

SANTA CLARITA COMMUNITY COLLEGE DISTRICT
Independent Citizens' Bond Oversight Committee

January 28, 2021

MINUTES

(Approved)

College of the Canyons

26455 Rockwell Canyon Road, Santa Clarita, California 91355

Virtual Zoom Webinar: <https://canyonsonline.zoom.us/j/97332597722>

Members Present: Mr. Michael Hogan
Ms. Barbara S. Cochran
Mr. Spencer Leafdale
Mr. Kevin Holmes
Mr. Don Kimball
Mr. Michael Lebecki
Ms. Janette Mireles, Associated Student Government Representative

Members Absent: Mr. Calvin Hedman

Others Present: District Administration

Dr. Dianne Van Hook, Chancellor
Ms. Sharlene Coleal, Asst. Superintendent/VP, Business Services
Mr. Jim Schrage, Asst. Superintendent/VP, Facilities Planning, Operations & Construction
Mr. Omar Torres, Asst. Superintendent/VP, Instruction
Mr. Eric Harnish, Vice President, Public Information, Advocacy & External Relations
Dr. Ryan Theule, Vice President, Canyon Country Campus and Grants Development
Mr. James Temple, Asst. Superintendent/VP Technology
Ms. Jasmine Ruys, Associate VP, Enrollment Services
Mr. Jason Hinkle, Associate Vice President, Business Services
Ms. Balbir Chandi, Director, Fiscal Services
Mr. John Green, Managing Director, District Communications

District Staff

Ms. Mary Khair, Accountant, Fiscal Services
Ms. Cher Weiss, Business Services Coordinator
Mr. Jon Young, Business Services Analyst

Guests

Ms. Emily Sheldon from Eide Bailly

1. PRELIMINARY FUNCTIONS

**Quorum
Established
(1.1)**

Mr. Jason Hinkle, Associate Vice President, Business Services took roll call of the Committee Members and stated that the Independent Citizens' Oversight Committee meeting is conducted pursuant to California Government Code Section 54953, as amended by Governor Newsom's Executive Orders, that our Members are at their home residences and on campus and all are participating by remote video or teleconference. Mr. Jason Hinkle then asked each of the Committee Members the following questions:

- Can you hear me well?
- Were you able to hear our proceedings up until now?

2. FINANCIAL

Review of Life-to-Date Expenses by Project (Measure E) – As of December 31, 2020

(2.1)

Ms. Sharlene Coleal, provided an overview of the financial and project summary reports ending **December 31, 2020**. She reminded the Committee that Measure E was passed June 7, 2016 and authorized \$230 Million in General Obligation Bond Funds.

April 2017 Bond Issuance #1	\$ 50,000,000 – Fully Expended
August 2019 Bond Issuance #2	<u>\$ 85,000,000</u>
Total Bond Issuance Proceeds	\$135,000,000
Bond Issuance #1 Interest	\$ 1,772,975
Bond Issuance #2 Estimated Interest	<u>\$ 1,950,998</u>
Total Interest Earned	\$ 3,723,973
Total GO Bond Funds Available	\$138,723,973

Issuance Premiums

Ms. Sharlene Coleal shared that the premiums received through the issuance of the bonds are used by the District to pay for costs of issuance and debt service. For each issuance we typically pay around \$200,000 to \$300,000. Premiums received for the first two issuances of Measure E are as follows:

- April 2017 Bond Issuance #1 \$3,499,569
- August 2019 Bond Issuance #2 \$ 331,500
- **Total Premiums Received through Issuance:** **\$3,831,069**

Life to Date GO Bond Expenditures:

As of June 30, 2020:

- The April 2017 Bond Issuance #1 in the amount of **\$51,772,975** has been fully expended as of June 30, 2020.
- The August 2019 Bond Issuance #2 has **\$13,666,358** in expenditures as of December 31, 2020.

This brings the total expenditures of Measure E to:

- Bond Issuance #1 \$51,772,975
- Bond Issuance #2 \$13,666,358
- **Total Expenditure** **\$65,439,333**

\$65,439,333 (B) is a **47%** of the Total Measure E Funds issued, plus interest. These funds have been spent on approved projects through the current reporting period ending **December 31, 2020**.

