for the Fiscal year ending June 30, 2014 and indicated how pleased she was with the clean audit. She explained that attorneys are consulted on all aspects of the construction projects and being proactive helps eliminate audit findings.

The Auditor's Report is on pages 2-3 of the Financial Audit. This report affirms that the financial statements present fairly the financial position of the Measure M Bonds at June 30, 2014 and provides an unmodified opinion, *the best opinion possible*. Page 4 indicates there is \$13,213,102 available for previously identified capital projects. Page 5 reports the revenues and expenditures for the year, which included interest income on the project fund, and expenses for one employee charged to Measure M to perform project management, audit fees, and capital construction costs of \$8,687,237.

Mr. Hedman asked if the District ever considered any other investments for the Measure M funds until they are spent. Ms. Coleal indicated that they are held in a Board approved fund at the Los Angeles County Office of Education (LACOE) and that a summary of the LACOE investments are in the audit. The funds are conservatively invested along with other funds held in trust for hundreds of K-12 districts and dozens of community colleges. We are fiscally dependent on LACOE and cannot invest the funds anywhere else. But, LACOE does provide fiscal oversight for our investments and a level of protection that ensures a confidence that our funds will be protected.

Ms. Coleal pointed out the Auditor's Report on Internal Controls on page 12 which confirmed the unmodified opinion (best opinion possible) and that there were not audit findings, which was why page 15 is blank. Ms. Coleal reviewed the Performance Audit, pointing out the positive Auditor's Report on page 1. She reviewed the objectives of the Performance Audit, which are to ensure that spending was in accordance with the voter approved list of projects, and that salary transactions were appropriate. She explained that the District consults bond counsel to ensure any new projects proposed are consistent with the bond language.

The auditors tested 70% of bond transactions, and testing 100% of the one employee charged to the bond. They calculated total expenditures to date and remaining bonds funds available, noting on page 6 that bond funds, combined with an estimated \$132 million in other funding sources such as Measure C, State and Foundation Capital Campaign donations, are estimated to fund over \$303 million in projects.

Mr. Holmes indicated that for "non-accountants" the main points to take away are that the Financial Audit shows that the assets and liabilities are properly stated, and the Performance Audit confirms the funds were spent on the correct projects. The audit letters show there were no deficiencies in processes while spending the funds.

Mr. Hoskinson asked if VTD had been always been the District’s auditors. Ms. Coleal indicted they had been with us since Measure C and explained the process that led to renewing their contract and the extensive research that went into the process. Community college audits are complex and not just any audit firm can do the job so it is important to find those that are experienced with District, Foundation and General Obligation Bond audits.

Ms. Coleal commended Cindy Grandgeorge – Controller, Balbir Chandi -Director Fiscal Services and Cynthia Fernando - Accounting Technician III, Construction Accounting, for their dedication and hard work that contributed to a successful audit. She also thanked Jim Schrage for his management of the construction bid and contract process that ensured a positive audit outcome.

The Committee moved Acceptance of the Financial and Performance Audits **Approval of Audits (3.1)**

Motion: Mr. Holmes Second: Mr. Hoskinson Record of Vote: 7-0

COMPLIANCE WITH PROPOSITION 39 – GO BOND OVERSIGHT COMMITTEE

Approval of Resolution 2014/15-01 Affirming the Santa Clarita Community College District’s Compliance with Requirements as Stated in the Law (Section 15278-15282) **Approval of Resolution (3.2)**

Motion: Mr. Hogan Second: Mr. Difatta Record of Vote: 7-0

LIFE TO DATE EXPENSES

Ms. Coleal reviewed the Measure M G O Bond Life to Date Expenditures information items.

Review of Life-to-Date Expenses by Project – As of September 30, 2014 **(3.3)**

Review of Life-to-Date Expenses by Project – As of December 30, 2014 **(3.4)**

Mr. Hedman asked why the contribution to the Canyon Country Campus permanent buildings were noted as pending. Dr. Van Hook explained that the State contribution is pending and as our need for additional instructional space goes up the amount of match the District will be required to contribute will go down. The State gave the Community Colleges “access funding” the last 2 years to serve more students, but one-half of the districts have not been able to rebuild their enrollments. As a result, our District was able to earn their funding. We strategically scheduled and went over our allocation, so it could count in that year and become ongoing funding. Next year we plan to capture other District’s growth if they cannot grow. Because we were strategic, we have increased the number of students served and are back to and have exceeded where we were before the recession and State cuts. Business and industry training has provided some of the growth.

GENERAL **(4.1)**

Ms. Coleal commented that the next quarterly report will be for March 31, 2015.

ADJOURNMENT

Mr. Lentini called for adjournment, and thanked everyone for their attendance. **Announcement of Next Meeting will be sent out (5.1)**