1.0 WELCOME, ROLL CALL AND CALL TO ORDER

The Victor Valley Community College District Measure JJ Citizens’ Bond Oversight Committee (C.B.O.C.) met on Wednesday, June 18, 2014 in the Board Room at Victor Valley Community College.

In reviewing the agenda, items were taken in a different order. With reference to item 7.2 Review of Legal Counsel’s Opinion Re: COPs/GIC Payoff, Mr. David Casnocha, Bond Attorney, was contacted via conference call for inclusion in the meeting (1:30 pm – 2:12 pm). Attached to these minutes is a transcribed copy of these minutes, to include that conference call.

Mr. Richard Greenwood, Chair, called the meeting to order at 2:12 PM.

Roll Call: Richard Greenwood (CBOC), Larry Hoover (CBOC), Marshall Kagan (CBOC), Dawn Serbus (CBOC), and Cassandra Walters (CBOC).

Absent: Don Nelson (CBOC), and Edward Rodarte (CBOC).

Present: Diana Carloni, (attorney), G.H. Javaheripour, (VVC Vice President, Administrative Services); Steve Garcia (VVC Director, Facilities/Construction); Deedee Orta (VVC Budget Analyst), Robert Sewell, (VVC Interim PIO) and Shirley Snell-Gonzalez (VVC Administrative Assistant).

Five (5) committee members were present. Quorum established.

2.0 PLEDGE OF ALLEGIANCE

The pledge of allegiance was not conducted.

3.0 INTRODUCTIONS

Mr. Greenwood asked that everyone introduce themselves. All present did so.

4.0 AGENDA REVIEW

The order of the listed Items on the agenda was changed, i.e., item 7.2 was conducted at the beginning of the meeting.

5.0 PUBLIC COMMENTS (Related to Agenda Items)

Ms. Diana Carloni (7.2) introduced herself as the previous Chair of the CBOC. Ms. Carloni stated: “Honorable Chair and members of the Bond Oversight Committee, I come before you as a former member of this committee. Relative to this recent public inquiry and to alleged irregularity of the designated use of bond funds, my comments are directed to you as the Citizens’ Bond Oversight Committee. As I understand the
claims that are being made, I submit they are outside of the designated role of this committee and it’s over bond expenditures. The role of the committee is not to determine how funds shall be spent, nor is it to determine if the purposes or projects set forth in Measure JJ are right, wrong, purple, pink, blue, legal or illegal. The purpose of this committee is to oversee that the use of the funds are consistent and appropriate as directed in the bond measure itself. The bond measure directed satisfaction of Certificates of Participation or COPs, which funded the construction of the Student Activities Center, the Performing Arts Center, and you have heard two other buildings - that was the Library Learning Center and the main plant, approximately 15 to 20 years ago. The bond measure proposed to satisfy that financing in full, that use was vetted legally, recommended to the Board of Trustees, and approved by the Board of Trustees, disclosed to the voters of this area and the bond measure itself was voted on by the voters of this area and approved. The job of this committee is to ensure that funds are spent as approved by the voters. They were and are. The satisfaction of the COP debt occurred 5 years ago. In all instances, not only has the ship sailed, it is already legally and properly docked at the new port. I would further submit that the best use of this committee’s time and the supporting college staff is not to look backwards, but to look forward in accordance with your charter. I personally would object to the use of my taxpayer funds in any exercise to retrace a 20 year old decision and actions of prior board members and prior administrations on unsubstantiated claims. Certainly bond funds cannot be used for that futile effort. I prefer to look forward and support our students whose accomplishments and successes are the main objectives of this district. The bond projects that are suggested and over which you have oversight are within these objectives. Those that complain have recourse outside of this committee. I do not judge their efforts nor their allegations of irregularities. They have the means to investigate these claims, which remain unsubstantiated to date. Their efforts should be directed back to district administration and board where the government code and Title 5 of the California Code of Regulations allows them not only the opportunity to investigate their claims, but also places upon them the physical responsibility of that investigation. I appreciate that as a taxpayer, because I don’t want to pay. I don’t want my funds used for looking backwards I want them to look forward and I really do resent when this committee has a specific charge that its time is being wasted on efforts beyond this purview. To those of you on the committee that may be unable to discharge your duties and obligations because you are fixated on other issues, I believe your conflict of interest is apparent and your loyalty is obviously at stake. These individuals can be a cancer to this committee, defer it from its job, have it result in arguments and not do the work you were charged to do. I suggest that those individuals committed to those other issues resign from this committee in proper pursuit of their own concerns. I am not a stranger to this type of exercise of loyalty to purpose. I, myself, resigned after 12 years in the Foundation of this college, because I prefer to take efforts to hold responsible the board, administration and faculty for gaining accreditation without sanction. I simply urge you to make the appropriate motions to end this useless discussion. Let those who are interested in taking the time to pursue it, pursue it properly outside of this committee and that you all not be distracted from your job. Thank you”.

6.0 ACTION ITEMS
6.1 Approval of Meeting Minutes – March 19, 2014 – the minutes were presented for review and approval. There was a motion made by Ms. Walters with a second by Mr. Greenwood to open this item.
**ACTION:** As members in attendance of the March meeting were not present to approve the minutes, the minutes for March 19, 2014 will be reviewed at the next meeting. Therefore, the motion to approve the minutes failed.

**6.2 New Members/Vacancies** – Dr. Javaheripour announced two new members to the committee, Mr. Larry Hoover and Mr. Marshall Kagan. There are no member vacancies at this time. Annually appointed are the Chair and Vice Chair of this committee. Dr. Javaheripour entertained nominations from the floor for Vice Chairperson. Larry Hoover and Edward Rodarte were nominated. Mr. Rodarte was appointed Vice Chairperson. (Votes: Mr. Hoover, 1 aye, 2 nay, 2 absent; Mr. Rodarte, 3 ayes, 2 absent). With regard to the Chairperson, Dr. Javaheripour called for nominations from the floor. Mr. Greenwood was nominated. (Votes: 2 ayes, 1 abstention, 2 absent).

**ACTION:** Mr. Edward Rodarte was re-appointed Vice Chair of the CBOC Committee for the April 2014 – March 2015 timeframe. Mr. Richard Greenwood was re-appointed Chairperson for the April 2014 – March 2015 timeframe.

**7.0 REPORTS/DISCUSSION**

**7.1 Bond Project Updates and Expenditures** – Dr. Javaheripour explained a handout entitled Measure JJ Bond Program Reconciled Budget Summary Report. The report, dated March 31, 2014, is from the previous quarter and in arrears 3 months, past due because of the necessity to reconcile the finances by County. Dr. Javaheripour yielded the floor to Mr. Garcia who stated that the Music Building is due to be completed in July, with anticipated occupation for fall classes. He thanked those that were able to attend the ground breaking for the Dr. Prem Reddy Health and Sciences Building ceremony. Request for Quotations (RFQs) have been requested for the Automobile and Welding areas in Vocational Education from an architectural firm. It is anticipated that this project will begin in June of 2015. With regard to the Hesperia Workforce Development Center, Dr. Javaheripour stated that Carl Ross, who sold the property to the District, has listed the adjoining property to the District’s for sale. It is hoped that discussions can be re-started as allowing ingress and egress between the two properties. Clarity was sought as to the $55 million in “Total Bond Related Costs.” Mr. Garcia explained that the information listed is specific to Bond costs. It was felt that the report was not clear as to terminology specific to the Certificates of Participation (COPs). Dr. Javaheripour explained that additional information has been included in this report in the past, but the committee agreed upon this format. He produced a more detailed report from December of 2011 and explained the differences. Mr. Garcia will remove the term “total” and add “Other Bond Related Costs” as well as add “1997 COPs” to the spreadsheet. MSC Mr. Greenwood/Ms. Serbus to make this change. Chair Greenwood asked that the changes be made on the next report for the next meeting.

