

RANCHO SANTIAGO COMMUNITY COLLEGE DISTRICT
2323 N. BROADWAY
SANTA ANA, CA 92706

MEASURE Q CITIZENS' BOND OVERSIGHT COMMITTEE
THURSDAY, JANUARY 14, 2016, MEETING 6:30 P.M.
SANTA ANA COLLEGE, S-215 (ADMINISTRATION BUILDING)

AGENDA

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| 1. Call to Order and Introductions – Alderete | Information |
| <p><u>Public Comment/Presentations</u>
At this time, members of the public have the opportunity to address the Measure Q Citizens' Bond Oversight Committee on any item within the subject matter jurisdiction of the committee. Members of the community and/or employees wishing to address the committee are asked to complete a "Public Comment" form and submit it to the committee's staff <u>prior</u> to the start of the meeting. Completion of the information on the form is voluntary. Each speaker may speak up to three minutes; however, the chair of the committee may, in the exercise of discretion, extend additional time to a speaker if warranted, or expand or limit the number of individuals to be recognized for discussion on a particular matter. If a translator for the speaker is needed, please contact the Assistant to the Vice Chancellor at 2323 N. Broadway, Suite 401-B, Santa Ana, California, 714-480-7430, on the Monday prior to the meeting so appropriate accommodations may be made.</p> <p>Please note that the committee cannot take action on any items not on the agenda, with certain exceptions as outlined in the <u>Brown Act</u>. Matters brought before the committee which are not on the agenda may, at the committee's discretion, be referred to staff or placed on the next agenda for committee consideration.</p> | |
| 2. Annual Organizational Meeting | Action |
| <ul style="list-style-type: none">• Election of Committee Officers (Chair and Co-Chair)• Adoption of schedule of meeting dates and times for 2016/17<ul style="list-style-type: none">May 12, 2016September 22, 2016January 19, 2017 (annual organizational)• Affirmation of the Citizens' Bond Oversight Committee Ethics Policy Statement• Affirmation of Citizens' Bond Oversight Committee Bylaws | |
| 3. Approval of Meeting Minutes – October 16, 2014, February 5, 2015 and November 10, 2015 | Action |
| 4. Measure Q Revenue Bond Construction Fund Audit Report for the fiscal year ended June 30, 2015 | Receive and Accept |
| 5. District Update – Dr. Rodriguez | Information |
| 6. Measure Q Projects Update – Matsumoto | Information |
| 7. Measure Q Financial Report – Hardash | Information |
| 8. Santa Ana College Update – Dr. Michael Collins, Vice President of Administrative Services for Dr. Erlinda Martinez | Information |
| 9. Committee Comments | Information |
| 10. Adjournment | Action |

The mission of the Rancho Santiago Community College District is to provide quality educational programs and services that address the needs of our diverse students and communities.

CITIZENS' BOND OVERSIGHT COMMITTEE ETHICS POLICY STATEMENT

This Ethics Policy Statement provides general guidelines for Committee members to follow while carrying out their roles. Not all ethics issues that Committee members face are covered in this Statement. However, this Statement captures some of the critical areas that help define ethical and professional conduct for Committee members. The provisions of this Statement were developed from existing laws, rules, policies and procedures as well as from concepts that define generally accepted good business practices. Committee members are expected to strictly adhere to the provisions of this Ethics Policy.

POLICY

- **CONFLICT OF INTEREST.** A Committee member shall not make or influence a District decision related to: (1) any contract funded by bond proceeds or (2) any construction project which will benefit the committee member's outside employment, business, or a personal finance or benefit an immediate family member, such as a spouse, child or parent.
- **OUTSIDE EMPLOYMENT.** A Committee member shall not use his or her authority over a particular matter to negotiate future employment with any person or organization that relates to: (1) any contract funded by bond proceeds, or (2) any construction project. A Committee member shall not make or influence a District decision related to any construction project involving the interest of a person with whom the member has an agreement concerning current or future employment, or remuneration of any kind. For a period of two (2) years after leaving the Committee, a former Committee member may not represent any person or organization for compensation in connection with any matter pending before the District that, as a Committee member, he or she participated in personally and substantially. Specifically, for a period of two (2) years after leaving the Committee, a former Committee member and the companies and business for which the member works shall be prohibited from contracting with the District with respect to: (1) bidding on projects funded by the bond proceeds; and (2) any construction project.
- **COMMITMENT TO UPHOLD LAW.** A Committee member shall uphold the federal and California Constitutions, the laws and regulations of the United States and the State of California (particularly the Education Code) and all other applicable government entities, and the policies, procedures, rules and regulations of the Rancho Santiago Community College District.
- **COMMITMENT TO DISTRICT.** A Committee member shall place the interests of the District above any personal or business interest of the member.

CITIZENS' BOND OVERSIGHT COMMITTEE BYLAWS

Section 1. Committee Established. The Rancho Santiago Community College District (the "District") School Facilities Improvement No. 1 ("Improvement District") was successful at the election conducted on November 6, 2012 (the "Bond Election") in obtaining authorization from the Improvement District's voters to issue up to \$198,000,000 aggregate principal amount of the District's general obligation bonds ("Measure Q"). The election was conducted under Proposition 39, being chaptered as the Strict Accountability in Local School Construction Bonds Act of 2000, at Section 15264 *et seq.* of the Education Code of the State ("Prop 39"). Pursuant to Section 15278 of the Education Code, the District is now obligated to establish the Committee in order to satisfy the accountability requirements of Prop 39. The Board of Trustees of the Rancho Santiago Community College District (the "Board") hereby establishes the Citizens' Bond Oversight Committee (the "Committee") which shall have the duties and rights set forth in these Bylaws. The Committee does not have legal capacity independent from the District.

Section 2. Purposes. The purposes of the Committee are set forth in Prop 39, and these Bylaws are specifically made subject to the applicable provisions of Prop 39 as to the duties and rights of the Committee. The Committee shall be deemed to be subject to the *Ralph M. Brown Public Meetings Act* of the State of California and shall conduct its meetings in accordance with the provisions thereof. The District shall provide necessary administrative support to the Committee as shall be consistent with the Committee's purposes, as set forth in Prop 39.

The proceeds of general obligation bonds issued pursuant to the Election are hereinafter referred to as "bond proceeds." The Committee shall confine itself specifically to bond proceeds generated under Measure Q. Regular and deferred maintenance projects and all monies generated under other sources shall fall outside the scope of the Committee's review.

Section 3. Duties. To carry out its stated purposes, the Committee shall perform only the following duties:

3.1 **Inform the Public.** The Committee shall inform the public concerning the District's expenditure of bond proceeds. In fulfilling this duty, all official communications to either the Board or the public shall come from the Chair acting on behalf of the Committee. The Chair shall only release information that reflects the majority view of the Committee.

3.2 **Review Expenditures.** The Committee shall review expenditure reports produced by the District to ensure that (a) bond proceeds were expended only for the purposes set forth in the Measure Q; and (b) no bond proceeds were used for teacher or administrative salaries or other operating expenses in compliance with Attorney General Opinion 04-110, issued on November 9, 2004.

3.3 **Annual Report.** The Committee shall present to the Board, in public session, an annual written report which shall include the following:

- (a) A statement indicating whether the District is in compliance with the requirements of Article XIII A, Section 1(b)(3) of the California Constitution; and
- (b) A summary of the Committee's proceedings and activities for the preceding year.

3.4 Duties of the Board/Chancellor. Either the Board or the Chancellor, as the Board shall determine, shall have the following powers reserved to it, and the Committee shall have no jurisdiction over the following types of activities:

- (i) Approval of Measure Q projects to get funded;
- (ii) Approval of contracts;
- (iii) Approval of change orders;
- (iv) Expenditures of bond funds;
- (v) Handling of all legal matters;
- (vi) Approval of project plans and schedules;
- (vii) Approval of all deferred maintenance plans; and
- (viii) Approval of the sale of bonds.

3.5 Measure Q Projects Only. In recognition of the fact that the Committee is charged with overseeing the expenditure of bond proceeds, the Board has not charged the Committee with responsibility for:

(a) Projects financed through the State of California, developer fees, redevelopment tax increment, certificates of participation, lease/revenue bonds, the general fund or the sale of surplus property without bond proceeds shall be outside the authority of the Committee.

(b) The establishment of priorities and order of construction for the bond projects, which shall be made by the Board in its sole discretion.

(c) The selection of architects, engineers, soils engineers, construction managers, project managers, CEQA consultants and such other professional service firms as are required to complete the project based on District criteria established by the Board in its sole discretion.

(d) The approval of the design for each project including exterior materials, paint color, interior finishes, site plan and construction methods (modular vs. permanent) which shall be determined by the Board in its sole discretion.

(e) The selection of independent audit firm(s), performance audit consultants and such other consultants as are necessary to support the activities of the Committee.

(f) The approval of an annual budget for the Committee that is sufficient to carry out its activities.

(g) The appointment or reappointment of qualified applicants to serve on the Committee, subject to legal limitations, and based on criteria adopted in the Board's sole discretion as part of carrying out its function under Prop 39.

