

SANTA CLARITA COMMUNITY COLLEGE DISTRICT
Independent Citizens' Bond Oversight Committee

January 9, 2019

MINUTES

(Approved on 12-9-19)

College of the Canyons

Canyons Hall Room 201

26455 Rockwell Canyon Road, Santa Clarita, California 91355

Members Present: Mr. Nicholas Lentini, Chair
Mr. Alan DiFatta
Mr. Calvin Hedman
Mr. Michael Hogan
Mr. Don Kimball
Ms. Ruthann Levison
Mr. Tyler Clark, Associated Student Government Representative

Members Absent: Ms. Barbara S. Cochran
Mr. Kevin Holmes
Mr. Spencer Leafdale
Mr. Michael Lebecki

Others Present: **District Staff**
Dr. Dianne Van Hook, Chancellor
Mr. Michael Berger, Board of Trustees President
Dr. Barry Gribbons, Deputy Chancellor
Dr. Jerry Buckley, Asst. Superintendent/VP, Instruction
Ms. Sharlene Coleal, Asst. Superintendent/VP, Business Services
Mr. Eric Harnish, Vice President, Public Information, Advocacy & External Relations
Mr. Jim Schrage, Asst. Superintendent/VP, Facilities Planning, Operations & Construction
Dr. Ryan Theule, VP, Canyon Country Campus and Grants Development
Ms. Balbir Chandi, Director, Fiscal Services
Mr. Jason Hinkle, Associate Vice President, Business Services
Mr. Will Karrat, Director, Facilities Projects
Ms. Mary Khair, Accountant, Fiscal Services
Mr. Jon Young, Business Services Technician

District Guests

Ms. Chris Chitlik, Auditor, Vavrinek, Trine, Day and Co.
Mr. Nicholas Heuer, Attorney at Law, Stradling, Yocca, Carlson & Rauth
Mr. Jason List, Isom Advisors
Mr. Bill Rauch, Auditor, Vavrinek, Trine, Day and Co.
Mr. Trennis L. Wright, Senior Vice President, Piper Jaffray

Members of the Public

Mr. Steve Petzold, Taxpayer
Mr. Brennan Dixson, Reporter, The Signal

1. PRELIMINARY FUNCTIONS

A quorum was declared and the meeting called to order by the Chair of the Oversight Committee, Mr. Lentini.

**Quorum
Established
(1.1)**

The Committee moved approval of meeting agenda.

Motion: Mr. Hedman

Second: Mr. DiFatta

Record of Vote: 7 – 0
(4 Members Absent)

**Approval of
Agenda
(1.2)**

The Committee moved approval of the September 18, 2018 meeting minutes.

Motion: Mr. Hogan

Second: Ms. Levison

Record of Vote: 7 – 0
(4 Members Absent)

**Approval of
Minutes
(1.3)**

The Committee Chair, Mr. Lentini, welcomed guests.

**Welcome
Guests
(1.4)**

2. FINANCIAL

Acceptance of Measure M General Obligation Bond Financial Audit and Performance Audit for the Fiscal Year ending June 30, 2018 – Mr. Bill Rauch, Vavrinek, Trine, Day and Company

(2.1)

Mr. Lentini introduced the Committee to the District's external auditors from Vavrinek, Trine, Day and Company, Mr. Bill Rauch and Ms. Chris Chitlik.

- Mr. Rauch provided an overview of the Measure M audit report. He indicated that there are two reports contained in the document: the Financial Audit and the Performance Audit. He explained that he and his team tested 40% of the \$16 million in total expenditures and that invoices were validated with bid packets, purchase orders, etc. and no issues were noted.
- Mr. Rauch referred the Committee to page three of the Financial Audit, where the District was given an unmodified (clean) opinion – the highest-level opinion possible. He provided the following highlights of the audit.
 - Page four - the Balance Sheet showed the District had \$10.4 million left to be spent.
 - Page nine – it was concluded that all expenditures were appropriate in the Performance Audit.
 - Page ten - there were no findings for the current year's audit.
 - Page eleven - there were no findings to address in the previous year's audit.

Mr. Lentini said it is comforting to have outside auditors reviewing the District's GO Bond financials with such clean results. He asked the Committee if there were any questions – there were none.

Mr. Lentini opened the floor to the audience for comments. Mr. Petzold asked why expenditures that related to administrator salaries were not noted and what backup documentation there was for the paid employee. Mr. Rauch explained that the auditors would look at the job description/duties and time cards of anyone charged to the Bond to see if the pay was in compliance with the law, and that no salaries were charged to Measure M in 2017-18.