**ACTION:** Mr. Garcia will update the Measure JJ Bond Program Reconciled Budget Summary Report to include “1997 Certificates of Participation” as well as change the word “Total” to “Other” with regard to Bond Related Costs.
7.2 Review of Legal Counsel’s Opinion Re: COPs/GIC Payoff – Ms. Serbus motioned to suspend conversation as to this item, which was seconded by Ms. Walters. Discussion was called for. Mr. Kagan submitted a handout, “Outline of Possible Illegal Use of Bond Funds by Marshall Kagan and Larry Hoover” for discussion. The items listed are as follows:

A. “VVC rents dilapidated, temporary, metal classrooms from Hesperia School District, designed for small children.

B. In 2008, taxpayers of Victor Valley, approved Measure JJ, providing $136 million in bond funds, paid for by the taxpayers, for VVC Capital Projects.

C. The State Constitution and Measure JJ, forbid using bond proceeds, for anything but Capital Projects.

D. $53 million of bond funds, were used to pay-off the 1997 Cops debt. Most of the money from the 1997 Cops, was used to pay-off the two earlier Cops, issued in 1994, and 1996.

E. Much of the money from the earlier Coops, was invested in the GIC. Thus the $53 million of bond money, in large part, was not used for Capital Projects, but for money in the GIC. That money will only become legal, if it is used for Capital Projects.

F. In the meantime, more than $20 million, has been transferred from the GIC, to the General Fund... THERE IT HAS BEEN SPENT ILLEGALLY ON PAYROLL AND OPERATING EXPENSES. It should be returned, and spent on Capital projects.

G. The reason for the continuing need, to raid the Bond funds, is the full time faculty cost, of $175,000 annually for a 23 hour week, 32 weeks of the year. This could be corrected, by changing to a 32 hour week, 43 weeks per year, and maintaining the same pay scale. (This work schedule is appropriate for a research college, not a teaching college.)"

Objection was made to the inappropriate venue for these types of concerns. It was stated that the Citizens’ Bond Oversight Committee is not the forum to discuss salaries or faculty schedules. For the record, Dr. Javaheripour stated that he did not agree with Misters Kagan and Hoover’s comments on this submittal. He stated that he agreed with Items B, C and partially D. He explained that the word “mostly” in item “D” is inaccurate and is not descriptive of how the funds were spent. The remainder of the items are not acceptable. Mr. Hoover stated that he was stunned and surprised in his review of documents over the last several months. Based on information he has discussed with Mr. Kagan, he agrees with Mr. Kagan’s evaluation. If this is not the appropriate venue, where shall he address these concerns? Chairperson Greenwood stated that Dr. Javaheripour is the correct person to contact. Mr. Kagan stated that the District Attorney is initiating an investigation. If nothing comes from that, a lawsuit will be filed as to Prop 39 instruction. Ms. Walters called the question and a vote was taken.

**ACTION:** As to the motion to suspend further discussion regarding the COPs/GIC Payoff, a raise of hands was requested. 3 ayes, 1 nay and 1 abstention. The motion passed.

8.0 **COMMITTEE MEMBERS’ COMMENTS** - no comments were expressed.
9.0 **OTHER** – no other information was discussed.

10.0 **NEXT CITIZENS’ OVERSIGHT COMMITTEE MEETING** - The next meeting is scheduled for Wednesday, September 17, 2014 in the Board Room of Victor Valley College.

11.0 **ADJOURNMENT**
A motion was made by Ms. Serbus and seconded by Mr. Greenwood to adjourn the meeting at 3:07 PM.

Documents referenced in these minutes are available on the Victor Valley College web site, [www.vvc.edu](http://www.vvc.edu), Bond Measure JJ - Bond Oversight Committee.
That was we should try to clean up the COPs situation and get rid of the COPs and think about what you really want to do with the money that the subject matter of the GIC. When Measure JJ came along, Measure JJ was intended to, in part, pay off the COPs. So, the payoff of the COPs was a listed project under Measure JJ and was a lawful expenditure of Measure JJ dollars to retire the COPs and the college did that. They sold bonds and took 50 odd million dollars and paid off the COPs. That is perfectly appropriate, but there is no connection whatsoever between the GIC and measure JJ. Those are two completely independent and separate instruments. The GIC is the result of the district taking district funds that we have told the college over the years that the money in the GIC could be spent for any lawful purpose of the college. It could be spent on salaries. It could be spent on retiree benefits. It could be spent for capital projects, but it has nothing to do with the restrictions of Measure JJ. They are not bond proceeds. They are not the equivalent of bond proceeds. They are not subject to review by the citizen oversight committee. They are completely separate and apart from anything to do with the oversight committee or Measure JJ. So under the terms of the investment agreement and are deployed as the college sees fit and really that is the beginning of the end of the story. I don’t know where it came to pass that someone came to believe that there was a connection between the two, but there is no connection between Measure JJ and the GIC. The only connection between Measure JJ and the COPs is that the college was authorized use of Measure JJ proceeds to pay off the COPs, which we have done. So as far as I am concerned, that is a clean transaction. There is nothing hidden about that. If you have any questions about what I just said, I will be happy to try to explain it a better way if you haven’t got what the history of that transaction was.

This is Marshall Kagan. I have a question. Measure JJ specifically restricts any spending that is not for capital projects, correct?

Well for capital projects, yes I guess Measure JJ is restricted by proposition 39’s requirement that bond proceeds be spent for the acquisition, improvement and renovation equipment at school facilities the expenditure of soft COPs like architecture engineer design fees or staff with a bond project those are capitalized expenses and could be paid with Measure JJ dollars.
Right, so what happened to the $53,000,000 that went from the bond fund to pay off the COP debt and pay for capital projects?

The payoff of the COP was listed with Measure JJ.

That wasn’t my question. My question was where are the capital projects? Since you just told us that only capital projects could have money spent on them from the bonds.

To the best of my knowledge, and again I was not involved in the COP at the time, that those proceeds represented were spent on capital improvements at the college.

That is completely false. The proceeds were used to pay off the earlier COPS and the money from the, and the earlier COPS money was invested in the GIC.

No I don’t believe that that's true.

Marshall Kagan: Well okay, well GH is that true that the 1997 COPs when first funded most of the money went to pay off the 1994 and 1996 COPs.

Well you are,

Marshall Kagan: Is it true or not?

Wait a minute, wait a minute, you cant ask one question and relate it to some other. You are just right now saying if the 97 COPs resources were used to pay 94 and 96 COPs, yes that is true.


Let him finish Mr. Kagan.

But also you mentioned that they used the COPs in order to build the GIC funds. That is not true. I have never said that.

Money going from the early COPs into the GIC.

I am just answering your question regarding asking one question and relating it to something else.