Section 4. Authorized Activities.

4.1 In order to perform the duties set forth in Section 3.0, the Committee may engage in the following authorized activities:

(a) Receive and review copies of the District's annual independent performance audit and annual independent financial audit, required by Article XIII A of the California Constitution.

(b) Inspect school facilities and grounds for which bond proceeds have been or will be expended, in accordance with any access procedure established by the District's Vice Chancellor, Business Operations/Fiscal Services.

(c) Review copies of scheduled maintenance plans developed by the District.

(d) Review efforts by the District to maximize bond proceeds by implementing various cost-saving measures.

Section 5. Membership.

5.1 Number.

The Board of Trustees have determined that the Committee shall consist of at least eleven (11) members appointed by the Board of Trustees from a list of candidates submitting written applications, and based on criteria established by Prop 39, to wit:

- One (1) student enrolled and active in a community college support group, such as student government.
- One (1) member active in a business organization representing the business community located in the District.
- One (1) member active in a senior citizens' organization.
- One (1) member active in a bona-fide taxpayers association.
- One (1) member active in a support organization for Santa Ana College, such as a foundation.
- Six (6) members of the community at-large.

5.2 Qualification Standards.

(a) To be a qualified person, he or she must be at least 18 years of age.

(b) The Committee may not include any employee, official of the District or any vendor, contractor or consultant of the District.

5.3 Ethics: Conflicts of Interest. Members of the Committee are not subject to Articles 4 (commencing with Section 1090) and 4.7 (commencing with Section 1125) of Division 4 of Title 1 of

the Government Code and the Political Reform Act (Gov. Code §§ 81000 *et seq.*), and are not required to complete the Form 700. However, each member shall comply with the Committee Ethics Policy attached as "Attachment A" to these Bylaws.

5.4 Term. Except as otherwise provided herein, each member shall serve a term of two (2) years, commencing on the date of the first meeting of the Committee. No member may serve more than three (3) consecutive terms. At the Committee's first meeting, members will draw lots, or otherwise select a minimum majority (6) for an initial two (2) year term and the remaining members for an initial one (1) year term.

5.5 Removal; Vacancy. The Board may remove any Committee member for any reason, including failure to attend two consecutive Committee meetings without reasonable excuse or for failure to comply with the Committee Ethics Policy. Upon a member's removal, his or her seat shall be declared vacant. The Board, in accordance with the established appointment process shall fill any vacancies on the Committee. The Board shall seek to fill vacancies within 90 days of the date of occurrence of a vacancy. Members whose terms have expired may continue to serve on the Committee until their successor has been appointed.

5.6 Compensation. The Committee members shall not be compensated for their services.

5.7 Authority of Members. (a) Committee members shall not have the authority to direct staff of the District; (b) individual members of the Committee retain the right to address the Board as an individual; (c) the Committee shall not establish sub-committees for any purpose; and (d) the Committee shall have the right to request and receive copies of any public records relating to Measure Q funded projects.

Section 6. Meetings of the Committee.

6.1 Regular Meetings. The Committee shall meet at least once a year, but no more frequently than quarterly including an annual organization meeting to be held in January.

6.2 Location. All meetings shall be held within the Improvement District, located in Orange County, California.

6.3 Procedures. All meetings shall be open to the public in accordance with the *Ralph M. Brown Act*, Government Code Section 54950 *et seq.* Meetings shall be conducted according to such additional procedural rules as the Committee may adopt. A majority of the number of Committee members shall constitute a quorum for the transaction of any business.

Section 7. District Support.

7.1 The District shall provide to the Committee necessary technical and administrative assistance as follows:

(a) preparation of and posting of public notices as required by the *Brown Act*, ensuring that all notices to the public are provided in the same manner as notices regarding meetings of the District Board;

(b) provision of a meeting room, including any necessary audio/visual equipment;

(c) preparation and copies of any documentary meeting materials, such as agendas and reports; and

(d) retention of all Committee records, and providing public access to such records on an Internet website maintained by the District.

7.2 District staff and/or District consultants shall attend Committee proceedings in order to report on the status of projects and the expenditure of bond proceeds.

Section 8. Reports. In addition to the Annual Report required in Section 3.2, the Committee may report to the Board from time to time in order to advise the Board on the activities of the Committee. Such report shall be in writing and shall summarize the proceedings and activities conducted by the Committee.

Section 9. Officers. The Chancellor shall appoint the initial Chair. Thereafter, the Committee shall elect a Chair and a Vice-Chair who shall act as Chair only when the Chair is absent. The Chair and Vice-Chair shall serve in such capacities for a term of one year and may be re-elected by vote of a majority of the members of the Committee.

Section 10. Amendment of Bylaws. Any amendment to these Bylaws shall be approved by a majority vote of the Board of Trustees of the District.

Section 11. Termination. The Committee shall automatically terminate and disband concurrently with the Committee's submission of the final Annual Report which reflects the final accounting of the expenditure of all Measure Q monies.

Measure Q Citizens' Bond Oversight Committee

Meeting of October 16, 2014
6:00 p.m.
District Board Room – District Office

Members Present:

Eric Alderete
Alex Flores
Rene Guzman
Nellie Caudillo Kaniski
Irma Avila Macias
Kenneth Nguyen
Jorge Rocha

Members Absent:

Alexandria Castro
Max Madrid
Eddie Marquez

District Staff Present:

Peter Hardash, Vice Chancellor
Erlinda Martinez, President – Santa Ana College
Carri Matsumoto, Assistant Vice Chancellor, Facility Planning
Adam O'Connor, Assistant Vice Chancellor, Fiscal Services

1. **Meeting called:** Mr. Nguyen called the meeting at 6:05 p.m.
Public Comments - There were no public comments.
2. **Approval of Meeting Minutes – October 24, 2013** – Mr. Nguyen called for a motion to approve the Meeting Minutes of the October 24, 2013 meeting. A motion was made by Mr. Flores, seconded by Ms. Macias and approved unanimously.
3. **Measure Q Citizens' Bond Oversight Committee** - Mr. Hardash informed the committee that the Chancellor will not be present this evening and thanks the committee for their participation.

Mr. Hardash reviewed the current membership, the taxpayer association position is still vacant, this position is required and the district is actively seeking a person to fill this spot. This committee is an eleven member committee; six are needed for a quorum. No quorum was reached for the two previously scheduled meetings; therefore, the meetings were cancelled.

Mr. Hardash shared with the committee the changes in the bylaws, the revision now allows for members to serve for three consecutive two year terms if a member wishes to continue serving. The bylaws were amended and approved by the Board of Trustees.

The Board of Trustees has asked the District to prepare an RFP for Bond Counsel. After review of the proposals by the committee which included Mr. Alderete as chair of this committee, the firm of Nixon Peabody has been hired as bond counsel to the Measure Q bond.

Mr. Hardash concluded by informing the committee that making a quorum has been difficult and asked the committee for their preference in communication regarding information and meetings. The committee agreed that email is the best way to receive communication from the District. The Board of Trustees preference is that the committee continues to meet as scheduled and not cancel meetings when possible.

Mr. Alderete arrived at this time.

4. **Measure Q Projects Update and Sequencing** – Ms. Matsumoto presented an update listing all projects to be funded by Measure Q:
- ✓ Dunlap Hall Renovation: This project is to renovate and replace the aging guard rails around the pedestrian walkways on all levels of Dunlap Hall including a new elevator and stair tower. Construction began in April 2014 with completion by the end of June 2015 if the project is on schedule. The budget for this project is \$15.27 million.
 - ✓ Central Plant and Infrastructure: This project is the construction of a new Central Plant Building and will be built in phases. Phase I includes the utility replacement. Phase II will be the central plant building and Phase III will be the mechanical upgrades to eight buildings and includes a new central cooling plant, underground chilled water piping loop, upgrading existing gas, domestic water lines, sewer, drainage and fire water systems. This project is currently in the design phase with a target construction date of June 2015 through the Fall of 2017. The budget is \$67.9 million.
 - ✓ Johnson Student Center: Construction of a new Johnson Student Center, the current Johnson Center and bookstore annex will be demolished. The architect selected for this project is HPI Architecture which was Board approved on September 8, 2014. Demolition is scheduled for August 2016, but still under review. The budget is \$28.49 million.
 - ✓ STEM Building: Construction of a new 63,000 sq. ft. science and math complex which will house modern laboratories, classrooms, lecture halls and faculty offices. The architect selected for this project is HGA Architects and will be sent to the Board of Trustees for their approval on October 13, 2014. The budget is \$62.94 million.