Some of the projects for which the total expenditures of **\$ 65,439,333 (B)** were spent include:

- CCC – Modernization (HVAC & Modular)
- PE West Modernization
- Boykin 105 Remodel
- Boykin Hall Modernization Phase 2
- Door & Lock Replacement Phase 2
- Student Center Modernization
- ADA Transition Plan
- Parking Structure Valencia
- CCC- Central Plant
- CCC – Science & Lecture Building
- CCC – Student Services Learning Resource
- Technology
- Misc. Repairs, Modernization & Site Improvements
- Project Management Services/ Other

In the quarter ending **December 31, 2020**, **\$4,496,257** was spent on the following projects:

- CCC–Modernization (HVAC& Modular)
- PE West Modernization
- Boykin 105 Remodel
- ADA Transition Plan
- CCC- Central Plan
- CCC – Science & Lecture Building
- CCC– Student Services Learning Resource Technology
- Misc. Repairs, Modernization & Site Improvements
- Project Management Services / Other

Contractually Obligated / Encumbered / Budgeted:

Ms. Sharlene Coleal informed the Committee of the **\$138,723,973** available funds, **\$65,439,333** (B) has been spent, as detailed above, leaving **\$73,284,640** (C) unspent as of December 31, 2020. Unspent funding has been allocated as follows:

- Outstanding Board Approved Contracts / Purchase Orders: **\$34,678,670**
- Budgeted for Anticipated Project Costs: **\$38,605,970**
- Total Contractually Obligated/Budgeted: **\$73,284,640**

In addition to current projects listed above, this funding is reserved for the following planned projects:

- Towsley Modernization
- Seco Modernization
- Health Professions Building
- CCC- Classroom Building #3
- CCC-M&O Warehouse / Support Buildings
- CCC-CTE Building
- CCC-Parking Structure

Current Measure E Issuances Augmented by Future Issuances and Other Funding Sources

Securing funding from other sources maximizes the dollars available for construction and increases the number of projects that can be funded by General Obligation Bond funds. There is **\$145,144,284** estimated to come from future issuances and other funding sources. These funds will be used to augment current Measure E funds for various projects. The summary of anticipated funding is as follows:

Current Measure E Issuances and Interest	\$ 138,723,973
Future Issuances of Measure E	<u>\$ 99,748,034</u>
Total Measure E Project Funds	\$ 238,472,007
Measure M Contributions	\$ 24,346,834
Other Funding Sources (i.e. State Bond, Rebates & Prop 39)	<u>\$ 21,049,417</u>
Total Other Funding Sources	\$ 45,396,251
Total Funds Spent/Obligated on Measure E Projects	\$ 283,868,257

Ms. Sharlene Coleal stated that you can review the summary and detail of expenditures for the Measure E projects in the reports that were provided.

A question was raised as to how the Measure M contributions fit in?

- Ms. Sharlene Coleal referred to the Measure M Funding Sources column of the Measure E Expenditures Report as of December 31, 2020. She pointed out that of the \$23,909,018 total funds spent on the Parking Structure for Valencia, \$4,655,878 of those funds came from Measure M Funding.

Mr. Kevin Homes asked the Committee if there were additional questions. There were none.

2.2 Acceptance of Measure E General Obligation Bond Financial Audit and Performance Audit for the Fiscal Year ending June 30, 2020

(2.2)

Ms. Emily Sheldon, Audit Manager from Eide Bailly, LLP, provided a review of the Independent Auditor’s Report on the Measure E General Obligation Bonds Financial Audit and Performance Audit for the Fiscal Year Ending June 30, 2020. Ms. Sheldon reviewed the Audit Report referring to pages and highlights below:

Financial Audit

- **Page 2 - Eide Bailly Opinion** –The financial statements present fairly, in all material respects, the financial position of the Measure E General Obligation Bond Fund (Measure E) of the District as of June 30, 2020. The results of its operations for the year then ended in conformity with accounting principles generally accepted in the United States of America. This is an unmodified opinion, the cleanest opinion that you can receive from an audit firm.
- **Page 3 - Balance Sheet**
 - Total Assets \$ 85,075,164
 - Total Liabilities \$ 5,022,988
 - Total Fund Balance \$ 80,052,176
- **Page 4 - Income Statement**
 - Revenues (interest) \$ 1,352,180
 - Proceeds from Bond Issuance \$ 85,331,500
 - Expenditures (\$ 23,902,110)
 - Net Change in Fund Balance \$ 61,429,390

 - Beginning Fund Balance \$ 18,622,786
 - Ending Fund Balance \$ 80,052,176
- **Page 5 – Notes to Financial Statements**
- **Page 13 and 14 – No findings or adjustments reported for 2020 Fiscal Year End.**