Lets get back to our conversation here. Okay so we have established that the money that went, the $53,000,000 that went to the 1997 COPs was in large part used to pay off the 1994 and 1996 COPs and we have documentary evidence that the money that came from the 1994 and 1996 COPs was invested in the GIC and we have evidence that the transfers
were made from the GIC to the general fund where they paid for payroll and operating expenses, both of which are forbidden under Measure JJ.

I have no knowledge that that's true.

Well okay, that is a fine answer. We appreciate it.

In 2006 we did an investigation so that we could render a legal opinion to the district with this regard and to the best of my knowledge not much of what you said is true, in the sense that there are refunding COPs for tax purposes you looked through the funding to where the original proceeds were spent.

Well I understand.

Mr. Kagan let him finish his statement first before you interrupt him.

I wasn’t interrupting, I was,

Yes you were.

Go ahead.

Let's not get into the he said, she said, but whatever this topic is, it is so far beyond the scope of the citizen oversight committee kept on the agenda for the oversight committee. This has nothing to do with Measure JJ.

Very good evasion, back to the point.

So as far as I am concerned, the district used COP proceeds for capital projects. The COPs were properly refunded with the GO as per the language of Measure JJ that was a lawful expenditure of Measure JJ proceeds. The money that is provided to GIC today as far as we are concerned could be spent for any lawful purpose of the district.

Rick Greenwood here, Chairman of the Board: I have a question. If someone wanted to challenge the board projects, is there a statute of limitations as when they can challenge board projects?

Yes, the period of time to which a lawsuit would be 60 days after the authorize the issuance of the bonds to fund the projects that are requested. There could be no lawsuit brought against the district today challenging any of the uses of the Measure JJ bond proceeds that have already been spent, because we are way past the 60 day time limit for that.

That includes paying off the COP sir?
Yes, it specifically includes paying off the COP.

Thank you.

Well if there were a lawsuit on the issue, the issue would be that the money currently in the GIC to the extent that it came from bond funds should be restricted in the future to capital projects. So that certainly wouldn’t be restricted by any statute of limitation. Plus there is a resolution going around with the board of trustees that interest income from the GIC should be coming to fund the deficit and that also is in the future. So on those two points alone, there would be plenty of room for a lawsuit.

No I think you are mistaken about that because, my records are that the GIC was invented in 1994. So the GIC was funded in 1994 and Measure JJ did not pass until 2006. So the GIC would not be Measure JJ money to the GIC. That is number one. Number two, is the general rule is that principle. The legal opinion of the college is that the money in the GIC could be spent for any lawful purpose of the college, even if it is reducing the deficit. That means that the principle and the interest earned on the GIC can be used for that purpose but if I were to be asked can you use interest earnings on the GIC to pay down the operating deficit of the district, I would say absolutely.

So even if the GIC contained bond money, your point is that there is somebody who passed the resolution and said we don’t care about Measure JJ in the California constitution, we are going to take that money and use it for

Mr. Kagan he has already answered your question that there is no bond money in the GIC fund. You are being argumentative at this point in time.

We have shown that there is.

No you haven’t Sir.

Well I will be glad to explain it again.

No Sir. You do not have the floor at this time.

That is what I expect.

Legal counsel has the floor. You are out of order Sir.

Out of order?

Yes. Legal counsel has the floor. You are out of order.
Do you know in the United States we have a constitution? Do you know we have laws?

You are out of order sir.

Gentlemen we are running a Roberts’ Rules of Order here. We have a chair. We have a recognition process. Let’s stay with the temperament and integrity of the meeting. I have imposed Ms. Kazoka’s time. In order for me to provide some clarity, ask questions from him, but I ask you to maintain a certain level of decorum because he has no dog in this race and he is here to support us. So, gleam what information you need from him, but to become confrontational with him is probably not going to be in the best interest of either of us in support of this organization. So, with that I relinquish.

Mr. Do you have anymore that you would like to impart as to GH’s other questions for us please?

Question for appropriate roles and responsibilities of proposition 39 oversight committee. If you are interested in that,

Yes.

There are three primary responsibilities that the education code grants to an oversight committee. Interestingly enough all of the powers that the Oversight Committee have are derived from the education code. Not by any board of trustees. So power number one is to review the expenditure of Measure J dollars and determine whether or not those Measure J dollars were spent for appropriate lawful Measure JJ purposes. I am not sure if there is any Measure JJ cash still left on hand, but if there is, and if you are receiving an expenditure report, all of the money is going out of the door. During the period of time between your meeting and you have looked at those expenditure reports to determine whether or not they are authorized by Measure JJ. That is power number one. Review expenditures to determine whether or not they are a good idea or a bad idea or worthwhile project or a bad project, but whether or not they are the type of project approved by Measure JJ. The second responsibility is to inform the community as to what you are doing and what your conclusions have been regarding the review of those specific Measure JJ expenditures. Number three is to prepare a written annual report and present it to the Board of Trustees that summarizes your work during the prior year and expresses opinion if it is truthful that no bond monies were spent for inappropriate teacher or administrative salaries and that the money was spent on the improvement, acquisition, construction of school facilities or the of school facilities. In the course of doing those three responsibilities, you had the opportunity to review
the independent audit prepared by a county firm selected by the
district to audit the bond funds. You can expect the school facility
to determine, you know, how the money was spent and what it looks
like. You did review the deferred maintenance program of the district
to learn about how the college is planning its general resources to
maintain projects that were funded with bonds. There were comments
about this deficiency improvement to what extent did the district take
steps to maximize their bond proceeds by doing projects that they
reduced operating expenses for example. The expenditure of bond funds,
so in 2006 the oversight Committee had the responsibility of looking
at the use of bond proceeds to pay off the COPs, because that was part
of the first year of the bonds that were sold. Now that that money has
been expended and that expenditure was reviewed by the Oversight
Committee in 2007, presumably.

Dave, the bond was passing in November of ’08.

’08, I am sorry. The first year the bond was issued was in ’09 and the
paying off came out of the first year of the bond. So the committee
would have reviewed that expenditure in 2009 and determined that it
either it was or was not authorized by Measure J. So the committee
does not have any responsibility over pending contracts, approving
bidders, approving projects. They only have the ability to review and
comment on the expenditure of bond proceeds as related to a type of
project approved by Measure JJ. In a nutshell, statutory granted to
the oversight committee is not to be an investigative reporter or it
has to be the a taxpayer association to review expenditure of bond
funds to determine whether or not the money is being spent in
accordance with Measure JJs language.

Well, I understand you are trying to say that there was some kind of
statute of limitations on the money. Supposing the $53,000,000 went
into a bank account and nothing happened in year one with it and
nothing happened in year two and nothing happened in year three.

Mr. Kagan we are not going to do suppose of what happened. We are
dealing with the facts here and the facts are not what ifs.

The facts are that the GIC money went into the general fund where it
was spent for payroll and operating expenses.

That may be your opinion Mr. Kagan, but

Well actually, your statement is true. The GIC funds were used in
general funds for different purposes. As I have reported to the board
in different reports I have submitted to them. There is no argument or
discussion or disagreement regarding that the GIC funds were used for
operational expenses, be it paying taxes or settling contracts with the contractors, paying for operational expenses, buying IT, whatever. So that has made three different opinions by the use of the money in these different ways it has rendered that fund, the GIC fund, a general purpose fund for the institution that can used for all legal expenses of the institution. There is no discussion and no disagreement with you about that Marshall. The discussion comes from this point, that your point of contention is that Bond JJ funds paid for the COPs, which in your assumption, the COPs established the GIC, subsequently, the GIC should be managed and processed based on Prop 39 or Measure JJ regulations.