- ✓ Health Sciences Building: Construction of a 55,000 sq. ft. building to allow for the consolidation and growth of the Health Science Programs including Nursing, Occupational Therapy Assistant, Medical Assistant, Emergency Medical Technician and Pharmacy Technology. This project has been submitted to the state for future funding. The budget for this project is \$41.25 million (approximately) however additional funds are needed to start construction. This building is eligible for \$19 million in state bond funding should the funds become available. A bond may not be on the ballot until 2016 or 2018. Any funds remaining in other projects, after completion will be held for this building.
 - ✓ Parking Lot at 17th and Bristol Streets: This project is the new surface parking lot. This parking lot is currently being utilized as parking for contractors working on Dunlap Hall in order to not impact student parking. This property was acquired by Measure E funds but will be completed with Measure Q funds. The budget is \$1.65 million.
5. **Measure Q Bond Issuance, Series A** – Mr. Hardash informed the committee that Measure E fronted funds for some of the Measure Q projects and will be reimbursed by Measure Q, after review from legal counsel, approximately \$4.8 million. The \$198 million cannot be issued all at once and issuances must be spent within a three year window. Measure Q Bonds, Series A for \$71 million was sold yesterday morning at great rates as the stock market tanked; a rate of 3.55%. Our taxpayers will repay \$1.70 for every \$1 of bonds issued through the life of the bond. The next issuance, Series B will be issued in 2017 for approximately \$50 million followed by the remainder, Series C in 2020.
 6. **Santa Ana College Update** – Dr. Martinez thanked all for participating on this committee and supporting Measure Q. The college is undergoing major renovations such as hacienda type walls at the entrances, new lighting and uniform building facades to give a hint of the old rancho feel. Dr. Martinez shared plans for the centennial celebrations; contributions towards scholarships to meet the \$1 million goal, and Santa Ana College submitting an application for a pilot program to offer a, baccalaureate degree. The degree must be offered in an area that is not currently being offered at a four year college. Only 15 community colleges will be selected.
 7. **Future Meetings:** The next meeting is scheduled for January 22, 2015 at 6:00 p.m.
 8. **Adjournment:** Mr. Alderete adjourned the meeting at 7:00 p.m.

Measure Q Citizens' Bond Oversight Committee

Meeting of February 5, 2015
6:00 p.m.
District Board Room – District Office

Members Present:

Alex Flores
Rene Guzman
Nellie Caudillo Kaniski
Irma Avila Macias
Kenneth Nguyen

District Staff Present:

Dr. Raúl Rodríguez, Chancellor
Peter Hardash, Vice Chancellor
Dr. Erlinda Martinez, President – Santa Ana College
Carri Matsumoto, Assistant Vice Chancellor, Facility Planning
Adam O'Connor, Assistant Vice Chancellor, Fiscal Services

1. **Meeting called:** Mr. Nguyen called the meeting at 6:02 p.m.

Public Comments - There were no public comments.

2. **Annual Organization Meeting** – Due to a lack of quorum the election of the chair and co-chair, adoption of meeting schedule and the affirmation of the Ethics Policy and Bylaws will be moved to the next meeting.

Meeting Hardash reviewed the items with the member in attendance as information.

3. **Approval of Meeting Minutes – October 16, 2014:** Due to a lack of quorum the approval of the October 16, 2014 meeting will be moved to the next meeting.
4. **District Update – Dr. Rodríguez:** Dr. Rodríguez reviewed the current membership and pointed out the vacancies. In order to take action on the agenda items, a quorum must be met. If any committee members know of anyone who is interested in serving on this committee and can make the three meetings per year, please have them fill out the application on the District website for consideration and return it to the Chancellor's Office.

Dr. Rodríguez stated that will be some negative press in the OC Register on the Orange Education Center, a Measure E project. All classes were moved to a temporary leased facility once the district learned that the building did not follow the proper channels for DSA approval. The District is currently working with legal counsel, architects and engineers to determine how to bring the building up to current code. Some funds remain in Measure E for the

renovation, or possible tear down, as well as some redevelopment funds and funds identified by the District.

5. **Measure Q Projects Update and Sequencing – Ms. Matsumoto:** Ms.

Matsumoto reviewed the following projects:

- ✓ **Dunlap Hall Renovations:** Construction began in April 2014 with a target completion of September 2015. The project is delayed due to a delay in fabrication of structural steel and discovery of unforeseen roof leaks. The roof will be replaced following the renovation of work and completed under another contract. The budget is now estimated at \$17.22 million.
- ✓ **Central Plant and Infrastructure:** This project is the construction of a new Central Plant Building and will be constructed in phases. Phase I is the utility replacement, Phase II is the central plant and Phase III will include the mechanical upgrades to eight buildings. It also includes a new central cooling plant, underground chilled water piping loop, upgrading of the existing gas, domestic water lines, sewer, drainage and fire water systems. The target construction period is July 2015 through winter of 2017. The budget is estimated at \$68.17 million.
- ✓ **Johnson Student Center:** This project is the construction of a new Johnson Student Center, the old bookstore annex and the current Johnson Center will be demolished. The project is in program confirmation phase and HPI Architects continues meeting with user groups. The target demolition is scheduled for 2016. The temporary village currently houses the staff from Dunlap Hall, once they are moved back into their building, the staff from the Johnson Center will move into the temporary village until the new center is completed. The budget is estimated at \$28.49 million.
- ✓ **STEM Building:** This project is the construction of a new 63,000 sq. ft. science and math complex housing modern laboratories, classrooms, lectures halls and faculty offices. HGA Architects is in the programming phase and continues meeting with user groups. Preconstruction firm selection is under review. Demolition activities target start in August 2016, however, still under review. The budget is estimated at \$62.94 million.
- ✓ **Health Sciences Building:** This project is the construction of a 55,000 sq. ft. facility to allow for consolidation and growth of the health sciences programs including nursing, occupational therapy assistant, medical assistant, emergency medical technician and pharmacy technology. This project has been submitted to the state for future funding. The budget is estimated at \$41.25 million, however, additional funds are needed to begin construction.
- ✓ **Parking Lot at 17th and Bristol Streets:** This project is the new surface parking lot on the corner across the street from the main campus. The project is in design development phase. Currently the lot is being used by contractors for parking as to not impact student parking on the campus. It is also a holding/staging area for the contractors. Acquisition of the property was paid for by Measure E. The budget is estimated at \$1.65 million.

6. **Measure Q Financial Summary – Mr. O'Connor:** Mr. O'Connor reviewed the Measure Q Projects Cost Summary with the committee as of January 23, 2015. Each of the six projects shows the project allocation, expenditures,

encumbrances, cumulative expenditures and encumbrances, project balances and the percentage spent as of the date of the report. \$70.5 million was issued in Series "A" of the \$198 million. As of January 23, 2015, 17% has been spent.

7. **Measure Q Bond Issuance, Series A – Mr. Hardash:** Mr. Hardash stated that the first issuance of \$70,585,000 was issued and must be spent down in a three year period. Measure E fronted approximately \$7.1 million to begin work on Dunlap Hall until the first issuance of Measure Q, approved by Bond Counsel and the RSCCD Board of Trustees. Measure E has been reimbursed.
8. **Santa Ana College Update – Dr. Martinez:** Dr. Martinez stated that there is a lot going on and around the campus with construction.

Santa Ana College was approved to be one of a few community colleges to offer a baccalaureate degree in occupation therapy.

The Centennial campaign starts tomorrow with the burying of the time capsule. March 17th will be the grand reopening of the Planetarium and the new Veteran's Center. Save the date will be emailed to the committee. The 100th birthday party is scheduled for Saturday, September 19th.

9. **Comments:** Committee members inquired about the timeline for the annual report to the community of the Measure Q Committee. Mr. Hardash stated that the timeline is production during the summer months submitted to this committee, in September for review, edits and recommendation and to the Board of Trustees for approval at their October Board meeting.
10. **Future Meetings:** The next meeting is scheduled for September 17, 2015 at 6:00 p.m.
11. **Adjournment:** Mr. Nguyen adjourned the meeting at 6:55 p.m.

Measure Q Citizens' Bond Oversight Committee

Meeting of November 10, 2015
6:00 p.m.
District Board Room – District Office

Members Present:

Eric Alderete
Gretchen Burkhardt
Rene Guzman
Zeke Hernandez
Irma Avila Macias
Kenneth Nguyen

District Staff Present:

Dr. Raúl Rodríguez, Chancellor
Peter Hardash, Vice Chancellor
Dr. Erlinda Martinez, President – Santa Ana College
Carri Matsumoto, Assistant Vice Chancellor, Facility Planning

1. **Meeting called:** Mr. Alderete called the meeting at 6:27 p.m.

Public Comments - There were no public comments.

2. **Approval of the Measure Q Citizens' Bond Oversight Committee 2014-15 Annual Report to the Community** – Mr. Hardash reviewed the draft report with the committee. Staff along with the chair of the committee, who has provided comments in the report, have prepared the annual report including the financial information for the first issuance which have been confirmed as a clean audit by the District auditors. This report includes a list of projects, a description of each project and current pictures of buildings and architectural renderings of projects to be completed under Measure Q. The members of the committee and a list of the Board of Trustees are also included.

Committee members provided input and minor changes to the report. Mr. Hardash stated that the edits would be incorporated and the report will be submitted to the Board of Trustees at their December 7, 2015 meeting for their approval. Once the report is approved, the report will be made available on the District website and printed copies will be available as well.

Mr. Alderete called for a motion to approve the 2014-2015 Measure Q Citizens' Bond Oversight Committee Annual Report to the Community. It was motioned by Ms. Macias, seconded by Mr. Nguyen and approved unanimously by the committee to move the report forward to the RSCCD Board of Trustees for approval.

