



Victor Valley Community College District Citizens' Bond Oversight Committee Special Meeting Minutes

Date: February 16, 2011

Place: Victor Valley Community College, Board Room
18422 Bear Valley Road, Victorville, CA 92395

1.0 WELCOME, ROLL CALL AND CALL TO ORDER

The Victor Valley Community College District Measure JJ Citizens' Bond Oversight Committee met for a Special Meeting on Wednesday, February 16, 2011, in the Board Room of Victor Valley Community College. Diana J. O'Malley, committee chair, called the meeting to order at 1:40 p.m.

COMMITTEE ROLL CALL: **Present:** Diana J. O'Malley, Edward Kieffer, Sheri Schmoll, William Tuck Jr., Carol Yule, and Diane Uli.

Absent: Rudy Cabriales

Six (6) committee members were present: Quorum was established

2.0 **PLEDGE OF ALLEGIANCE** – Mr. Tuck lead the group in the pledge to the flag.

3.0 INTRODUCTIONS

Ms. O'Malley yielded the floor to Michelle Messer, Administrative Secretary II (recorder) who introduced Shirley Snell-Gonzalez, Administrative Assistant, Administrative Services, who will be taking over the administrative duties for this committee. CBOC members introduced themselves and spoke of their role on the committee. GH Javaheripour, VVC Vice President of Administrative Services arrived at 2:00 pm.

Public Guests: none present

4.0 **AGENDA REVIEW** – approved as presented

5.0 PUBLIC COMMENTS

There were no public comments. Ms. O'Malley entertained comments from the committee members. Mr. Kieffer offered 1. A compliment to the Administrative staff on the appearance of the campus and 2. A complaint of the signal (Fish Hatchery Road), due to back up of traffic.

Ms. O'Malley stated that the Board of Trustees approved Victor Valley College's performance audit in their last meeting, February 8th. There was a bit of concern because the report picked up the verbiage of last year and said that there were no bond expenditures. That wording was not found or changed before it went to the Board of Trustees. Dr. O'Hearn was contacted and the figure was turned into \$17 million in expenditures. One of the things needed to be discussed at today's meeting is the report and items that this body would like changed in the audit. The members acknowledged that they had received a copy of the Bond audit.

6.0 ACTION ITEMS

Review and finalize annual report. Ms. Messer distributed copies of the annual report. Some of the verbiage is more technical; having received specified language from Al McQuilkin, gkk Program Manager. Ms. Messer presented a power point of a second option she created which made the report easier to read, showing project updates.

Ms. O'Malley recently reviewed the report and made changes. It was decided that the report would be reviewed page by page. Compliments were given to Ms. Messer on so carefully putting the report together. This information will be presented to the District Board of Trustees and the public. Ms. O'Malley stated that this is the second Annual Report.

The committee discussed in detail the layout and composition of the various sections in the Annual Report.

Ms. O'Malley stated that projects were accomplished under repair and upgrades specifically allowed by the measure, but we need to show the breakdown of the budget, completion, etc. That was the problem with the audit in that it just showed that \$17 million was spent. One member suggested that the college audit firm be replaced. People want to know how much money was received, how much money was spent and whether or not the expenses were appropriate.

Mr. Javaheripour stated that the college is going out for a new auditor next year, not because of the current firm's performance, but because their term is over. Every five years the District changes auditing firms. As far as the audit is concerned, the numbers were accounted for in Fund 42 of the General Fund, which are the bond funds within the Institutional Audit. Within the qualitative Performance Audit, the auditor talks about how the money was spent and whether the College followed the purchasing regulations and so forth. In that particular audit it was more descriptive in how the District conducted business in reference to spending Bond dollars wherein the accounting for Bond dollars is included in the Institutional Audit. There is a balance of approximately \$79 million in the Bond fund. However, these funds are included in VVC's annual audit report as "cash on hand." The audit does not report the bond revenue expenditure separately, but incorporates them within appropriate fields, so it is not easily distinguishable which fields is comprised of what funds. One member stated that the information will be confusing to the public. What the public needs is a simple explanation of what figures the auditor looked at. Mr. Javaheripour stated that it would probably be the committee's job, as subject matter experts, to take these subject items and package them for public consumption and offered to take the committee's direction and place the page with the expenses for the year and match it up against the Auditors numbers to make sense out of it. One member stated that each project does not have to be broken down necessarily by what goes to each project manager, to Highland partners, etc. What would be of interest to our partners would be how much were construction costs, etc.

7.0 COMMITTEE MEMBERS' COMMENTS

Discussion ensued with regard to the size of the Measure JJ notebooks. Ms. Messer offered to make notebooks for the new year, but the members stated that they like one notebook to keep everything in. She then asked for timelines, as far as her finishing the Annual Report for final revisions. A placeholder has been requested for the March Board of Trustees Meeting. Mr. Javaheripour stated that the report would be given as a part of the President's report at the beginning of the meeting.