To the extent that,

Mr. Kagan let GH finish please.

To the extent that there is bond money involved. Bond money and other money in there.

Okay, alright.

The other money you can do what you want with, the bond money capital projects.

Well we are trying to explain this to you that there is no bond funds in the GIC and that is the wrong inaccurate conclusion that you are drawing and this whole conversation is, and I have mentioned both to you and Mr. Hoover before, that there is no bridge connecting Bond JJ payment of the COPs to the GIC. It may be a political issue, but there is no accountability or legal bridge between those two entities. Each are sitting on separate sides of the river and there is no way to connect them.

Look at the GIC as a bank account and originally the 1994 COPs put some of their money into the GIC. They owed money that they borrowed. Along comes the 97 COPs, pays off the debts of the 94 COPS. They now have that bank deposit. Okay. Now comes the bond money and pays off the debt of the 97 COPs. Now, the bond fund has that bank account. And so,

The point that you need to, the connection that you need to make is the relationship or the connection between the COPs and the GIC and to this point all I am saying is you are making assumptions and your assumptions are not foundation for drawing hard conclusions to say that there are bond dollars in the GIC and there is legal counsel who have been involved and studied this. We have interviewed the Vice President who did actually establish the GIC and was involved in the
COPs and he has indicated that it was the funds that were reimbursements from the state for those capital outlet projects that they deposited into the GIC. The bond counsel is telling us when those monies from the state arrive at the campus, they are at the discretion of the institution about what they want to do with it. They could have paid back the COPs with it or they could have invested in the GIC and used the GIC resources or interest that is earned off of it, to pay for either operational expenses or pay the interest on the COPs or what not. So really you are not establishing a (and I am going to use the word with apologies) credible relationship between the COPs and the GIC. You are assuming and you are basing all your argument on assumption.

Well this $53,000,000.

Okay we are going over on this thing. Dave is there anything else you would like to add? We really appreciate your time and I know that you had to get off around 2 o'clock.

The only thing I would say we have encountered with district issues bonds and once used the proceeds to pay off outstanding COPs and a lot of districts, I would say probably 25 community college districts, have issued bonds, the proceeds of which have paid off COP debt. This is a very common practice. The mechanics of that are the district has purchased a 50 million dollar COP and they sell $100,000,000 worth of bonds. The hundred million dollars is deposited with the Los Angeles County treasurer’s office and is to the district. Fifty million of it goes to the treasurer's office to the trustee for the COPs without the district touching it. That $50,000,000 dollars in bond proceeds is put into an irrevocable escrow fund at US bank and US bank then on the first day those COPs could be prepaid by using the money from the escrow account, pay off the COPs. There is no way that any bond funds that are related to the paying off the COPs could escape those and end up in the GIC. It is not possible or legal document for that to happen. There cannot be any bond funds in the GIC. That is impossible and so because the unspent bond funds are all with LA County Treasurer, they are not in the district general fund or not commingled anywhere. So there are segregation of funds that would prohibit what the speaker is most concerned about that bond funds are in the GIC. I think that GH is right, there are no bond funds in the GIC and just because the bonds were used to pay off the COPs, does not subject the remaining balance that is in the GIC to the restrictions of Proposition 39. So, I think GH is telling you the truth. This has been a topic that has been with the college for 10 years and I am not the only lawyer who has gone through all of this for the college. I may be the second or third in line to have done that. Our tax
department made a thorough review of these matters because we gave an opinion on the Measure JJ bonds that those bonds were issued and tax exempt. So we have done the due diligence. We think GH is telling you the truth. The GIC money should be spent for anything they want, that it be operational expenses, that would be fine for that, but we have given a legal opinion for the college saying that those types of expenditures, whether interest or principle, are lawful expenditures and we would encourage them to make them as needed. So, I think that the Oversight Committee should put this to bed, as the committee there is not a legal basis for you to continue to have a debate about a 1994 investment of state funds that were at the discretion of the college as what to do with those monies. Most districts would have taken that money to the state and paid off the COPs. So that is not what the administration did about 10 years ago when they did this financing, so they set up an investment vehicle so that the earnings would pay the debt. When the COPs were paid off they would have to purpose the principle left. So they made a strategic decision. So that was all state money or COP money and it had nothing to do with Measure JJ. I would let this topic go beyond the scope of your authority, in any event, there is not a legal concern that anyone is identified with respect to the use of those funds or the measure JJ funds for this purpose.

Well let me ask you is there any evidence that the $53,000,000 used to pay off the 97 COPs went for debt incurred for capital projects?

Well yes, in general I will tell you the original 12 million dollars was, this is what we have gleamed from the information from interviews and records that we have had. The original 12 million dollars was established for SAC (Student Activities Center). They stayed on the project. The project then moved forward and when they came back to actually do the project, it had gone up to 19 million dollars of which, if I recall correctly, 16 million dollars of it was for the construction and 3 million dollars of it was to have in escrow so they could make initial payments on the COPs, well that made it 19 million dollars, so the 19 million dollars paid for the 12 million dollar COP and there was a 19 million dollar COP standing out there by itself. Then they went out there and they got a 32 million dollar COP for what they called Big 3 here and that was the performing arts center, the library, they called learning something center, and the central plant, science center. There you go. So, now they had a 19 million dollar COP out and 32 million dollar COP out. What they did is in '96/97 they went out and they refinanced both of those into one, which is the 50 plus million dollars and the 50 plus million dollars has also had some
dollars in it to make payments on the COP while the institution was trying to figure out how to make the payments.

Isn't that required?

I haven’t delved into the COP and the process as well, but this is what we gleamed from Dr. Pell (Jim Pell) who was the Vice President who was the author of all of these things and I tell you we all have got to be grateful to the man's vision for this. I have said this publicly and I will restate that again publicly for the record that this community and this system should be thankful for what Mr. Pell has done, Dr. Pell has done. So, we got the 53 million dollars and then the funding from the state arrived for the projects they had submitted and I understand at that time they decided rather than using that money to pay down the COPs, they invested the money in a GIC and they were using the proceeds from the GIC to make the payments on the COPs, and here we are.

Okay, in other words I think you are saying with regard to the 9 million that came from the state, that the state reimbursed the college for 9 million dollars worth of construction and the bond fund reimbursed the college for 9 million dollars.

No, no, no, the bond wasn’t even here Mr. Kagan.

Okay, at the time,

The bond wasn’t even here in 1997. Prop 39 was not even a faint idea in any legislatures mind in 1997. Prop 39 came about in 2000. We cannot, you stated about the constitution of the United States of America. The United States of America constitution provides us the capacity that we cannot retroactively go and link somebody for a crime that they committed 5 years ago for legislation that are proposed and approved and passed today. So how can we go back and apply the rules of a legislation 3 years hence to something that occurred 3 years before that.

Let me answer.

Okay.

What we are dealing with is that is not what happened in the past so much, as what is happening now and in the future. Money that came from the bond fund is now, that are in the GIC, is now being proposed to use to eliminate to offset the current deficit.
Mr. Kagan there is no money from any bond funds from any COP, you have heard our attorney, you have heard GH, in the GIC fund. You have heard that from the attorney.