3. **Comments:** Ms. Burkhardt stated that she will bring back information to the ASG to educate students on what Measure Q is and how it will change the campus. Ms. Burkhardt asked Dr. Martinez to consider a forum for the students where Ms. Matsumoto can also attend and provide answers to student questions about the construction and projects.

Mr. Guzman stated that sharing information with his constituent groups in the community will be much easier by providing them the annual report and answering questions community members may have.

Mr. Hernandez stated that he attended the Central Plant groundbreaking and is excited about being a part of the changing campus. Mr. Hernandez further stated the importance of meeting a quorum for future meetings and deferred to the chair to encourage all committee members to attend.

Ms. Macias further stated the importance of not having to cancel meetings due to a lack of quorum. Ms. Macias looks forward to continuing on the committee.

Mr. Nguyen stated that he was out of town and unable to attend the 100 year anniversary but wishes the college much success for the next 100 years.

Mr. Alderete stated that he attended the anniversary celebration for a short period of time and congratulates Santa Ana College.

Dr. Rodríguez thanked the committee for attending the meeting this evening and encouraged to committee to continue their participation.

Mr. Hardash added that the next meeting is scheduled for January 2016, per the bylaws, the committee must meet in the month of January for the annual organizational meeting. The committee discussed meeting times, it was suggested by Mr. Alderete that the committee meet at 6:30 p.m.

Mr. Hardash stated that the Board of Trustees has appointed Mr. Jim Hossfeld of the SchoolsFirst Federal Credit Union to this committee at their meeting last evening. He was unable to attend this meeting and will be present at the January meeting.

Dr. Martinez thanked all who attended the Central Plant groundbreaking and invited the committee to the Science Center groundbreaking on May 26, 2016. Information will be made available to the committee when confirmed.

4. **Future Meetings:** The next meeting is scheduled for January 14, 2016 at 6:30 p.m. at Santa Ana College and will include a tour, weather permitting.
5. **Adjournment:** Mr. Alderete adjourned the meeting at 7:00 p.m.



To the Board of Trustees and Citizens' Oversight Committee
Rancho Santiago Community College District
Santa Ana, California

We have audited the financial statements of the Measure Q Revenue Bond Construction Fund of Rancho Santiago Community College District (the District) for the year ended June 30, 2015, and have issued our report thereon dated December 3, 2015. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards and *Government Auditing Standards*, as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our letter to you dated February 25, 2015. Professional standards also require that we communicate to you the following information related to our audit.

Significant Audit Findings

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the District are described in Note 1 to the financial statements. No new accounting policies were adopted, and the application of existing policies was not changed during 2015. We noted no transactions entered into by the District during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. There were no sensitive estimates affecting the District's Measure Q Revenue Bond Construction Fund financial statements.

The financial statement disclosures are neutral, consistent, and clear.

Difficulties Encountered in Performing the Audit

We encountered no significant difficulties in dealing with management in performing and completing our audit.

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all misstatements identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management. No such misstatements were noted in completing our audit.

Disagreements With Management

For purposes of this letter, a disagreement with management is a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

Management Representations

We have requested certain representations from management that are included in the management representation letter dated December 3, 2015.

Management Consultations With Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the District's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Other Audit Findings or Issues

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the District's auditors. However, these discussions occurred in the normal course of our professional relationship, and our responses were not a condition to our retention.

Restriction on Use

This information is intended solely for the use of the Board of Trustees, management of the Rancho Santiago Community College District, and the Rancho Santiago Citizens' Oversight Committee. It is not intended to be, and should not be, used by anyone other than these specified parties.

Varrinck, Trine, Day & Co., LLP

Rancho Cucamonga, California
December 3, 2015

**RANCHO SANTIAGO
COMMUNITY COLLEGE DISTRICT**

**MEASURE Q
REVENUE BOND CONSTRUCTION FUND
AUDIT REPORT**

JUNE 30, 2015

**RANCHO SANTIAGO
COMMUNITY COLLEGE DISTRICT**

**MEASURE Q
REVENUE BOND CONSTRUCTION FUND
FINANCIAL AUDIT**

JUNE 30, 2015

**RANCHO SANTIAGO COMMUNITY COLLEGE DISTRICT
MEASURE Q REVENUE BOND CONSTRUCTION FUND**

**FINANCIAL AUDIT
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JUNE 30, 2015**

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FINANCIAL SECTION



INDEPENDENT AUDITOR'S REPORT

Board of Trustees and Citizens' Oversight Committee
Rancho Santiago Community College District
Santa Ana, California

Report on the Financial Statements

We have audited the accompanying financial statements of the Rancho Santiago Community College District (the District), Measure Q Revenue Bond Construction Fund (Measure Q), as of and for the year ended June 30, 2015, and the related notes to the financial statements, as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statement in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the District's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting principles used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall financial statement presentation.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Measure Q Revenue Bond Construction Fund (Measure Q) of the District at June 30, 2015, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note 1, the financial statements present only the Measure Q Revenue Bond Construction Fund specific to Measure Q, and are not intended to present fairly the financial position and changes in financial position of the District in accordance with accounting principles generally accepted in the United States of America.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 3, 2015, on our consideration of the District's Measure Q Revenue Bond Construction Fund (Measure Q) internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's Measure Q Revenue Bond Construction Fund (Measure Q) internal control over financial reporting and compliance. Accordingly, this communication is not suitable for any other purpose.

Vavrinich, Trine, Day & Co., LLP

Rancho Cucamonga, California
December 3, 2015

**RANCHO SANTIAGO COMMUNITY COLLEGE DISTRICT
MEASURE Q REVENUE BOND CONSTRUCTION FUND**

**BALANCE SHEET
JUNE 30, 2015**

ASSETS

Investments	\$ 54,058,672
Accounts receivable	20,591
Due from other funds	<u>190,675</u>
Total Assets	<u><u>\$ 54,269,938</u></u>

LIABILITIES AND FUND BALANCE

LIABILITIES

Accounts payable	\$ 1,374,732
Due to other funds	<u>42,490</u>
Total Liabilities	<u><u>1,417,222</u></u>

FUND BALANCE

Restricted	
Capital projects	<u>52,852,716</u>
Total Liabilities and Fund Balance	<u><u>\$ 54,269,938</u></u>

The accompanying notes are an integral part of these financial statements.

**RANCHO SANTIAGO COMMUNITY COLLEGE DISTRICT
MEASURE Q REVENUE BOND CONSTRUCTION FUND**

**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE
FOR THE YEAR ENDED JUNE 30, 2015**

REVENUES

Local revenues \$ 172,417

EXPENDITURES

Current Expenditures

Services and other expenditures 29,885

Capital outlay 17,289,816

Total Expenditures 17,319,701

DEFICIENCIES OF REVENUES OVER EXPENDITURES (17,147,284)

OTHER FINANCING SOURCES

Other sources - proceeds from bond issuance 70,000,000

**EXCESS OF REVENUES AND OTHER
FINANCING SOURCES OVER EXPENDITURES**

52,852,716

FUND BALANCE, BEGINNING OF YEAR

-

FUND BALANCE, END OF YEAR

\$ 52,852,716

The accompanying notes are an integral part of these financial statements.

RANCHO SANTIAGO COMMUNITY COLLEGE DISTRICT MEASURE Q REVENUE BOND CONSTRUCTION FUND

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2015

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of the Measure Q Revenue Bond Construction Fund (Measure Q) conform to accounting principles generally accepted in the United States of America as prescribed by the Governmental Accounting Standards Board (GASB) and the American Institute of Certified Public Accountants (AICPA).

Financial Reporting

The audited financial statements include only the Measure Q Revenue Bond Construction Fund of Rancho Santiago Community College District (the District). This Fund was established to account for the receipt of proceeds of general obligation bond issuances and the expenditures of the proceeds under the General Obligation Bond Election of November 2012. These financial statements are not intended to present fairly the financial position and the changes in financial position of the District in compliance with accounting principles generally accepted in the United States of America.

Fund Accounting

The operations of the Measure Q Revenue Bond Construction Fund are accounted for in a separate set of self-balancing accounts that comprise its assets, liabilities, fund balance, revenues, and expenditures. Resources are allocated to, and accounted for, in the fund based upon the purpose for which they are to be spent and the means by which spending activities are controlled.

Basis of Accounting

The Measure Q Revenue Bond Construction Fund is accounted for using a flow of current financial resources measurement focus and the modified accrual basis of accounting. With this measurement focus, only current assets and current liabilities generally are included on the balance sheet. The statement of revenues, expenditures, and changes in fund balance reports on the sources (revenues and other financing sources) and uses (expenditures and other financing uses) of current financial resources. These fund financial statements do not include the adoption of GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, as the District was not required to adopt GASB Statement No. 54 under the reporting requirements of GASB Statement No. 35.