Performance Audit

- **Page 16 – Eide Bailly Opinion** – The results indicated that the District expended Measure E General Obligation Bond funds only for the specific projects approved by the voters, in accordance with Proposition 39. There were no issues in regards to compliance.
- **Page 18 – Methodology of Audit** - Eide Bailly obtained the actual invoices, purchase orders and other supporting documentation for a sample of expenditures to ensure compliance with the requirements of Article XIII A, Section 1(b)(3)(C) of the California Constitution and the Measure E as to the approved bond projects list.
 - **Procedure #1:** Identified expenditures and projects charged to the general obligation bond proceeds by obtaining the general ledger and project listing.
 - **Procedure #2:** Selected a sample of expenditures using the following criteria:
 - Considered all expenditures recorded in all object codes, including transfers out.
 - Considered all expenditures recorded in all projects that were funded from July 1, 2019 through June 30, 2020 from Measure E bond proceeds.
 - Selected all expenditures that were individually significant expenditures. Individually significant expenditures were identified as individual transactions (expenditures) that exceeded approximately 39% of the total expenditures incurred.

- For all items below the individually significant threshold identified in item 2c, judgmentally selected expenditures base on risk assessment and consideration of coverage of all object codes, including transfers out, and projects for period starting July 1, 2019 and ending June 30, 2020.
 - **Procedure #3:** Sample included transactions totaling **\$9,765,155**. This represents **39%** of the total expenditures of **\$25,254,290** including transferred out.
 - **Procedure #4:** Selected all employees charged to the Measure E General Obligation Bond Fund. For the employees selected for testing, there were no exceptions noted in the District’s procedures related to the disbursement of the Measure E General obligation Bond Fund.
- **Page 23: Schedule of Findings:** None Reported.

The Committee Chair, Mr. Kevin Holmes asked Ms. Emily Sheldon to explain to the Committee Members the audit scope methodology, as it relates to the audit and how the expense sampling received equates to Eide Bailly’s ability to conclude things were done properly.

Ms. Emily Sheldon explained that within the 39%, Eide Bailly looked at 100% of the payroll that was charged for Measure E to ensure that it was allowable and in line. Eide Bailly also did a sample of expenditures and looked at the materiality factor as well as a transactional level factor. Within the \$9 million that was tested, they looked at large contracts that were charged to the bond to make sure it was an appropriate amount charged, looking at the expenditures, as well as the liability of the expenditures. They do take into consideration how many transactions are being charged, as well as the dollar amount that is being charged.

Mr. Kevin Holmes put it very simply to the Committee, that the Financial Audit tells us that the financial statements are materially correct. The Performance Audit tells us that the funds were expended in accordance with the provisions of the Bond Measure. That gives us, in addition to other items that are presented, a lot of reliance on our fiduciary responsibility to the public to report that we have properly overseen the expenditure of the process.

Mr. Kevin Holmes asked for a motion to approve the Financial and Performance Audit for the fiscal year ending June 30, 2020.

- Motion: Mr. Spencer Leafdale Second: Mr. Michael Lebecki Record of Vote: 7 – 0
(1 Member Absent)

**Approval of
Financial &
Performance
Audits for the
Fiscal Year
ending
June 30, 2020
(1.4)**

Ms. Sharlene Coleal thanked the Oversight Committee for their commitment to their responsibility by meeting twice a year to receive and evaluate information regarding the construction projects funded by Measure M and Measure E. She acknowledged and paid tribute to all of the hard work that went into this audit, thanking Mr. Jason Hinkle, Ms. Balbir Chandi, Ms. Mary Khair as well as Mr. Jim Schrage and his construction team. She stated that everyone works very hard to ensure that expenditures are accounted for correctly and in compliance with Prop 39 and that information is readily available and if there are questions they are always available to answer them.

Mr. Kevin Homes asked the Committee if there were additional questions. There were none.

Mr. Jason Hinkle, asked each of the Committee Members to vote to Approve the Financial Audit & Performance Audit for the Fiscal Year ending **June 30, 2020**.

The following attending Committee Members all responded “yes” to approve the Audit:

- Don Kimball
- Barbara Cochran
- Michael Lebecki
- Kevin Holmes
- Spencer Leafdale
- Janette Mireles
- Michael Hogan

2.3 Approval of Resolution 2020/21-01 Affirming the Santa Clarita Community College District’s Compliance with Requirements as Stated in the Law (Section 15278-15282) (2.3)

Mr. Kevin Holmes asked for the Committee to take 30 seconds and read the Background Analysis. He stated that it is the responsibility of the Committee to the public and will become of record.