And that is what I am challenging.

Then, this is not the forum that you should challenge it at.

I beg your pardon, if the money is in that.

Mr Kagan we had legal opinion of legal counsel. Mr. Kagan the legal opinion of legal counsel is that this committee has no jurisdiction over the GIC fund or over the COPs that were paid off.

But legal counsel did not answer the question.

Legal counsel answered the question.

Fifty three million dollars went into capital projects. That is what we are investigating.

If I were a member of the oversight committee, I would make a motion to suspend the conversations of this topic as being beyond the reach of the charge of the oversight committee and then to get a majority vote on that question, I would no longer permit this topic to be discussed by the committee.

"Heil Hitler".

Mr. Kagan you are out of order.

Absolutely.

May I have a motion to do just that.

Well we need to get into the formal board meeting. Right now we haven’t formally started the meeting.

Dave we appreciate your time. We know we are over by 10 minutes over your time. I hope we didn’t constrain you. Thank you very very much. We appreciate it.

Okay goodbye.

Be careful driving.

Lets get to other comments.

We need to start from the top sir.

1.0 ROLL CALL
Ed Rodarte is not here.
Larry Hoover, "here"
Marshall Kagan, "here"
Don Nelson, not here.
Dawn Serbus, "here".
Cassandra Walters, "here".

3.0 INTRODUCTIONS

Introductions by Richard Greenwood

Diana O'Malley, Chair Committee for 4 years

Robert

Mr. Kagan would you like to introduce yourself?

Would you say that again?

We wanted you to introduce yourself to the group.

Okay thank you.

I retired several years ago. I went and bought a sail boat and went sailing around the world and I returned after 5 years or so and took up residence here in Victorville about 3 years ago. Professionally I have been working as a CPA and my experience that brought me to this committee, was that my stepdaughter.

Mr. Kagan we just wanted to know your

The rest of it you did not want to hear.

Next,

Larry Hoover.

Dawn Serbus, I am a member of this committee.

D.D. Ortha

Steve Garcia, Facilities, Victor Valley College.

Cassandra Walters, I am a student here and on the committee.

GH Javaheripour, VP Administrative Services.
Ms. Gonzalez, Administrative Services.

In the agenda items we have already gone to 7.2. If we do not have an other changes to the agenda, I will go to public comments at this time.

5.0 PUBLIC COMMENTS

We have a request from Diane Carlone-O'Malley, as I know her. First of all Diana before you get started, one I welcome you back to the committee that you famously chaired for four years.

I don't know about famously, but thank you.

Unfortunately you left before the rest of us could express our gratitude for what you did do for four years. I don’t know if I am the only one who is still here on the board that was here when you were chairman, but I would personally thank you for all of the hard work that you did.

I appreciate that, thank you.

The floor is yours now.

Honorable Chair and member of the bond oversight committee. I come before you as a former member of this committee. Relative to this recent public inquiry and to alleged irregularity of the designated use of bond funds. My comments are directed to you as the citizens bond oversight committee. As I understand the claims that are being made, I submit they are outside of the designated role of this committee and its over bond expenditures. The role of the committee is not to determine how funds shall be spent, nor is it to determine if the purposes or project set forth in Measure JJ are right, wrong, purple, pink, blue, legal or illegal. The purpose of this committee is to oversee that the use of the funds are consistent and appropriate as directed in the bond measure itself. The bond measure directed satisfaction of certificates of participation or COPs, which funded the construction of the student activities center, the performing arts center, and you have heard I had two other buildings, that was the library learning center and the main plant, approximately 15 to 20 years ago. The bond measure proposed to satisfy that financing in full, that use was vetted legally, recommended to the board of trustees, and approved by the board of trustees, disclosed to the voters of this area and the bond measure itself was voted on by the voters of this area and approved. The job of this committee is to ensure that funds are spent as approved by the voters. They were and are. The satisfaction of the COP debt occurred 5 years ago. In all
instances, not only have the ship sailed, it is already legally and properly docked at the new port. I would further submit that the best use of this committee's time and the supporting college staff is not to look backwards, but to look forward in accordance with your charter. I personally would object the use of my taxpayer funds in any exercise to retrace a 20 year old decision and actions of prior board members and prior administrations on unsubstantiated claims. Certainly bond funds cannot be used for that futile effort. I prefer to look forward and support our students who ongoing accomplishments and successes are the main objectives of this district. The bond projects that are suggested and over which you have oversight are within these objectives. Those that complain have recourse outside of this committee. I do not judge their efforts nor their allegations of irregularities. They have the means to investigate these claims, which remain unsubstantiated to date. Their efforts should be directed back to district administration and board where the government code and title 5 of the California code of regulations allows them not only the opportunity to investigate their claims, but also places upon them the physical responsibility of that investigation. I appreciate that as a taxpayer, because I don’t want to pay. I don’t want my funds used for looking backwards I want them to look forward and I really do resent when this committee has specific charge that its time is being wasted on efforts beyond this purview. To those of you on the committee that may be unable to discharge your duties and obligations because you are fixated on other issues, I believe your conflict of interest is apparent and your loyalty is obviously at stake. These individuals can be a cancer to this committee, defer it from its job, have it result in arguments and not do the work you were charged to do. I suggest that those individuals committed to those other issues resign from this committee in proper pursuit of their own concerns. I am not a stranger to this type of exercise of loyalty to purpose. I, myself, resigned after 12 years in the foundation of this college, because I prefer to take efforts to hold responsible the board administration and faculty for gaining accreditation without sanction. I simply urge you to make the appropriate motions to end this useless discussion. Let those who are interested in taking the time to pursue it, pursue it properly outside of this committee and that you all not be distracted from your job. Thank you.

Thank you Diana.

Okay lets move on to action items.

6.0 ACTION ITEMS

6.1 Approval of Meeting Minutes from March 19.
Do I have a motion to accept the minutes. Motion. All in favor say "I".

It will have to be by consent because we may have to delay this until the approval of the minutes of the 19th because we would need either Mr. Rodarte here.

Let us put this off. Could you agenda it for the September meeting please.

6.2 New Members/Vacancies/Appointments

We have two new members. Mr. Hoover and Mr. Kagan.

Vacancies GH? We do not have any vacancies at this time.

This is the time for appointments of new chairman and for the vice chairman.

Mr. Chair every year we take a vote, the body does, to appoint a vice chair and a new chair for the upcoming fiscal year of the committee and the nominations come from the floor and the votes come from the floor. With your permission I entertain nominations for vice chair.

I nominate Larry Hoover.

I have one nomination for Mr. Hoover. Do I have any additional nominations?

Ed Rodarte please.

A second nomination for Mr. Edward Rodarte, who is our incumbent vice president. Any additional nominations? Alright we will call. Those in favor of voting for Mr. Hoover, please indicate by "I". Those in favor or voting for Mr. Rodarte please vote by similar "I". Three votes, five members here. With a vote of 3 to 2, Mr. Rodarte is appointed as vice chair for the fiscal year.

The cycle, April 2014 through March 2015. I entertain nominations for chair of the committee.

I would like to nominate Richard Greenwood.