Budgets and Budgetary Accounting

Annual budgets are adopted on a basis consistent with accounting principles generally accepted in the United States of America for all governmental funds. The District's governing board adopts an operating budget in accordance with State law. A public hearing must be conducted to receive comments prior to adoption. The District's governing board satisfied these requirements. The Board revises this budget during the year to give consideration to unanticipated revenues and expenditures primarily resulting from events unknown at the time of budget adoption. The District employs budget control by minor object and by individual appropriation accounts. Expenditures cannot legally exceed appropriations by major object account.

RANCHO SANTIAGO COMMUNITY COLLEGE DISTRICT MEASURE Q REVENUE BOND CONSTRUCTION FUND

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2015

Encumbrances

The District utilizes an encumbrance accounting system under which purchase orders, contracts, and other commitments for the expenditure of monies are recorded in order to reserve that portion of the applicable appropriation. Encumbrances are liquidated when the commitments are paid and all outstanding encumbrances lapse at June 30.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures during the reporting period. Actual results could differ from those estimates.

Fund Balance - Governmental Funds

As of June 30, 2015, the fund balance of the Measure Q Revenue Bond Construction Fund was classified as follows:

Restricted - amounts that can be spent only for specific purposes because of constitutional provisions or enabling legislation, or because of constraints that are externally imposed by creditors, grantors, contributors, or the laws or regulations of other governments.

NOTE 2 - INVESTMENTS

Policies and Practices

The District is authorized under California Government Code to make direct investments in local agency bonds, notes, or warrants within the State; U.S. Treasury instruments; registered State warrants or treasury notes; securities of the U.S. Government, or its agencies; bankers acceptances; commercial paper; certificates of deposit placed with commercial banks and/or savings and loan companies; repurchase or reverse repurchase agreements; medium term corporate notes; shares of beneficial interest issued by diversified management companies, certificates of participation, obligations with first priority security; and collateralized mortgage obligations.

Investment in County Treasury - The District is considered to be an involuntary participant in an external investment pool as the District is required to deposit receipts and collections of monies with their County Treasurer (*Education Code* Section 41001). The fair value of the District's investment in the pool is reported in the accompanying financial statements at amounts based upon the District's pro-rata share of the fair value provided by the County Treasurer for the entire portfolio (in relation to the amortized cost of that portfolio). The balance available for withdrawal is based on the accounting records maintained by the County Treasurer, which are recorded on the amortized cost basis.

**RANCHO SANTIAGO COMMUNITY COLLEGE DISTRICT
MEASURE Q REVENUE BOND CONSTRUCTION FUND**

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015**

General Authorizations

Limitations as they relate to interest rate risk, credit risk, and concentration of credit risk are indicated in the schedules below:

<u>Authorized Investment Type</u>	<u>Maximum Remaining Maturity</u>	<u>Maximum Percentage of Portfolio</u>	<u>Maximum Investment in One Issuer</u>
Local Agency Bonds, Notes, Warrants	5 years	None	None
Registered State Bonds, Notes, Warrants	5 years	None	None
U.S. Treasury Obligations	5 years	None	None
U.S. Agency Securities	5 years	None	None
Banker's Acceptance	180 days	40%	30%
Commercial Paper	270 days	25%	10%
Negotiable Certificates of Deposit	5 years	30%	None
Repurchase Agreements	1 year	None	None
Reverse Repurchase Agreements	92 days	20% of base	None
Medium-Term Corporate Notes	5 years	30%	None
Mutual Funds	N/A	20%	10%
Money Market Mutual Funds	N/A	20%	10%
Mortgage Pass-Through Securities	5 years	20%	None
County Pooled Investment Funds	N/A	None	None
Local Agency Investment Fund (LAIF)	N/A	None	None
Joint Powers Authority Pools	N/A	None	None

Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. The District does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. The District manages its exposure to interest rate risk by investing in the Orange County Investment Pool. The District maintains an investment of \$54,058,672 with the Orange County Investment Pool. The fair value of this investment is approximately \$54,091,947 with a weighted average maturity of 370 days.

Credit Risk

Credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. The District's investment in the Orange County Investment Pool is rated AAAM/AAM by Standard & Poor's.

**RANCHO SANTIAGO COMMUNITY COLLEGE DISTRICT
MEASURE Q REVENUE BOND CONSTRUCTION FUND**

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015**

NOTE 3 - ACCOUNTS RECEIVABLE

Receivables at June 30, 2015, consist of the following:

Interest income	<u><u>\$ 20,591</u></u>
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NOTE 4 - DUE FROM OTHER FUNDS

Due from Capital Outlay Projects Fund	\$ 77,575
Due from Measure E Revenue Bond Construction Fund	113,100
Total	<u><u>\$ 190,675</u></u>

NOTE 5 - ACCOUNTS PAYABLE

Accounts payable at June 30, 2015, consist of the following:

Vendor payables	<u><u>\$ 1,374,732</u></u>
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NOTE 6 - DUE TO OTHER FUNDS

Due to Measure E Revenue Bond Construction Fund	<u><u>\$ 42,490</u></u>
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NOTE 7 - FUND BALANCE

Fund balance is composed of the following element:

Restricted Capital projects	<u><u>\$ 52,852,716</u></u>
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**RANCHO SANTIAGO COMMUNITY COLLEGE DISTRICT
MEASURE Q REVENUE BOND CONSTRUCTION FUND**

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015**

NOTE 8 - COMMITMENTS AND CONTINGENCIES

As of June 30, 2015, the Measure Q Revenue Bond Construction Fund had the following significant construction commitments as defined by the bond documents:

	<u>Spent to Date</u>	<u>Remaining Construction Commitment</u>	<u>Expected Date of Completion</u>
Santa Ana College			
Dunlap Hall Renovation	\$ 12,620,658	\$ 4,459,876	2016
Johnson Student Center	177,508	2,390,260	2020
Central Plant Infrastructure	4,151,537	6,481,224	2017
17th and Bristol Street Parking Lot	112,078	50,873	2016
Science Center	228,035	4,416,004	2019
	<u>\$ 17,289,816</u>	<u>\$ 17,798,237</u>	

Litigation

The District is involved in various litigation arising from the normal course of business. In the opinion of management and legal counsel, the disposition of all litigation pending is not expected to have a material adverse effect on the overall financial position of the District's Measure Q Revenue Bond Construction Fund at June 30, 2015.

INDEPENDENT AUDITOR'S REPORT



**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED
ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN
ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

Board of Trustees and Citizens' Oversight Committee
Rancho Santiago Community College District
Santa Ana, California

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the accompanying financial statements of the Rancho Santiago Community College District (the District) Measure Q Revenue Bond Construction Fund (Measure Q), as of and for the year ended June 30, 2015, and the related notes to the financial statements, and have issued our report thereon dated December 3, 2015.

Emphasis of Matter

As discussed in Note 1, the financial statements present only the Measure Q Revenue Bond Construction Fund specific to Measure Q, and are not intended to present fairly the financial position and changes in financial position of the District in accordance with accounting principles generally accepted in the United States of America.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the District's Measure Q Revenue Bond Construction Fund (Measure Q) internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's Measure Q Revenue Bond Construction Fund (Measure Q) internal control. Accordingly, we do not express an opinion on the effectiveness of the District's Measure Q Revenue Bond Construction Fund (Measure Q) internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. *A material weakness* is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the District's Measure Q Revenue Bond Construction Fund (Measure Q) financial statements will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit, we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Measure Q Revenue Bond Construction Fund (Measure Q) of the District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of This Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's Measure Q Revenue Bond Construction Fund (Measure Q) internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's Measure Q Revenue Bond Construction Fund (Measure Q) internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Rancho Cucamonga, California
December 3, 2015

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

**RANCHO SANTIAGO COMMUNITY COLLEGE DISTRICT
MEASURE Q REVENUE BOND CONSTRUCTION FUND**

**FINANCIAL STATEMENT FINDINGS
JUNE 30, 2015**

None reported.

**RANCHO SANTIAGO
COMMUNITY COLLEGE DISTRICT**

**MEASURE Q
REVENUE BOND CONSTRUCTION FUND
PERFORMANCE AUDIT**

JUNE 30, 2015

**RANCHO SANTIAGO COMMUNITY COLLEGE DISTRICT
MEASURE Q REVENUE BOND CONSTRUCTION FUND**

**PERFORMANCE AUDIT
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JUNE 30, 2015**

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INDEPENDENT AUDITOR'S REPORT ON PERFORMANCE

Board of Trustees and Citizens' Oversight Committee
Rancho Santiago Community College District
Santa Ana, California

We were engaged to conduct a performance audit of Rancho Santiago Community College District (the District) Measure Q Revenue Bond Construction Fund (Measure Q) for the year ended June 30, 2015.

We conducted this performance audit in accordance with the standards applicable to performance audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our conclusion based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our conclusions based on our audit objectives.

Our audit was limited to the objectives listed within the report which includes determining the District's compliance with the performance requirements as referred to in Proposition 39 and outlined in Article XIII A, Section 1 (b)(3)(C) of the California Constitution. Management is responsible for the District's compliance with those requirements.

In planning and performing our performance audit, we obtained an understanding of the District's internal control in order to determine if the internal controls were adequate to help ensure the District's compliance with the requirements of Proposition 39 and outlined in Article XIII A, Section 1 (b)(3)(C) of the California Constitution, but not for the purpose of expressing an opinion of the effectiveness of the District's internal control. Accordingly, we do not express an opinion on the effectiveness of the District's internal control.