Background Analysis:

The implementing legislation (Sections 15278 through 15282 of the Ed. Code) states that the purpose of the Committee is “to inform the public concerning the expenditure of bond revenues.” The specific mandatory functions of the Committee are set forth in the Code, as follows:

- ✓ Actively review and report on the proper expenditure of taxpayers’ money for school construction;
- ✓ Advise the public as to whether the District is in compliance with Article XIII A, Section 1(b)(3);
- ✓ Provide oversight for both of the following:
 - Ensuring that bond revenues are expended only for the purposes described in Article XIII A, Section 1(b)(3), and
 - Ensuring that no funds are used for any teacher or administrative salaries or other school operating expenses.
- ✓ Issue regular reports on the results of activities, at least once a year.

This Resolution is to affirm that the requirements specified in the law have been met. The Santa Clarita Community College District Board of Trustees approved the consolidation of oversight functions for Measure M and Measure E on September 14, 2016, forming the Independent Citizens’ Bond Oversight Committee.

Mr. Kevin Holmes asked the Committee if there were any questions. There were none.

Mr. Kevin Holmes made a motioned to approve this resolution.

- Motion: Mr. Michael Hogan Second: Mr. Spencer Leafdale Record of Vote: 7 – 0
(1 Member Absent)

Approval of SCCC District’s Compliance with the Requirements as Stated In the Law

Mr. Jason Hinkle asked each of the Committee Members to vote to Affirm the Santa Clarita Community College District's Compliance with Requirements as Stated in the Law (Section 15278-15282)

The following attending Committee Members all responded "yes" to affirm the District's Compliance with the law:

- Don Kimball
- Barbara Cochran
- Michael Lebecki
- Kevin Holmes
- Spencer Leafdale
- Janette Mireles
- Michael Hogan

3. FACILITIES

(3.1)

Mr. Jim Schrage, Assistant Superintendent Vice President, Facilities Planning, Operations & Construction provided an update on the active projects funded by both Measure M & E.

- **Canyon Country Science / Lecture Building** – (\$40.4M; \$11.5M Measure M / \$28.9M Measure E)
 - Currently this project is not on schedule due to the timeline drastically affected by fire, the heavy rain season, COVID-19 and power shutdowns. The new timeline with the building equipped and ready to occupy will be June 2021.
- **Canyon Country Campus Student Services / Learning Resource Center** (\$36.7 Measure E)
 - This project is 3-4 months ahead of schedule and expected to open Summer of 2022.
- **Canyon Country Central Plant** – (\$7.6M; \$2.8M Measure M / \$4.8M Measure E)
 - The Central Plant does all of the heating and cooling for all of campus build up. Ready to open up the plan on Monday February 1, 2021.
- **ADA Transition Plan (Modernization and Site Upgrades)** – (\$10M; \$2.5M Measure M / \$7.5M Measure E)
 - Of this 3-phase project, phase one has been completed and is with DSA and in the process of certifying the project. Phase two is site access ability and will go to DSA in March 2021.
- **Miscellaneous Repairs and Modernization Projects, Districtwide** (\$19.3M; \$753K-Measure M; \$6.3 Measure E; \$11.6M Future Issuance of Measure E; \$650K – Misc. Other)
 - **Bonelli Cooling Tower Replacement** –
 - We are about half way finished with the replacement of the old cooling tower with a newer unit. The cooling tower is what makes all of the cold air for the Valencia Campus. We have a total of 3 units on the Valencia Campus.
 - **CCC – Early Childhood Education – Tick Canyon Fire Repairs**
 - This project had to go through DSA and is still with them for another couple of months. This is not a tear down, just a repair and replace to “pre-fire” condition.
 - **Chiller and Boiler Maintenance**
 - This is an ongoing continual project to maintain the chiller and boiler. We replace the filters two times a year on our units. We are MERV 13 compliant which is recommended, but not required by the CDC.
- **Canyon Country Modernization (HVAC & Modulares) (\$4M Measure E)**
 - **HVAC** –
 - We have replaced all of the wall hung air conditioning units with mini splits. This is an air conditioner in the ceiling with a condenser on the outside of the building. This project is complete.
 - **CCC – 302 Food Service Modernization (Café)**
 - The new café is complete and once health inspections are performed, it will be open for students when they arrive back on campus.
 - **CCC- Modular Upgrades**
 - The modular upgrades have been updated with fire sprinklers. This project is complete.
- **Valencia PE West Modernization (\$5.5M – Measure E)**
 - This project was complete at the start of Spring 2020, and is awaiting final approval and closeout from the State Architect.
- **Boykin Hall Modernization Phase 2 (\$9.6M – 4.8 M – Measure E; \$4.8M – State Match)**
 - This is one of the original buildings on campus and most of it has not been touched since 1974. Plans are with DSA and should be out in March. We plan to start the project in August or September of 2021.

A question was raised by a Committee Member if there were backup diesel generators in place in the event there is ever a power failure and if so, how do they work?