Richard Greenwood has been nominated. Do we have additional nominations for the chair? Hearing none, I call to question those who vote for Mr. Greenwood to continue as chair of the committee please indicate by "I". Abstain. On the vote of 4-4 and 1 abstain and 2 absent, again we have two absences on vice chair also. I appoint Mr.
Greenwood for the period of April 2014 through March 2015. Mr. Chair you have the floor.

Thank you.

7.0 REPORTS/DISCUSSION

Let's get into reports and discussion over to 7.1. Steve and GH.

We have updated the report that we quarterly submit to you as reported earlier. This was the system I wish Ms. O'Mally hadn’t or Carlone hadn’t left yet. This is the process that your predecessors have put together, it is a very simple yet inclusive report. We bring it to you about a quarter behind because that is how long it takes for the accounts and payables to clear the county system in order to provide you the best and latest completed information that we have. With that, I yield to Mr. Garcia to walk you through the details.

Okay, thank you. I want to give you just a quick update on the projects very quickly on three projects that have been board approved that are in progress and working these plans. The music building is just about finished, it is slated to be done July and occupied in August for the fall semester. So we are wrapping things up, cleaning the facility up and we should be ready to occupy that music building in the fall semester. Thank you for those of you who made it to the ribbon cutting ceremony and groundbreaking ceremony for the health and science building. It was nice to see everybody there, it was a nice event. At this point we have done all of the earth work. We have done the surveying and we are getting ready to start to put in underground utilities at this point. So that is on schedule. The budget is being expended appropriately in the right proportions and it seems to be going very well. We are also sending out an RQ, which is a request for qualifications for an architectural firm to help us put together the vocational, the automotive and welding of new facilities. This is on schedule and we hope to get a contractor on board here by October or November to work with the architect. We should be breaking ground on that project about this time next year as well.

June of next year?

Hopefully yes. That is the projected date. So with that said, the financial sheet that was passed out, it hasn’t changed over the past many months, but it has just been updated like GH has indicated and reconciled to March 31, 2014. You can see that the first update on there most current is the bond interest, which is now totaling 3.8 million. So you have a subtotal of 139 million, 858 in total bonds. You have an available contingency of 3.8 million as we work down the
sheet. You can see 55 million was expended as we were discussing. The 31 million is the regional public safety training center in Apple Valley is completely closed out as far as expenditures go. That is the total price you can see that 100%. The first development, the 11 million there was expended for property and other surveys and environmental costs and that is at 97%. We won't be expending any money on that for the foreseeable future. So that brings us to the three projects that are currently ongoing. The music building, the board approved 3.8 million. Like I said we are about, this shows 56% expended. We will be wrapping it up and picking up the entire amount of the costs in this next fiscal year early and then closing that one out. The health and science building, you can see the board approved budget of 14.4. We are really just getting started over there and the vocational complex at 6.5. Down below that are all various projects from the main campus, which were main campus solar covered parking. Like I said various projects that are in pretty much all complete states at this point. You can see that some of their budgets were not completely expended and then there is the main campus solar was actually over expended by just a little bit. But you can see that the 139,858 in bond revenues expended to date 114,197,000 about 81.65%.

Steve, just a question. What is the plans for the 300,000 that is not being expended on the work development center. Is there any plans for transferring that over to some other project?

Well, Mr Chair, there are some additional activities that might incur some costs for us. We have been discussing with Mr. Carl Ross, who we purchased the property from and the way the property, our property and his, back against each other, there is about, I believe is about 150 feet of easement that if he provides us that piece of easement to our property then it will both benefit him and us. What it does, it creates a second ingress and egress on the sudden edge of our property and that also provides him similar process through our property. So we have discussed with him, it has been a couple of years, that we have broken those discussions but he was willing to do that and when we come around to do this it is probably going to incur some costs. I just learned that he has either listed his properties that are adjacent to us or he is intending to do that. So we will take measures to see if we can close that loop as quickly as possible. But, nevertheless, whether it is Mr. Ross or a subsequent owner, it behooves them to provide us the easement. That is not that they would give us the property, it would just provide us the easement. The way it works out is that 150 feet (I believe that it is about 150 feet) is useless to them. It is just going to rot and ending the street that comes to our property 150 feet earlier or farther from our property it
would but into or end into our land. So we will restart those discussions and that might incur a little bit of cost from this. Here and there, there might be expenses throughout these years that comes in because there might be state regulations, we are going to be sitting on this land for many years to come. So that bit of contingency might be wise, but if it comes a day that we have expended all of the revenues from the bond and there is this bit of funds left, we will appropriately spend it on capital outlet projects and then take on responsibility of maintaining any additional costs on the back of the institutional funds.

Okay, thank you.

One more question. I am labeled bond related costs in 55 million dollars, I believe includes the 53 million dollars to pay off the COPs and if so, it should be relabeled. It is not a bond related cost. It is an expenditure of bond money.

As are all of these items.

Pardon,

As are all of these items.

All of these items are bond related costs?

Certainly, it is an expenditure of bond funds.

It says total bond related costs, total. Where I come from total is the end.

I will take that under advisement and if appropriate I will reword it.

What is your definition of bond related costs? What is that supposed to mean? It is a separate line item that says bond related costs. What is that? What is the definition?

In this instance?

What are we supposed to understand by the label that is on your bond related costs?

Well I appreciate the ambiguity of the statement. This 55 million dollars does include repayment of the COPs and at the time when this committee worked on every terminology in this document. At that time when your predecessors were here and were working on this, this terminology meant something to them. It meant that this includes not only the expenses of repayment of the COPs, but other expenses such as underwriting, "attorney fees", surveying and whatever else went with
it. Now that you would expect us to separate these out, we can go ahead and take a look at this and bring some terminologies to the committee and if you have any comments or recommendations on that, we will be glad to take them and look at them and bring it back to you for your approval.

I believe that what we decided on the bond related costs was that all the costs that were not construction related, I think that was our understanding of the whole thing.

Okay, well then that was the understanding of the committee that was here before.

Right.

If we want to change the terms on some of these terms and it has go to be somehow related because we can’t have with apology with the rest of the bean counter crowd here can attest to it, the majority of us are, is that you can’t just term things in one way once in the documents and then change them to something else. So we have got to have a process in place.

Can I talk?

Please.

As a new member to this committee, I am asking because I don’t know. I am not trying to challenge anybody, I am just trying to understand what the terminology that you are using really means and I ask that question as a result of Mr. Kagan asking his question. I would like to know because what I think it means, as a new member that wasn’t part of the previous committee deliberations, it is like an escrow fee. When I buy and sell a house you got to pay the lawyer, the escrow company and all of that stuff that is over and above the cost of the house or building. So that is what I would think it meant, but given its 55 million dollars out of 139 million dollars, that is kind of high for an escrow fee. That is why I am wanting to understand what is meant by that.

If I understood that the real concern is that you indicated the word total was the issue. It is not total bond related cost, I will give you that. If you would like me to remove the word total and leave it at bond related costs, I would be more than happy to do that.

No, I would like you to take bond related costs out and put pay off of 1997 COPs.