The results of our tests indicated that the District expended Measure Q Revenue Bond Construction Fund (Measure Q) only for the specific projects approved by the voters, in accordance with Proposition 39 and outlined in Article XIII A, Section 1 (b)(3)(C) of the California Constitution.

Vavrinek, Trine, Day & Co., LLP
Rancho Cucamonga, California
December 3, 2015

RANCHO SANTIAGO COMMUNITY COLLEGE DISTRICT MEASURE Q REVENUE BOND CONSTRUCTION FUND

JUNE 30, 2015

AUTHORITY FOR ISSUANCE

The Measure Q Revenue Bond Construction Fund (the Bonds) were issued pursuant to the Constitution and laws of the State of California (the State), including the provisions of Chapters 1 and 1.5 of Part 10 of the California Education Code, and other applicable provisions of law. The District received authorization from an election held on November 6, 2012, to issue bonds of the District in an aggregate principal amount not to exceed \$198,000,000 to finance the acquisition, construction, and modernization of certain property and District facilities. The Measure required approval by at least 55 percent of the votes cast by eligible voters within the District.

In October 2014, the District issued General Obligation Bonds, Election of 2012, Series 2014 A in the amount of \$70,585,000. The Series 2014 A Bonds were authorized to be issued by a resolution adopted by the Board of Supervisors of the County, pursuant to a request of the District made by a resolution adopted by the Board of Trustees of the District on September 22, 2014. The Bonds represent the first series of bonds sold within the Authorization.

PURPOSE OF ISSUANCE

The net proceeds of the Bonds issued under the 2012 Authorization will be used for the purpose specified in the District bond proposition submitted at the Election, which include the purposes of improving safety and the quality of education in the District by helping to finance the acquisition and construction of certain property and District facilities.

AUTHORITY FOR THE AUDIT

On November 7, 2000, California voters approved Proposition 39, the Smaller Classes, Safer Schools and Financial Accountability Act. Proposition 39 amended portions of the California Constitution to provide for the issuance of general obligation bonds by school district, community college districts, or county offices of education for the following: "construction, reconstruction, rehabilitation, or replacement of school facilities, including the furnishing and equipping of school facilities, or the acquisition or lease of rental property for school facilities", upon approval by 55 percent of the electorate. In addition to reduction of the approval threshold from two-thirds to 55 percent, Proposition 39 and the enacting legislation (AB 1908 and AB 2659) requires the following accountability measures as codified in *Education Code* Sections 15278-15282:

1. Requires that the proceeds from the sale of the bonds be used only for the purposes specified in Article XIII A, Section 1(b)(3)(C) of the California Constitution, and not for any other purpose, including teacher and administrator salaries and other District operating expenses.
2. The District must list the specific facilities projects to be funded in the ballot measure, and must certify that the governing board has evaluated safety and information technology needs in developing the project list.
3. Requires the District to appoint a Citizens' Oversight Committee.

**RANCHO SANTIAGO COMMUNITY COLLEGE DISTRICT
MEASURE Q REVENUE BOND CONSTRUCTION FUND**

JUNE 30, 2015

4. Requires the District to conduct an annual independent financial audit and performance audit in accordance with the *Government Auditing Standards* issued by the Comptroller General of the United States of the bond proceeds until after all of the proceeds have been expended.
5. Requires the District to conduct an annual independent performance audit to ensure that the funds have been expended only on the specific projects listed.

OBJECTIVES OF THE AUDIT

1. Determine whether expenditures charged to the Bond Funds have been made in accordance with the Bond project list approved by the voters through the approval of the Measure Q.
2. Determine whether salary transactions charged to the Bond Funds were in support of Measure Q and not for District general administration or operations.

SCOPE OF THE AUDIT

The scope of our performance audit covered the period of July 1, 2014 through June 30, 2015. The population of expenditures tested included all object and project codes associated with the bond projects. The propriety of expenditures for capital projects and maintenance projects funded through other State or local funding sources, other than proceeds of the Bonds, were not included within the scope of the audit. Expenditures incurred subsequent to June 30, 2015, were not reviewed or included within the scope of our audit or in this report.

PROCEDURES PERFORMED

We obtained the general ledger and the project expenditure reports prepared by the District for the fiscal year ended June 30, 2015, for the Measure Q Revenue Bond Construction Fund. Within the fiscal year audited, we obtained the actual invoices and other supporting documentation for all expenditures to ensure compliance with the requirements of Article XIII A, Section 1(b)(3)(C) of the California Constitution and Measure Q as to the approved bond projects list. We performed the following procedures:

1. Determine District procedures for disbursement of funds related to the voter approved Measure Q General Obligation Bonds were applied in accordance with laws and regulations, as well as policies approved by the Board of Trustees. This will be accomplished through the inspection of specified documents evidencing certain types of transactions and detailed attributes thereof; including, but not limited to, the specific documents related to bid procedures for contracts and services, invoices for services rendered, and other appropriate documents deemed necessary to provide a basis for the results of our objective.
2. Review the detailed accounting of expenditures to determine if proceeds are being spent on administrative salaries or any other expense that would otherwise be the obligation of the General Fund.
3. From a sample of construction expenditures from the detailed accounting of expenditures, review expenditures to determine if proceeds expended are for specific projects as listed in the voter approved bond language. Expenditures from all projects will be included in the sample.

**RANCHO SANTIAGO COMMUNITY COLLEGE DISTRICT
MEASURE Q REVENUE BOND CONSTRUCTION FUND**

JUNE 30, 2015

CONCLUSION

We reviewed construction expenditures totaling 53 percent of all expenditures from the detailed accounting of expenditures. Our sample included transactions totaling \$9,143,014 of the total expenditures of \$17,319,701. The results of our tests indicated that, in all significant respects, the District has properly accounted for the expenditures held in the Measure Q Revenue Bond Construction Fund and that such expenditures were made for authorized Bond projects. There were no salaries of administrators charged to the Bond Funds for District general administration or operations. District procedures for disbursement of funds were applied in accordance with laws and regulations, as well as policies approved by the Board of Trustees.

**RANCHO SANTIAGO COMMUNITY COLLEGE DISTRICT
MEASURE Q REVENUE BOND CONSTRUCTION FUND**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS
JUNE 30, 2015**

None reported.



**CITIZENS' BOND OVERSIGHT COMMITTEE MEETING
PROJECT UPDATES
JANUARY 14, 2016**





ACTIVE PROJECTS

- ▶ Dunlap Hall Renovation
- ▶ Central Plant & Infrastructure
- ▶ Johnson Student Center
- ▶ Johnson Demolition
- ▶ Science Center & Building J Demolition
- ▶ 17th & Bristol Street Parking Lot



PROJECT UPDATE SANTA ANA COLLEGE DUNLAP HALL RENOVATION

Project Summary:

- ▶ Renovate and replace the aging guard rails around the pedestrian walkways on all levels of Dunlap Hall, as well as, providing a new elevator and stair tower.
- ▶ Remodel the existing restrooms.

Current Status:

- ▶ Punch list is 100% complete and contract close-out documents are in process.
- ▶ Roof construction has been completed (scheduled maintenance project).
- ▶ Move management and activities are underway with a planned relocation during January 2016.
- ▶ Target re-occupancy Spring Semester 2016.

Budget:

- ▶ \$17.22 million





PROJECT UPDATE SANTA ANA COLLEGE CENTRAL PLANT AND INFRASTRUCTURE

Project Summary:

- ▶ Construction of a new Central Plant Building.
- ▶ The project will include underground utility replacement, central plant construction and mechanical upgrades to 7 buildings and includes a new central cooling plant, underground chilled water piping loop, upgrading existing gas, domestic water lines, sewer, drainage and fire water systems.
- ▶ Includes HVAC system conversion for 7 existing buildings to be connected to the new Central Cooling Plant, including a new campus wide energy management system (EMS).
- ▶ The central plant building will be designed to meet LEED Silver certification.