Mr. Lentini called for a vote, and the Committee moved approval of Measure M General Obligation Bonds Financial Audit and Performance Audit for the Fiscal Year Ending June 30, 2018.

Motion: Mr. Hogan

Second: Ms. Levison

Record of Vote: 7-0
(4 Members Absent)

Acceptance of Measure E General Obligation Bond Financial Audit and Performance Audit for the Fiscal Year ending June 30, 2018 –Mr. Bill Rauch, Vavrinek, Trine, Day and Company (2.2)

- Mr. Rauch indicated that there were two reports contained in the document: the Financial Audit and the Performance Audit. On page three, the Financial Audit reflected that the District received an unmodified opinion; there were no issues found. The auditors validated all the numbers and made sure there were no comingling of funds. Mr. Rauch explained that if there is a questionable expense, they refer it to the Bond Counsel for their expertise and official statement. He provided the following overview of the Measure E audit report.
 - Page four - the Balance Sheet showed there was \$49 million of the \$50 million issuance left to be spent as this was the first year of activity after the issuance.
 - Page five – the Performance Audit reflected that expenditures were low because projects are still in the early process. The Auditors’ conclusion showed there were no issues and everything was in compliance in the testing of 78% of total expenditures of \$1.6 million. The only salary charged to the Bond was for Mr. Will Karrat, Director of Facilities who provided oversight for the Measure E construction projects. The auditors determined the salary charged was appropriate.
 - Page six - there were no findings for the current year’s audit.
 - Page seven - there were no findings to address in the previous year’s audit.

Mr. Lentini called for a vote, and the Committee moved approval of Measure E General Obligation Bonds Financial Audit and Performance Audit for the Fiscal Year Ending June 30, 2018.

Motion: Mr. Clark

Second: Mr. Kimball

Record of Vote: 7-0
(4 Members Absent)

Approval of Resolution 2018/19-01 Affirming the Santa Clarita Community College District’s Compliance with Requirements as Stated in the Law (Section 15278-15282) (2.3)

The Committee moved approval of Resolution 2018/19-01 – Affirming the Santa Clarita Community College District’s Compliance with Requirements as Stated in the Law (Section 15278-15282).

Motion: Mr. Hogan

Second: Ms. Levison

Record of Vote: 7-0
(4 Members Absent)

Mr. Nick Lentini indicated that he would attend the District Board meeting on January 16, 2019 and present the Board President with a letter indicating that the Oversight Committee passed the Resolution affirming compliance with GO Bond Regulations.

3. GENERAL

Introduction of Bond Counsel and Consultants

(3.1)

Mr. Trennis L. Wright, a Senior Vice President of Public Finance at Piper Jaffray & Co., introduced himself to the Committee:

- Mr. Wright has 15 years of Education Finance experience, including working for the Long Beach and El Camino Districts. He assists the District with the timeline and strategy of pricing and selling bonds is, ensuring sure due process is followed.

Mr. Jason List, a Financial Advisor at Isom Advisors, introduced himself to the Committee:

- Mr. List explained that Isom Advisors is a full service planning, campaign, and financial advisory firm that serves California K-14 school Districts. Isom has the largest staff of any financial advisory firm in the State. They are the leading financial advisor to school districts since 2011 and have experience with large bond programs and working with districts to build and maintain trust with residents and taxpayers. Mr. List looks at the best practices and interests of the District.

Mr. Nicholas Heuer, an Attorney at Stradling, Yocca, Carlson & Rauth, introduced himself to the Committee:

- Mr. Heuer's firm has 134 attorneys on staff. He is part of the Education Finance Team, which assists Districts with tax laws. Stradling, Yocca, Carlson & Rauth has served as the District's bond counsel for over 13 years, since Measure M in 2006.

Committee Overview – Nicholas Heuer

(3.2)

Mr. Heuer gave a PowerPoint presentation on the Independent Citizens' Bond Oversight Committee's Bylaws, Roles, and Responsibilities.

- Oversight Committees were formed after Prop 39 was passed to ensure strict accountability in Districts' spending of construction bonds.
- The three responsibilities of the Oversight Committee are:
 - Review bond expenditures and annual audits associated with General Obligation Bonds to ensure that:
 - Bond proceeds are expended only for the purposes set forth in Measure M and Measure E for projects authorized by the ballot language;
 - Bond proceeds are not used for administrative or teacher salaries – *In the Attorney General Opinion 04-110, issued November 9, 2004, the Attorney General determined bond projects include some administrative duties to oversee projects, therefore charges for administrative salaries are appropriate in this case.*
 - Provide input to report to/inform the Community.
 - The Chair acts on behalf of the Committee and only releases information that reflects the majority view of the Committee (information can be found on the COC website).
 - The Chair communicates officially with the Board of Trustees and/or the Public.
 - Provide an annual report to the Board of Trustees on activity that includes:
 - A statement that the District is in compliance with bond expenditure requirements.
 - A summary of the Committee's proceeding and activities for the preceding year.