Well the other, the previous
It had nothing to do with costs of the bond issue.
The previous committee deemed that it is bond related costs.
Well it isn't.
I understand the statement.
You agree.
I will agree with you, it is probably not.
We cant say that whatever was written before is like the bible and
cannot be changed and altered.
I am not saying it can't be changed. There is a process.
If you agree with me that it is not a bond related cost, then we
should label it what it is.
I am not saying it is total I believe it is a bond related cost and
you have every right to make a motion and get that passed to have that
changed and I will be happy to do that if that is what the committee
would like.
Let me weigh in for just a second please. The reason why we did this,
we got this down to this, the problem was is that when we had
everything else separated out we had a, what was it, 8 x 14 piece of
paper that was hard to follow and we decided to do something simpler
so we could have something to go over very quickly.
Understood. If I had been a member for the last four or five years, I
have no problem with that, but I am new.
I understand.
I don't know all of the shorthand language that you guys have
developed over three, four or five years. If I am to understand you
need to be a little more forthright and detailed.
Larry, honestly though if that is your wish, somebody should just go
ahead and make a motion and if it passes, certainly we would change
it, otherwise, it is something that has been established by previous
committee members.
If GH has more detailed breakout,
What he is going to give you though that is I want to say is two years
old. So it will not be even close to current.
But if it is a breakout that is a lot more detailed than this, it might give us a little bit better insight as related to

I am afraid it would confuse more than help you understand what is going on.

That’s okay we can get you copies. There is no problem with getting you copies.

I understand and to me it looks like somebody is trying to cover something up. So everybody now knows what is in there. If I were you, I would change it, to make it explicit, so nobody could say you are trying to hide the 53 million dollars under the carpet.

I would like to make a motion that Steve you add, you take that thing, that one particular item, you make a new item for the COPs pay off and then make another new item for the actual other legal cost and all of the other costs that we had involved.

Can I have a second on that please?

I will second that.

All in favor? "I". Thank you. Taken care of.

As this comes around, this one that I am submitting to you is from December of 2011. This is from December of 2011. There were many sections in this and what the committee did, they looked at this because we were bringing all this detailed information every time and the committee decided that they have seen enough of this and they would like to compress that into just one line because they didn’t need to see this, and as you note this Mr. Kagan on item, on line 6, it does indicate 52 million dollars payment of the COPs and then the rest of it adds up in there and then you can notice that it is at that time it was spent out at 92% and now we are spent out at 100%, so that section is closed out. The reason they collapsed it, is that it is just too much repeated information. So we submit to you this, and if you care, if you are satisfied with this, that is fine, if not then we want to change it, then

We have already decided to change it.

Alright fair.

So, if I am clear you wanted broken out to show the amount on a separate line for COPs.

Yes, we can just, the rest of it can go into just one line.
So I will send and break it out to 1997 certificates and participations and 52 million and then the rest I can collapse into the remaining bonds.

Yes, other bond related costs.

What is the difference between the 52050 and 52206 expended to date as of 2011, did you actually spend 522 not 5205.

That was the budget that they had set up erroneously.

That is the end figure right there.

Correct. 52206346 is the end figure.

So anything over that number is

We got to, as I said, this is, I just pulled this out of the book, so it is from 2011. We will verify and will include,

It will be corrected on the next one.

It is the actual total dollars we spent for the repayment of the COPs and the rest put in as a lump sum number for other expenses related to the bond.

It will be corrected on the next handout, next meeting.

Are there any other questions for Steve? Or for GH?

Did I miss the, or did you talk about the music building is completed?

I just brought it up to date basically verbally. I had prepared a power point, but the pictures are just a little bit dark, so we wont put you through that today.

907.2 as we discussed this already, can I have a motion to suspend discussion on this item?

I will make that motion.

I have some comments to make.

We are not at the comment stage yet sir. We are at the motion stage. Can I have a vote. All in favor say "I".

You want to shut everyone up, but I want to speak on the motion. During a motion you are not supposed to talk.
Everybody on discussing this point, so I am speaking on this motion, Okay?

You made the motion. Who was the second on the motion?

I will second it.

Cassandra is the second.

I have comments on the motion. Could you pass these out please? What I have distributed is an outline of my thoughts on this motion which effects the review of the legal counsel’s opinion. My daughter enrolled in the school recently and one day she says okay Dad you have to drive me to school. So she got in the car and I started down Bear Valley Road, but she went oh no no, you have to go to Main Street in Hesperia. Oh yeah, so we went there and we came across a group of dilapidated tin shacks with a big sign "Victor Valley College". Went in and looked at these things and you couldn’t believe it. These seemed like they were for elementary children and she later reported that it was too hot, too cold and what not. This is a college that has to use elementary school reject classes. That is what that means on this. Next, I read about the 2008 Victor Valley residents passing measure JJ, providing 136 million dollars of bond funds for capital projects and I looked on my tax bill, it is there with pay and I said to myself, if we are paying this much, why aren’t we having decent classrooms for the children. As I got into it a little further I saw that the state constitution and measure JJ both forbid using bond proceeds for anything but capital projects, and if anybody want me to stop talking about this whole subject, all they have to do is present of 53 million dollars worth of capital projects that were paid for mac money. As I have said before when the 53 million dollars of bond funds were used to pay off the COPs debt. The ’97 COPs debt was mostly used to pay off both the 1994 and 1996 COPs. Much of the money from the earlier COPs was invested in the GIC. At anytime anybody thinks I have said something wrong please speak up and we will try and resolve it.

Point order, I ask you Mr. Chair that at your pleasure to go through your list and any of us who have any comment regarding these will allow you to go through your list and then come back and comment about it rather than creating a back and forth conversation, because there are comments that with your permission, I would like to make and submit to the record.

Absolutely.

Well your choice. I would prefer dealing with this issue as it arises. Next, much of the money from the early COPs was invested in the GIC.
This is undisputed. This when 53 million dollars went to pay off the indebtedness of the 97 COPs, most of that money had not been spent on capital projects, but was to be found in the GIC. Then on what went out of the GIC to the general fund we have documentation and dates of 20 million dollars and that money, if it was bond money, was spent illegally, since bond money can only be used for payroll and operating expenses. Now we have had a suggestion here that there was a lot of money going into the GIC fund different sources, and we agree, and that the money that came out into the general fund was not the bond money, but was the money from these other sources, state reimbursement, if that is true and I believe to an extent that it is, then the remainder of the money in the GIC is bond funds. So, the 53 million dollars has to be shown to the, either spent on capital projects or it is in the GIC, or it was taken out of the GIC and transferred into the general fund. It has to go to the three places and we are open to all suggestions about where it, except we have some pretty good ideas, that a good bit of it is still in the GIC and a good bit of it was reverted to the general fund. Now, why is all of this going on? Are there bad accountants here that don’t know what they are doing, bad administrators and so forth? The answer if you read the Proposition 39 would authorize measure JJ, and the thing about Proposition 39, before that you needed 75% for a bond issue. Measure JJ used it to 55%, but the authors of Proposition 39 were aware that the colleges had a habit of overspending on their regular budgets of borrowing for supposedly capital projects and then taking the money that they borrowed from the capital projects and using it to fund the current deficits, so the specific language, if you look at Proposition 39, I have never seen anything like that before authorizing citizens to initial legal suits, which the court is required to give priority attention addressing the district attorney and other law enforcement agencies to give priority to any money that is mixed “moused” around like that. As I say, this is I never, never saw it, anything like that where they passed all kinds of special measures to enforce it because they had a pretty good idea it was gonna happen and we see it here. Now what is causing the deficit is the cost of full time faculty of $175,000 dollars a year and Peter Allen debated that in the Daily Press with Steve Williams and he lost. It is $175,000 for these ladies and gentlemen, some of whom have full time jobs outside. 23 hours a week 32 weeks of the year, which if you go to UCLA or Yale or Harvard is the work schedule you will find there because ladies and gentlemen have to crank out books every year or to and it is recognized in these research universities that a professor only spends part of the time doing class work. However, in other institutions, such as community colleges where the sole function of the professors is teaching, not the work schedule. So all we have
to do is change the work schedule from 23 hours a week, 32 weeks a year to one which would be 32 hours a week, 43 weeks of the year and the saving would amount to 7 million dollars deficits eliminated. Not to be heard from again.