Budget:

- ▶ \$68.17 million



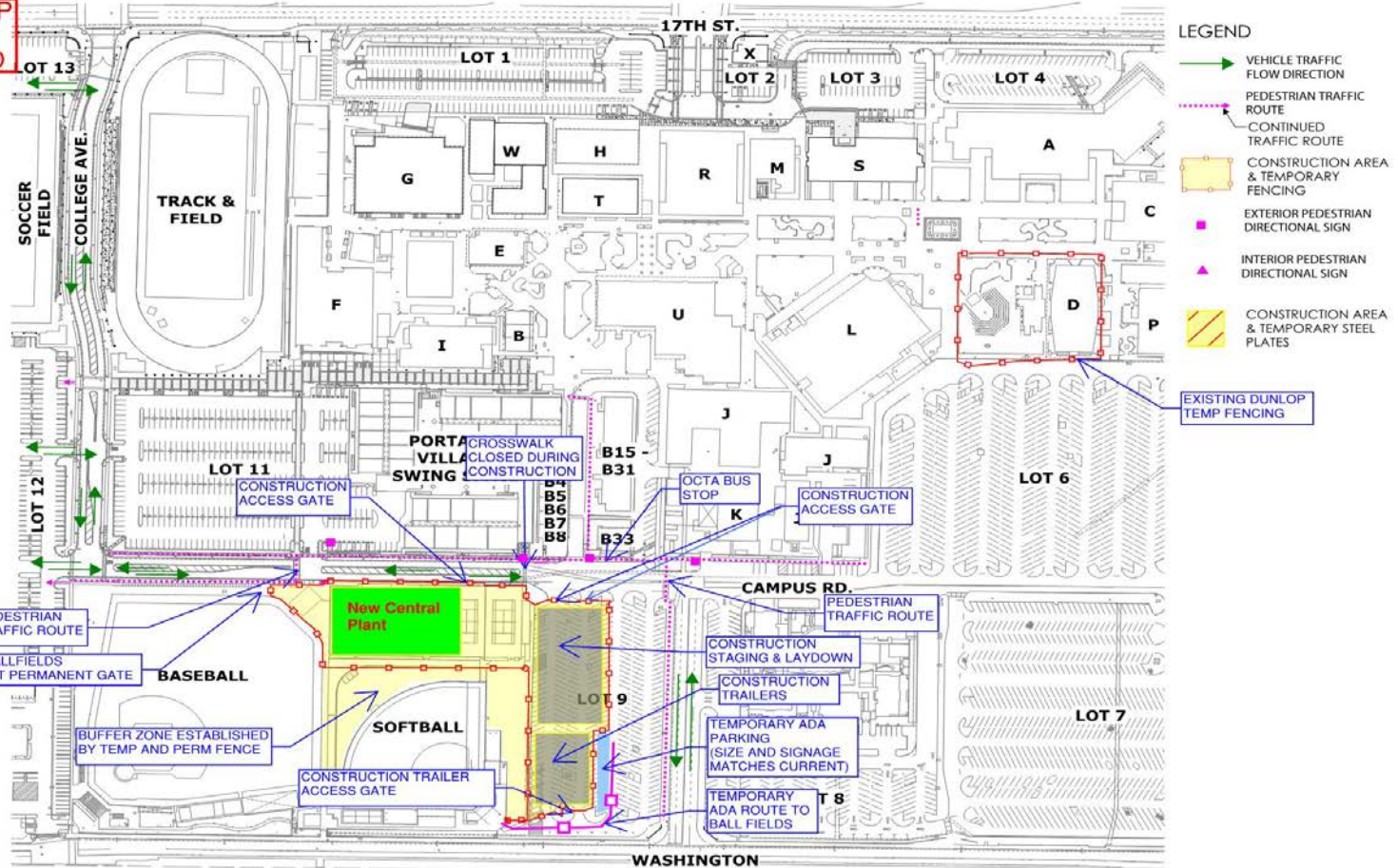
Current Status:

- ▶ All plan submittals have been approved by DSA – Project has been consolidated into three DSA numbers.
- ▶ There will be multiple phases of construction over the next two years. Current activities: asphalt demolition in Lot 6 and portion of roadway near Dunlap Hall, trenching for underground utilities and continuing fencing installation.
- ▶ Upcoming activities: additional fencing between Buildings J and K, trenching and excavation work near Phillips Hall and sewer and water line work near Lot 6.
- ▶ Target construction: Oct. 2015 – Dec. 2017.
- ▶ Project Close-Out 2018



PROJECT UPDATE SANTA ANA COLLEGE CENTRAL PLANT AND INFRASTRUCTURE LAYDOWN PLAN

LINK CORP
10/09/2015
RECEIVED



CAMPUS IMPROVEMENT CONSTRUCTION TEMPORARY PEDESTRIAN & VEHICLE ROUTING - (10/12/2015 (NTP) - 5/31/2018 (Final Comp + 1 month))



PROJECT UPDATE SANTA ANA COLLEGE JOHNSON STUDENT CENTER

Project Summary:

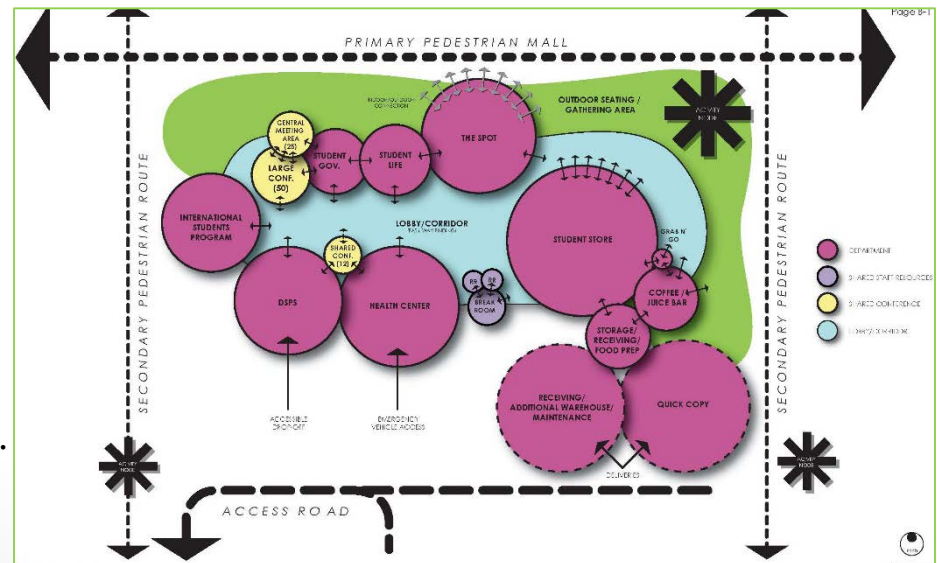
- ▶ Construction of a 59,638 square foot new Johnson Student Center.

Current Status:

- ▶ Recommendation has been received to continue with final program.
- ▶ Preliminary schematic design phase has begun.
- ▶ Program document is finalized and has been approved by Campus and District.
- ▶ DSA approval anticipated to be late January 2018.
- ▶ Target new construction start May 2018.

Budget:

- ▶ \$40.7 million - \$35.07 funded
\$ 5.64 (under review)





PROJECT UPDATE SANTA ANA COLLEGE JOHNSON DEMOLITION

Project Summary:

- ▶ Demolition of existing Johnson Student Center.

Current Status:

- ▶ Project is currently in construction document phase.
- ▶ Target relocation into interim housing- spring 2016.
- ▶ Decommission building in spring/summer 2016.
- ▶ Target demolition start in summer 2016 – fall 2016

Budget:

- ▶ \$1.8 million





PROJECT UPDATE SANTA ANA COLLEGE SCIENCE CENTER

Project Summary:

- ▶ Construction of a new 65,428 square foot science center housing modern laboratories, classrooms, lecture classrooms, and faculty offices.
- ▶ Demolition of J Buildings.
- ▶ Relocation of Quick Copy Center and Maintenance Storage.

Current Status:

- ▶ Final schematic design package has been approved by Campus and District.
- ▶ Design Development phase commenced December 15, 2015.
- ▶ DSA approval target – September 2017.
- ▶ Target construction start – December 2017.

Budget:

- ▶ \$73.38 million





PROJECT UPDATE SANTA ANA COLLEGE PARKING LOT AT 17TH/BRISTOL ST.

Project Summary:

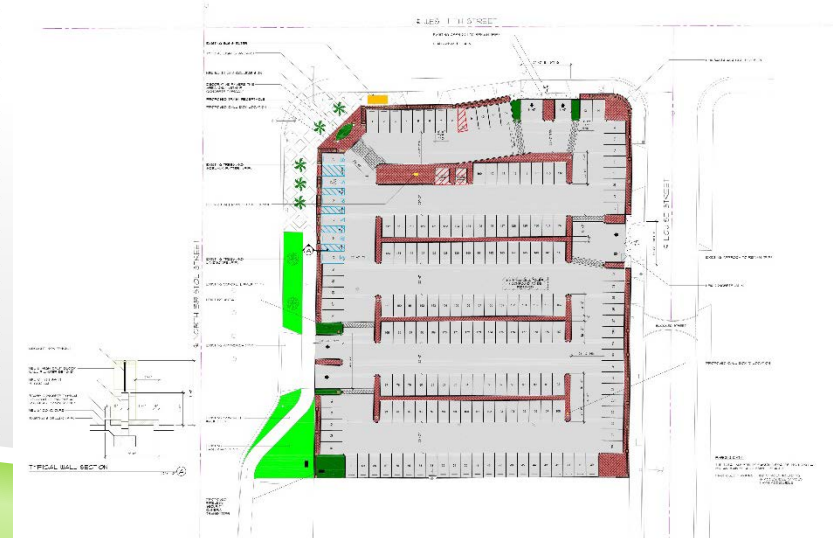
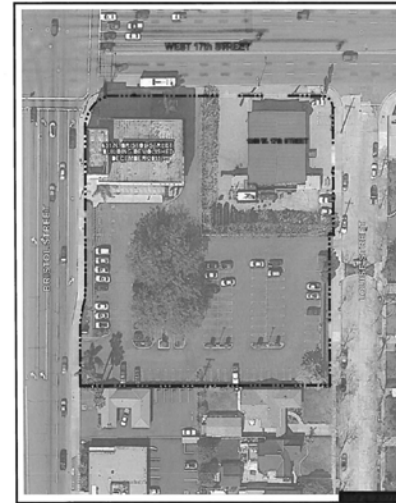
- ▶ New surface parking lot.

