

**North Orange County Community College District
Citizens' Oversight Committee
March 6, 2013**

APPROVED MINUTES

Members Present: Chuck Allen, Andrew Carroll, Kim Garber, Michael Oates

Staff: Claudette Dain, Ned Doffoney, Rodrigo Garcia, Kashu Vyas, and Fred Williams

Visitors: Mark Saucedo (Buena Park Senior Activity Center), Rick Alonzo and Jennifer Lightfoot (Vavrinek, Trine & Day Auditors)

Chairperson Andrew Carroll called the meeting to order at 4:00 p.m.

December 5, 2012 Meeting Minutes: The minutes of the December 5, 2012, meeting were approved as submitted.

Kim Garber announced that after the March 6, 2013, meeting, she will no longer be able to serve on this committee.

Audit Update: Vice Chancellor Fred Williams requested the auditors give their report.

Rick Alonzo reviewed the financial and performance audit reports. Districts who obtained bond funding through 55% voter approval, under Prop 39, are required to have a financial and performance audit performed for that bond activity. NOCCCD's bonds are required to have those audits.

Independent Audit Report on the Financial Statements

The independent audit report on the financial statements was reviewed. An unqualified opinion was issued, which is the cleanest opinion that can be issued, essentially meaning that the report is without any qualifications and the auditors agreed with the District's numbers.

For the General Obligation Bond construction at year-end, the District still had \$7.4 million left in the fund to spend for the related Prop 39 projects.

There were no financial statement findings.

Internal Controls

Internal controls of the District are looked at to plan the financial audit and there were no management letter comments on the internal controls. There were no problems noted with internal controls.

Vice Chancellor Williams clarified that there is a compliance with internal controls letter with the District audit report. The bond fund is just one fund within that report. There were no issues for the District's internal controls.

Independent Audit Report on the Performance Audit

Next Rick Alonzo reviewed the Independent Audit Report on the Performance Audit. The audit report concludes that the results of the auditors' testing indicated that the District expended Measure X funds only for the specific projects approved by the voters. There were no compliance issues with any of the expenditures.

District Support During Audits

Additionally, Rick Alonzo shared that there were no issues or problems encountered during the audit.

He stated that the District personnel were professional; they gave the audit staff the requested information in a timely and appropriate manner.

Bond Projects Status Update Presentation and Budget Analysis: Vice Chancellor Williams led a review of the District's Facilities Bond Program, including current construction, and led a brief overview of the sections contained within the report.

Fullerton College: Vice Chancellor Williams noted that we are close to the end of our projects. The status of the last major project, the Fullerton College Technology Complex, is anticipated to be open for the Fall semester.

Refunding Bond: We were able to re-fund our outstanding bonds, which resulted in a net savings of \$10,000,000 to the taxpayers for the repayment of this debt, while not increasing the term of the debt. We sold new \$145 million of new General Obligation Bonds to buy out Measure X bonds. We have approximately \$33 million in non-callable bonds that could not be included in this re-funding.

Future Bond Issuance Opportunity: Vice Chancellor Williams informed the committee that the District is looking into the possibility of going out for additional bonds in 2014 to be able to take advantage of matching funding being offered by the state. We have many other projects in the pipeline that we want to consider and participating in this program will offer us a chance to start working on these projects. We'll be prioritizing the Facilities Master Plan together for the next series of projects. We will be looking to get internal buy-in before we go out to the public. The committee supports reviewing the prospect of a future bond issue.

Committee Questions and Comments: Committee members asked questions regarding (1) DSA holdups; (2) whether the roofing problem at Cypress has been cleared up; (3) the issue with the work on the upper deck at the Anaheim Campus; (4) asked for information on how a determination was made to issue the re-funded bonds as taxable. Vice Chancellor Williams provided the following responses: (1) Past issues related to claims and equipment have been resolved. There is one issue related to the architect firm Rossetti. They have since closed out their California office and we are working with their Michigan office; (2) it has been completed, but the next big rain will really be the test; (3) we're still trying to resolve this issue; and, (4) the decision to offer taxable versus non-taxable bonds was made as part of the development of the issuance.

Future Meetings: The 2013 meeting dates of the Citizens' Oversight Committee are scheduled for June 5, September 4 and December 4, 4:00 p.m., Conference Room 100B at the Anaheim Campus, unless otherwise notified. At the December 4 meeting, we will look at the possibility of beginning the process of wrapping-up the committee.

Adjournment: The meeting was adjourned at 4:40 p.m.