Ms. Messer will mail the next draft to the members for their input. Mr. Tuck asked if additional copies could be received at the March meeting. Ms. Messer will print colored copies through the Print Shop. Additionally, she will mail and email copies to the members.

For further clarification with regard to the membership appointments and vacancies, Mr. Javaheripour stated that there was an extensive discussion about this topic with the attorney. As it happened, quarterly meetings were set up and just worked out that terms start April 1st and end March 31st. The positive point about the term of members is that a sitting president whose term is ending at the end of the March may present the annual report to the Board of Trustees before his/her term ends. Recommendation of new members will be going to the President and the Board for approval on March 8th and will start April 1st. Ms. O'Malley

commented that the prospective members could attend the March meeting to familiarize themselves.

Additionally, Mr. Javaheripour declared that at the March Board of Trustees meeting, a proposal will be presented with regard to projects on campus, and how they are tied to the fiscal issues that the State has thrown upon us, so showing the deficits. The District is looking at an approximate \$7 - 8M shortfall next year, including \$3.5 M from the state, if the June tax increase does not get passed by the citizens of California. The College has approximately \$37 – 38 M left in the Bond funds. The funding for the deficit can be fixed in two ways; increase revenue, decrease costs. Mr. Javaheripour plans to inform the Board of Trustees of the budget issues and recommend options to balance the budget. First, operating costs on campus have to be reduced. The College has \$37-8 M of bond funds and this is how the College would like to propose to spend that money for three (3) purposes: 1. Bond related projects that decrease our operating costs; 2. improve service to students, and 3. to update aged facilities on campus. For instance, some Bond funds were used to build the Solar field for advocacy of green, environment and energy efficiency. The staff will propose implementing an Energy Management System (EMS) in order to control building temperatures and lights to conserve energy. The project will replace 50-year old exterior lights to an LED system that will save on energy, labor and related operating costs. One member expressed concern with the way in which points one and two appeared, i.e., as though Bond funds were being used for operational costs. It was suggested that the first item should be to “update aged facilities.” Additional verbiage suggested: “Under the authority to upgrade aging buildings and infrastructure, we are proposing X, Y and Z which will have the effect of decreasing operating costs, making more funds available in the general fund budget.” Measure JJ language should be kept within the presentation. Ms. Messer stated that this substantiates that we do not need a large One Stop, which will not help our operational costs, which is related to the Bond. Ms. O’Malley stated that this is a controversial issue. There is a Board of Trustees member that wants a one Stop. Mr. Javaheripour said that a One Stop will be built, but hopefully not at the cost of \$23 M. The District can build one for about \$8 M.

The second project that is going to be attached to this money is the service to the students; such as the One Stop and improving facilities for lab space that will improve service to the students. Ms. Yule stated that language such as, “since the delay of the health services facilities, the facilities for health services will be expanded” could be used, i.e., use verbiage regarding Health Services. Ms. O’Malley suggested that during the presentation, that extreme caution be used in his wording with regard to the Bond funds. These are tough economic times; unforgiving from the public perspective, who may take out of context what is reported. We need to keep the language within the confines of bond language, “you are going to update aged facilities.” This is a real safe area. Increase lab space, because students need lab space, and our aged facilities are insufficient, which brings it all back into the technology, green technology, sustainable things we are doing.

Additionally, some money needs to be spent in the Vocational Education facilities and the music complex. According to Jim Roth it may be 12 -18 years before we are able to sell the next round of bonds at which time the College will have to build the west side before we can take any residuals of the fund and bring it back to the main campus to spruce up the aged buildings. Right now we are sitting at \$30.60 tax rate; the property valuation has to go up so it will bring the whole tax rate down to the \$25. The college made this commitment that it will not issue bonds unless it can do so at \$19.95 tax rates. That is where it pushes us to the 12 - 15 years. \$19.95 not only pays for the \$136 Million outstanding bonds, but also the \$164 balance to be sold. If the State sells any General Obligation bonds, then VVC may receive matching funds for construction of a Science Building in 2012 – 13. We are conducting studies right now to see what our enrollment trends are, and whether or not we need a 25 - 30,000 square foot Science facility or can we get away with something that is smaller to use for the next 10 to 12 years and wait until enrollment catches up.

Ms. O'Malley stated that Ms. Gonzalez would distribute the committee's 700 Forms, Conflict-of-Interest forms and asked that they be submitted upon completion or bring them to the March 16th meeting.

8.0 NEXT CITIZENS' OVERSIGHT COMMITTEE MEETING

The next regular meeting is scheduled for Wednesday, March 16, 2011, at 1:30 p.m. in the VVC Board Room. The meeting for the sub-committee to review CBOC applications will be held immediately after the adjournment of this meeting. Ms. Uli, Ms. Yule and Mr. Tuck are the sub-committee members.

9.0 ADJOURNMENT

Diana J. O'Malley adjourned the meeting at 3:05 p.m.