- Mr. Jim Schrage answered that we don't have a co-generation at that site we choose not to use an electric generator. We just use power for our site. Edison doesn't like us to put power on the grid for when the grid shuts down it creates surprises for their technicians when they are out in the field.

Another question from the Committee was asked, is bullet proof glass being used on all new construction?

- Mr. Jim Schrage answered that we do it for our staff when cash is involved, there is no requirement for it.

Mr. Kevin Holmes complimented Mr. Jim Schrage for his accomplishments over the years and thanked him for everything he has done for College of the Canyons. Mr. Kevin Holmes asked the Committee if there were additional questions. There were none.

Ms. Sharlene Coleal acknowledged that Dr. Dianne Van Hook has joined the meeting. Dr. Dianne Van Hook announced that College of the Canyons is currently closed to the public, but offered that if anyone is interested in a tour to let her know and one could be arranged. Public members are able to take a tour of the new projects if guidelines are followed. Dr. Dianne Van Hook thanked the Committee for their support over the years and Mr. Jim Schrage for his transformational changes to the campus. She also congratulated Mr. Kevin Holmes for taking on the Independent Citizens' Bond Oversight Committee Chair position.

A question was raised if the Canyon Country Campus Amphitheatre will be managed by the same person that handles the Performing Arts Center?

- Dr. Dianne Van Hook answered that they are currently exploring how they are going to use those spaces in the future. Unfortunately, she does not have an answer for that yet and doubts that someone who is organizing the use of the theater in Valencia would run the Canyon Country venue. Canyon Country would fall under Mr. Ryan Theule and his staff to manage.

4. Approval of 2019-2020 Independent Citizens' Bond Oversight Committee Annual Report **(4.1)**

Mr. Kevin Holmes asked Ms. Sharlene Coleal to remind the Committee who drafts this Annual Report and how it is made available to the public.

Ms. Sharlene Coleal shared that the report is something that is required by Prop 39 and is a report drafted by staff for the Committee to review. Once it is approved it gets posted on the College of the Canyons Website and is available to the public and in compliance with Prop 39 requirements.

Mr. Kevin Holmes summarized the report of the Committee activities for the last year; the bond measure, summary of bond projects, summary of the financial and performance audit and the internal controls and FAQ's. Mr. Kevin Holmes asked the Committee if there were additional questions. There were none.

Mr. Don Kimball commented and said it is an extremely well-done Annual Report. He commended Ms. Sharlene Coleal and her team for putting together such an excellent document that is easy to read. He said it conveys a lot of information and is just truly well done! Ms. Sharlene Coleal gave acknowledgments to Mr. Jason Hinkle, Ms. Balbir Chandi, Ms. Mary Khair and Mr. Jim Schrage for their contributions to producing the document.

Mr. Spencer Leafdale also acknowledged Ms. Sharlene Coleal, complimenting her on how well the Annual Report has been done, commenting that it was easy to read and without error.

Mr. Jason Hinkle acknowledged Mr. Jon Young and thanked him for his contributions as well, for the layout, research and review of the document.

Mr. Kevin Holmes made a motion to approve the 2019-2020 Independent Citizens’ Bond Oversight Committee Annual Report.

- Motion: Mr. Michael Lebecki Second: Mr. Michael Hogan Record of Vote: 7 – 0
(1 Member Absent)

Mr. Jason Hinkle asked each of the Committee Members to vote to affirm the Santa Clarita Community College District’s Compliance with Requirements as Stated in the Law (Section 15278-15282)

The following attending Committee Members all responded “yes” to approve the 2019-2020 Independent Citizens’ Bond Oversight Committee Annual Report:

- Don Kimball • Spencer Leafdale
- Barbara Cochran • Janette Mireles
- Michael Lebecki • Michael Hogan
- Kevin Holmes

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

Mr. Jason Hinkle commented that per the regulations that were sent out, comments needed to be received by 3:00pm today and he has received no comments, so no action needs to be taken at this time.

Mr. Kevin Homes asked if there were any additional comments or questions. There were none.

Ms. Sharlene Coleal thanked Dr. Dianne Van Hook for her many years of service and her vision for College of the Canyons. She also reminded the Committee that the audit will be presented at the upcoming Board of Trustee meeting on February 10, 2021.

Ms. Sharlene Coleal commented that the Committee meets twice a year and will be sure to reach out to give proper notice to schedule the next one.

5. ADJOURNMENT AND ANNOUNCEMENT OF NEXT MEETING

Adjournment

(5.1)

The meeting was adjourned by Mr. Kevin Holmes.