Current Status:

- ▶ The construction document design phase is nearly completed.
- ▶ Parking lot to be utilized for contractor worker parking for Dunlap Hall renovation and Central Plant on an interim basis.
- ▶ Target DSA submittal has been delayed due to additional meetings required with the City to discuss driveway options.
- ▶ Target construction schedule is being re-evaluated.

Budget:

- ▶ \$2.5 million
- ▶ Acquisition of property was paid by Measure E





COMMUNITY AND STUDENT WORKFORCE PROJECT AGREEMENT (CSWPA)

Overview:

- ▶ Approved by the Board of Trustees on March 24, 2014.
- ▶ Agreement between RSCCD, Los Angeles/Orange Counties Building and Construction Trades, affiliated with the Building and Construction Trades Department (AFL/CIO) and the signatory Craft Councils and Unions.

Projects:

- ▶ Central Plant, Infrastructure and Mechanical Upgrades Project at Santa Ana College
- ▶ Johnson Student Center at Santa Ana College.
- ▶ Science Center at Santa Ana College.

Requirements:

- ▶ 66% Orange County Residents
- ▶ 50% District Residents
 - ▶ Includes U.S. Armed Forces Veterans
 - ▶ Includes apprentices and graduates of District Labor-Management apprenticeship programs
- ▶ Targeted workers will be referred from union hiring halls



MASTER PROGRAM BUDGET

<u>PROJECT</u>	<u>ESTIMATED TOTAL BUDGET</u>	<u>STATUS</u>	<u>TARGET CONSTRUCTION</u>	<u>TARGET OCCUPANCY</u>
❖ Dunlap Hall Renovation	\$17.22 M	Completed	Apr. 2014 – Jan. 2016	Spring Semester 2016
❖ 17 th & Bristol Parking Lot	\$ 2.50 M	In Design	Under Review	N/A
❖ Central Plant	\$68.17 M	Under Construction	Oct. 2015 – Dec. 2017	N/A
❖ Demolition (Johnson)	\$ 1.80 M	Planning	Summer 2016	N/A
❖ Johnson Student Center	\$40.70 M	Schematic Design	May 2018 - June 2020	Fall Semester 2020
❖ Science Center	\$73.38 M	Design Development	Dec. 2017 – March 2020	Fall Semester 2020
TOTAL	\$198.14M			

Note: These budgets exclude costs beyond typical construction contingencies.



PROJECT BUDGET HISTORY

PROJECT	INITIAL START-UP PLANNING TOTAL PROJECT BUDGET (February 2014)	CURRENT ESTIMATED TOTAL PROJECT BUDGET (January 2016)	BUDGET MODIFICATION NOTES
Dunlap Hall Renovation	\$14.2M	\$17.22M	1) Prior to 2014, the project budget was initially set-up in Measure E. Certain softs costs are still expensed to Measure E. 2) In 2014, a new project budget was set-up in Measure Q to cover construction costs. 3) In November 2014, increase in budget due to expense transfers from Measure E. 4) In November 2014, increase in costs associated with an extension of time due to unforeseen conditions on the roof.
17th & Bristol St Parking Lot	\$1.7M	\$2.50M	1) The acquisition of the property was paid out of Measure E in April 2014. 2) In 2014, a new budget was needed for the development of property into a surface parking lot. 3) In 2015, adjusted costs for construction of parking lot based on estimator's review of construction documents.
Central Plant	\$68.17M	\$68.17M	1) In February 2014, adjustment made to conceptual budget of \$40M, due to a final scope of work, a new target construction budget, and a new construction schedule.
Johnson Center	\$16.7M	\$40.70M	1) In 2014, an initial conceptual budget of \$16.7M was established based on a renovation project. 2) In October 2014, budget increased to \$28.49M due to a change in scope from a renovation project to a replacement project. 3) In November 2015, budget increased to \$40.70M based on College's selection of Option 7 which included additional programs and an increase in square footage.
Johnson Demolition		\$1.80M	1) In 2015, a new budget was needed due to a change in scope from a renovation to a replacement project.
Science Center	\$66M	\$73.38M	1) In 2014, an initial conceptual budget of \$66M was established. 2) In October 2014, a new planning total budget was established of \$62.94M based on a more defined scope. 3) In July 2015, budget increased to \$73.38M based on College's selection of Option A3 which outlined the final program including additional labs and an increase in square footage. The new program changed from STEM to Science Center.

RANCHO SANTIAGO COMMUNITY COLLEGE DISTRICT

MEASURE Q

Projects Cost Summary
12/31/15 on 01/07/16

Special Project Numbers	Description	Project Allocation	Total PY Expenditures	FY 2015-2016		Cumulative Exp & Enc	Project Balance	% Spent
				Expenditures	Encumbrances			
ACTIVE PROJECTS								
SANTA ANA COLLEGE								
3032	Dunlap Hall Renovation	17,218,585	12,620,659	1,846,836	2,653,079	17,120,574	98,011	99%
	Agency Cost		559	-		559		
	Professional Services		1,139,116	250,716	62,498	1,452,330		
	Construction Services		11,480,984	1,596,120	2,590,581	15,667,685		
	Furniture and Equipment		-	-		-		
3035	Johnson Student Center	35,073,086	177,508	16,956	2,303,422	2,497,886	32,575,200	7%
	Agency Cost		-	-	-	-		
	Professional Services		177,508	16,956	2,185,434	2,379,898		
	Construction Services		-	-	117,988	117,988		
	Furniture and Equipment		-	-	-	-		
3042	Central Plant Infrastructure	68,170,000	4,151,537	2,101,026	36,985,511	43,238,073	24,931,927	63%
	Agency Cost		316,138	2,323	1,754	320,215		
	Professional Services		3,835,399	635,084	7,483,757	11,954,241		
	Construction Services		-	1,463,618	29,500,000	30,963,618		
	Furniture and Equipment		-	-	-	-		
3043	17th & Bristol Street Parking Lot	2,500,000	112,078	1,485	49,388	162,951	2,337,049	7%
	Agency Cost		200	-	-	200		
	Professional Services		58,882	1,485	49,388	109,755		
	Construction Services		52,996	0	-	52,996		
	Furniture and Equipment		-	-	-	-		
3049	Science Center	73,380,861	228,035	197,974	4,500,805	4,926,814	68,454,047	7%
	Agency Cost		-	-	-	-		
	Professional Services		228,035	197,974	4,500,805	4,926,814		
	Construction Services		-	-	-	-		
	Furniture and Equipment		-	-	-	-		
3056	Johnson & Bldg J Demolition	1,800,000	-	-	885	885	1,799,115	0%
	Agency Cost		-	-	-	-		
	Professional Services		-	-	885	885		
	Construction Services		-	-	-	-		
	Furniture and Equipment		-	-	-	-		
TOTAL		198,142,532	17,289,816	4,164,277	46,493,090	67,947,183	130,195,349	34%
ACTIVE PROJECTS		198,142,532	17,289,816	4,164,277	46,493,090	67,947,183	130,195,349	34%
SOURCE OF FUNDS								
	ORIGINAL Bond Proceeds	198,000,000						
	Interest Earned	142,532						
	Totals	198,142,532						

Measure Q Citizens' Bond Oversight Committee Membership

Membership Areas	Committee Member	Term	Duration of Term
Santa Ana College Student	Gretchen Burkhardt (Appointed in July 2015)	1 only	August 2015 – July 2017
Business Organization	Zeke Hernandez (Appointed in July 2015)	1+1	July 2015 – June 2017 plus one additional optional term 2017-2019
Senior Citizens' Organization	Rene Guzman (Reaffirmed second term)	1+1	October 2013 – September 2015 plus one additional term 2015-2017
Taxpayers Association	Vacant	1 only	October 2013 – September 2015
Santa Ana College Foundation	Eric Alderete (Reaffirmed second term)	1+1	October 2013 – September 2015 plus one additional term 2015-2017
Community At-Large #1	Jim Hossfeld (Appointed in November 2015)	1+1	November 2015 – October 2017 plus one additional optional term 2017-2019
Community At-Large #2	Irma Avila Macias (Reaffirmed second term)	1+1	October 2013 – September 2015 plus one additional term 2015-2017
Community At-Large #3	Kenneth Nguyen (Reaffirmed second term)	1+1	October 2013 – September 2015 plus one additional term 2015-2017
Community At-Large #4	Manuel Peña (Appointed in January 2016)	1 only	January 2016 – December 2017
Community At-Large #5	Vacant (Jorge Rocha termed out)	1 only	October 2013 – September 2015
Community At-Large #6	Vacant (Eddie Marquez termed out)	1 only	October 2013 – September 2015