

**North Orange County Community College District
Citizens' Oversight Committee**

APPROVED MINUTES

January 12, 2005 - 6 p.m.

Anaheim Campus, Board Conference Room

Committee Members Present: Tatyana Alvarez, Don Baldwin, Mary Bouas, Darrell Essex, Rowland Hill, Chris Lowe, and George Tsuda

Absent: Sonya Servin

District Staff: Jerome Hunter, Margie Lewis, Kathie Hodge, Gary McGuire, Nancy Byrnes, Janet Portolan, Christie Wallace Noring, Ann-Marie Gabel, Fred Williams, Ron Beeler, and Sandy Cotter

Visitors: Leonard Lahtinen and Molly McClanahan, NOCCCD Board of Trustees; Jim Godsey of Macias, Gini and Co.; Ed Fitzgerald, Tony Lief and Al Schafer from FLCM

1. Call to Order:

Chair Darrell Essex called the meeting to order at 6:05 p.m.

2. Approval of July 14, 2004 and October 13, 2004 Meeting Minutes:

MSU to approve the July 14, 2004, minutes with a minor wording correction offered by Rowland Hill. MSU to approve the October 13, 2004, minutes as submitted.

3. Facilities Bond Program Performance Review and Evaluation:

Chancellor Jerome Hunter and Interim Vice Chancellor Fred Williams addressed the questions forwarded by George Tsuda regarding the recent program review and reporting format. Mr. Williams reviewed the four recommendations contained in the performance review report and how the District has responded:

A. *Distinguishing the roles of the Program and Construction Managers.* Staffing plans have been received and are currently being evaluated, along with a responsibility matrix, to identify areas where changes or additional support is needed throughout the program.

B. *Higher level of oversight throughout the program.* More administrators and key staff are participating in the weekly construction and program update meetings;

college presidents and trustees are attending Citizens' Oversight meetings. There is significantly more involvement of staff at all levels of the program.

C. *Improve management processes and procedures.* The Finance and Facilities staff is working more closely with the Program Manager, has developed cohesive accounting report formats, increased document control, and is in the process of hiring additional facility staff .

D. *Integrate the roles of District facilities staff and program management staff.* In discussions with the Program Manager, staffing issues have been addressed in order to maximize resources. The current focus is a division of labor and skills, so each department or organization is concentrating on the things it does best.

Mr. Williams emphasized the increased involvement of staff at all levels in the Bond Program, and said that he believes the progress has been significant. He also stressed that the focus is on the construction projects while the District continues to work on the issues identified in the Performance Review and Evaluation Report.

Mr. Williams then explained the more detailed financial information presented to the committee as requested at its July 2004 meeting. He specifically noted the hard- and soft-cost detail, and percentages of completion, as well as the completion percentage criteria. He explained that the mixing of bond and other project funding is purposeful, assuring that District staff track all funds for accountability. He also explained that changes in prioritization of projects, reallocation of available project funds, or changes in project scope are made at the campus level. Dr. Hunter commented that the priorities set by the campus master plans are what shaped the Bond Program project list.

George Tsuda asked for clarification of the Committee's role, which was followed by a discussion on the purpose of the Citizens' Oversight Committee. It was restated that the Committee's role is to inform the public about the expenditure of the bond funds, to review and report on the proper expenditure of funds for construction through the annual audit process, and to advise the community of the District's compliance with Proposition 39 requirements using the annual *Report to the Community* prepared by District Public Affairs.

Don Baldwin stated that, while he appreciated the information shared in the Performance Review and Evaluation Report, management of the Bond Program is outside the purview of this Committee. The Committee's responsibility is only to ensure bond funds are expended properly. He also commented that, from his perspective of serving on multiple school bond oversight committees, he sees the need for "someone in the field" to serve as a liaison between the Program Manager and the District. Mr. Williams responded that the District Director of Facilities Control, Ron Beeler, serves in that capacity, and that he and Mr. Beeler work closely together and collectively have the expertise to accomplish the tasks required. Mr. Essex commented that he was impressed that problems were identified from the "bottom up" by staff closely monitoring the program.

Dr. Hunter distributed copies of a recent State Attorney General Opinion on Proposition 39, stating that funds may be used for bond program staff salaries. However, it is not the District's intention to do so at this time.

4. Bond Projects Status Update and Budget Analysis:

Mr. Williams distributed copies of the Budget and Financial Report for the Facility Bond Program for the period ending December 31, 2004. He referred to the second page for an explanation of the background, and then noted the format used to detail each project, including budget and schedule status. Rowland Hill complimented staff on the report.

5. Annual Financial Compliance Audit:

Jim Godsey of the audit firm of Macias, Gini and Company, presented background on the 2003-04 financial and performance audits. Mr. Godsey detailed the proceeds related to the two series of bond sales and interest income, the \$15 million in expenditures, and the ending cash balance. He confirmed the finding of compliance in all respects with the legal requirements for use of General Obligation Bonds. He also referenced the issuance of a management letter noting concern about the lack of detailed line-item budgets from the Project Managers until August 2004. Dr. Hunter will forward copies of this letter to the committee members. Responding to questions from the committee, Mr. Godsey emphasized that the auditor's responsibility is not to determine if projects or management are or will be successful, only that legal obligations are met. It was MSU to accept the 2003-04 financial and performance audit as presented.

6. Calendar 2005 Meeting Dates:

Dr. Hunter and Mr. Williams offered an alternative meeting schedule, which would allow staff preparation time for quarterly reporting of budget. MSU to accept the dates of May 4, August 3, November 2 and February 1, 2006, with a continuing starting time of 6 p.m.

7. Other:

Upon Don Baldwin's acceptance to serve another two-year appointment on the Committee, Dr. Hunter stated he will seek Board of Trustee approval.

Additionally, Mr. Tsuda complimented staff for their efforts in diligently preparing the reports presented to the Committee and responding to questions.

The meeting was adjourned at 7:23 p.m. Next regular meeting: **May 4, 2005 at 6 p.m.**

Respectfully submitted,
Sandy Cotter
Executive Assistant, Chancellor's Office