I don't think this is our forum to be figuring out the staff pay rolls.

It is not the purview of this committee.

Is there any other discussion or motion?

What was the motion?

The motion is to

You are cutting me off.

Are you finished?

Only about a or two away observations and we will get to the end and not have the embarrassment of somebody trying to cut me off. As I said the work schedule here is appropriate for a research college not for a teaching college and that is the main source of the deficit and the deficit is the main source of the misallocation of the money from the GIC and just one minute more. The current resolution calls for interest from the GIC being transferred for another couple of years and a reduction of faculty pay also in a couple of years. So the guaranteeing deficit for several more years and I am notifying the commission that they did not keep the resolution they passed with the first reading were never ratified under the second reading so the commission was deceived. Thank you.

There is a motion to suspend this discussion on item 7.2.

It is not necessary, I am finished.

Mr. Chair just for the record, I as the Vice President of Administrative Services at Victor Valley College and Victor Valley Community College District do not agree with Mr. Kagan’s and subsequently by reference Mr. Hoover’s comments on this submittal. Part of this submittal has absolutely no relevance to the work of this committee. Parts of this are absolutely drawing and concluding on assumptions that are not sustainable. They are not supportable and part of this submittal are absolutely opinions that have no relevance to the facts. I submit to Item B, I agree with that, that in 2008 approved Victor Valley approved Bond JJ providing 136 million dollars plus or minus paid for by VVC capital projects. I do 100% agree.
The actual number is 297.5.

That’s right, the actual number is $297,500,000 of which we have sold 136 million dollars of that. Thank you very much. Item C, the state constitution and Measure JJ forbids using bond proceeds on anything but capital projects and related costs to the capital projects it should agree to that statement. I believe barring the accuracy of the 53 million dollars plus or minus of bond funds were used to pay off the 1997 COPs debts, most of the money from 97, and I do not agree with the statement that most of the money from 97 COPs, but all of the money from 97 COPs were used to pay off earlier COPs of 94 and 96.

I don’t understand.

Mr. Kagan you had your turn. You are out of order.

I am making, we are taking your statement Mr. Kagan as part of the record and I am sitting here as administrative officer and I need to make corrections to those statements if I am agreeable of your statement and the rest of your statements on this form that you are submitting it says outline of possible illegal use of bond funds by Mr. Marshall Kagan and Mr. Larry Hoover. The rest of these statements that you have on your submittal are not acceptable by the district.

Yeah, okay, as you or if there are any objections, I just want to clarify this one to D, so you agree that this is what happened with the 53 million dollars? It went to pay off the 97 COPs and the 97 COPs have, the money that they raised have been used to pay off the 94 and 96 COPs debt.

Correct.

Okay, now lets go on to B.

I am correcting the word most in there. There is no most. The 1997 COPs paid the earlier COPs and the bonds paid the 1997 COPs period and the rest of your comments in Item A, E, F, and G, I as the representative of this, do not agree with. That is the end of my. I just don’t agree with them sir.

Agree, but no reason stated.

No, this is not the forum to discuss those, because that is not what the venue of this discussion. I am just making corrections to your submittal, because all this submittal will be appended to the record, so I want to make certain that we do make comments about the inaccuracy of your submissions, openly before the vote is taken for the record. The rest of your comments, I do not make any comment
except that we do not agree with any comments that you have made in Items A, E, F, or G.

Okay, not very helpful to give an opinion without giving any if that is what you want.

Are there any other comments?

Okay.

I would like to ask a question. Since we are dealing with this particular issue, as I mentioned before, the last memo that went out to all of this committee, I told everybody that I was just as stunned and surprised as everybody when Mr. Kagan made these claims about this and since then it has been three months, and I have poured over the education code, I have poured over and got my hands on the COPs, Measure JJ. I read very carefully the memo that Mr. Javahenpour wrote to the board three years ago in May of 2011 and that is the basis that led me to conclude to agree with Mr. Kagan and if I am wrong, I would like to be shown where and why I am wrong. Your respective of what you want to say about Mr. Kagan, I happen to agree with him, and I did my own research and if you don’t think it’s the proper place or proper time to discuss this in this committee, I would appreciate you telling me where I can get the evidence to support disagreement with what Mr. Kagan has said and with which I agree with.

Well let me just mention, I have reported this incident to the District Attorney’s office and they are initiating an investigation, and depending on what they come up with, if they don’t, probably our last resort will be to file the kind of lawsuit which is in the proposition 39, which proposition 39 authorizes. At anytime we are willing to sit down with anybody, look at any evidence, hear any argument and so forth.

Mr. Hoover?

I wish I had known about this, what am I gonna do?

I thank you Mr. Kagan. Mr. Hoover you can get ahold of GH for that information that you are requesting.

I have sent him about five e-mails in the last few days and no response.

Just for the record Mr. Kagan, you are making statements in your e-mails, you are asking for any questions, you are information. There is no request. Please review you e-mails, because you believe you are saying something in your e-mail. The recipient doesn’t read the same
thing. You are making every e-mail of yours, I would ask you to submit it to some third reader, a person who is not familiar with the case and ask them to provide you an evaluation of your e-mails, whether they are objective, whether they are suggestive, whether they are asking questions, or whether they are making a statement. I submit to you that all of your e-mails that you have submitted, have been statements and I have, as the recipient, when I receive a statement from somebody, I have either the choice to make a response or do not, and I have selected not to make any responses.

If anybody wishes to add

That we know.

Mr. Kagan, Mr. Kagan, if anybody wishes to ask a question of GH in an e-mail please make sure your question is stated properly and is clear, concise and does not go off on a tangent, then GH will answer your questions.

I have 50 years experience asking questions and 99% of the time I have gotten great reviews.

I would like to ask a question.

Yes Ma’am.

Should we be motioning and voting on that?

The motion has been made.

The debate has been done, take a vote that stops any additional debate.

Take a vote. All in favor of suspending conversation on this item, raise your hands and let’s have a count. We have three. All opposed? Abstain? This item is now suspended.

Let’s get this rolling and get out of here, because I am sure everybody has something to do.

I am actually have to excuse myself, every moment that I can and I actually have my supervisor next to me.

Thank you very much.

I apologize, thank you.

8.0 COMMITTEE MEMBERS’ COMMENTS
If anybody has any comments please limit it to 5 minutes. Any comments?

Any other discussion?

10.0 NEXT CITIZENS’ OVERSIGHT COMMITTEE MEETING – September 17, 2014.

11.0 ADJOURNEMENT

Motion to adjourn?

I will make that motion.

Second?

I can second it.

All in favor? “I”

This meeting is adjourned.