- Other Committee duties are to:
 - Review annual financial and performance audits for GO Bonds no later than March 31 of the subsequent fiscal year.
 - Review District responses to any audit findings.
 - Tour facilities for which bond funds have been expended.
 - Review cost-saving measures by the District to maximize bond proceeds (State Match Funding, etc.).
 - Put the interest of the District before their own (this is stated in the Conflict of Interest section of the bylaws).
- The Committee must consist of at least seven members appointed by the Board of Trustees as follows:
 - One student enrolled in the District college and active in a community college support group;
 - One member active in a business organization representing the local business community;
 - One member active in a senior citizens' organization;
 - One member active in a bona-fide taxpayers association;
 - One member active in a support organization of the District; and
 - Two members of the community at-large (this can be as many as the District wishes to establish.
 - Members cannot be an employee, consultant, vendor, etc. of the District.
 - At the first meeting, lots are drawn to select:
 - A minimum of two members to serve an initial one-year term;
 - The remaining members to serve an initial two-year term.
 - No member may serve more than three consecutive terms.
- The authority to approve contracts, change orders, expenditures of bond funds, bond sales, project plans and schedules, and all deferred maintenance plans; and handling of legal matters are reserved for the Chancellor and Board of Trustees.
- The District must:
 - Provide the Committee with the necessary technical and administrative assistance,
 - Schedule regular Committee meetings (at least once a year with an annual organizational meeting in November),
 - Post public notices of meetings in compliance with the Brown Act,
 - Provide a meeting room and any necessary audio/visual,
 - Prepare copies of meeting materials, including agenda and minutes,
 - Retain records and provide public access, and
 - Establish and maintain the Committee's District website (monitor and update content based on feedback from the Committee).

Ms. Sharlene Coleal reminded the Committee of the Oversight Committee's website address, which is maintained by the District in accordance with the Brown Act and contains the records of the Committee. A printout of the website's contents was provided to the Committee and the meeting's attendees, including materials mailed out to the Community. The website for the Committee can be found at:

<http://www.canyons.edu/offices/PIO/BondOversight/Pages/default.aspx>

The Committee was made aware that the span for members serving a two-year term has concluded, and to please let Ms. Coleal know if they would like to continue to serve on the Committee for another term.

4. FACILITIES

Construction Update

(4.1)

Mr. Jim Schrage gave an update on current projects to the Committee:

- The parking structure is set to be complete and open on February 4th
- The Science Center (a \$21 million project) started construction in March 2018 and has a targeted open date of February 2020
- Boykin 105 Lecture Hall (originally built in 1976) is undergoing modernization and will be complete in two weeks
- The second half of the Prop 39 lighting retrofit (with automated LED lights) will be complete by May
- Replacement of the HVAC units (40 years old) in Hasley Hall are underway
- The WPEK (45-year-old building) Project is 14 months out of DSA and is awarding contracts in February. Work, which will include new bleachers, fixtures, flooring, and plumbing in locker rooms; modified spaces in two areas; and a wall between two gyms, will start in March
- The ADA Phase 1 Project (updating doors and walls) has been underway for four months and will be complete this year with a target date of March. Phase 2 will include updating concrete: parking lots, etc., and will go to DSA in the summer. Phase 2 will take a year to complete. 90% of the ADA Transition will be completed in 2020
- The CCC Student Center (The Science Center's mirror building) went to DSA in November, to the same team that reviewed the Science Center

Mr. Lentini asked the Committee if there were any questions – there were none.

5. COMMENTS FROM THE PUBLIC

Comments by Members of the Audience on Any Item NOT ON THE AGENDA

(5.1)

Mr. Lentini opened the floor to members of the audience for comments not on the agenda.

Mr. Petzold made comments regarding interest rates on bonds as well as on how bond funds are expended. Mr. Lentini thanked Mr. Petzold for his comments.

It was announced that Mr. Alan DiFatta will not be continuing with the Independent Citizens' Oversight Committee for another term. He was recognized for his 13 years of service since the Measure C Committee in 2002 through the Measure M Committee and now the Committee that includes Measure E. He was presented with a token of appreciation by Dr. Van Hook that included pictures of the projects that have been complete during his membership on the Oversight Committee.

6. ADJOURNMENT AND ANNOUNCEMENT OF NEXT MEETING

Adjournment

(6.1)

The meeting was adjourned by Mr. Lentini. The next meeting's time and place will be determined at a later date.