



A meeting of the Santa Monica Community College District Citizens' Bond Oversight Committee was held on Wednesday, **January 24, 2018 at 8 a.m.** in Drescher 300---E (the Loft) at Santa Monica College, 1900 Pico Boulevard, Santa Monica, California.

1. **CALL TO ORDER: 8:05 a.m.**

2. **ROLL CALL -- Members**

- Sonya Sultan, Chair --- **Absent**
- Katherine Reuter, Vice---Chair---Present
- Jeffrey Graham – Present
- Sion Roy --- Present
- Sharon Barovsky --- Present
- Michael Dubin --- **Absent**
- Cassandra Santiago-Amzallag –Present

Others Present:

- Alicia Herrera – Varinek, Trine, Day & Company (VTD)– CPA
- Dr. Kathryn E. Jeffery, Superintendent/President
- Elaine Polachek, *Interim* Executive Vice President
- Don Girard, Senior Director, Government Relations/Institutional Communications
- Chris Bonvenuto, Chief Director, Business Services
- Ramin Nematollahi, Citizens' Bond Oversight Committee Coordinator
- Charlie Yen, Director --- Contracts
- Emil Zordilla, Assistant Director, Facilities Planning

Community Member(s) Present:

- Stacy Dalgleish

3. **APPROVAL OF MINUTES**

The minutes of the Citizens' Bond Oversight Committee meeting of October 25, 2017 were approved as is. *Motion was made by Katherine Reuter and seconded by Sion Roy and unanimously approved by the committee.*

4. **CONFLICT OF INTEREST FORM**

Members completed and endorsed forms. The forms are on file. Members absent from meeting will mail in forms.

5. **REPORTS and DISCUSSION**

Ms. Alicia Herrera, Auditor for Varinek, Trine, Day & Company presented the 2016-2017 Financial and Performance Audit Reports.



**A. Santa Monica Community College District**

**Measure U, Measure S, Measure AA General Obligation Bonds Financial and Performance Audit, June 30, 2017**

She reviewed the Opinion of the findings which state:

**“In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Measure U, Measure S, Measure AA General Obligation Bond Funds (Measure U, Measure S, and Measure AA) of the District as of June 30, 2017, 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.”** (Page 3, of the SMCCD, Measure U, Measure S & Measure AA General Obligation Bonds Financial And Performance Audits – June 30, 2017 – Varinek, Trine, Day & Co. LLP)

She reiterated the “unmodified opinion”, which is the highest mark that can be received for a financial and performance audit. She further reviewed, **The Statement of Revenues, Expenditures, and Changes in Fund Balance** on page 5 and discussed the “None Reported” findings on Financial Statement Findings on page 17.

**B. Santa Monica Community College District**

**Measure U, Measure S, Measure AA General Obligation Bonds Performance Audit June 30, 2016**

Ms. Herrera discussed the procedures performed for the performance audit. A sample of expenditures was selected starting July 1, 2016 and ending June 30, 2017, and supporting documentation was reviewed to ensure that funds were properly expended on specific project list. The dollar value of transactions tested totaled **\$50,600,727**, which represent **63** percent of the total expenditures of **\$79,817,120**. (Page 4, of the SMCCD, Measure U, Measure S & Measure AA General Obligation Bonds Performance Audits – June 30, 2017 – Varinek, Trine, Day & Co. LLP)

Based on this testing, Varinek, Trine, Day & Co. LLP, verified that funds from Measures U, Measures S, and Measures AA general Obligation Bond Funds (Measure U, Measure S, Measure AA) were expended for the construction, renovation, funding and equipment of District facilities constituting authorized bond projects.

**Conclusion:**

“The results of our test indicated that, in all significant respect, the Santa Monica Community College District has properly accounted for the expenditures held in the Measure, U, Measure S, and Measure AA general Obligation Bond Funds (Measure U, Measure S, Measure AA) and such expenditures were made for authorized bond projects. There were no salaries of administrative charged to the Measure U, Measure S, and Measure AA General Obligation Bond Funds for District general administration or operations.” (Page 4, of the SMCCD, Measure U, Measure S & Measure AA General Obligation Bonds Performance Audits – June 30, 2017 – Varinek, Trine, Day & Co. LLP)

Ms. Herrera also discussed the “none reported” comment regarding the Schedule of Findings and



Questioned Costs – Page 5, (June 30, 2017) and reiterated that “There were no audit findings reported in the prior year’s Schedule of Findings and Questioned Costs.”

*Motion was made by Sion Roy to accept the report as is and seconded by Jeffrey Graham and unanimously approved by the committee.*

**C. SMC Bond Capital Construction Budget Summary as of December 31, 2017.**

Emil Zordilla, Assistant Director, Facilities planning, gave a visual presentation of the bond construction project:

- **Center for Media and Design:** The project had its grand opening December 2, 2017. KCRW is set to occupy space spring of 2018.
- **East Wing Performing Arts Center:** The PAC is completed.
- **Core Performance Center:** Is completed and currently hosting classes.
- **Student Services Building:** Structural steel is completely assembled and the building envelope is being installed, completion by 2018/2019.
- **Malibu Campus:** All regulatory agency approvals have been attained. Project to break ground in July 2018.
- **Santa Monica Early Childhood Lab School:** All regulatory agencies approvals have been attained and ground breaking Spring 2018.
- **Math & Science Building Extension:** The design phase is being finalized, and early renderings were shared with the committee. The design is to be completed summer of 2018 and submitted for DSA approval.

**D. Measure U, S and AA and Bond Sales Expense Reports**

The SMC Bond Capital Construction Budget Summary as of December 31, 2017 reports the following:

<b>Measure U Budget:</b>	\$160,000,000
<b>Measure S Budget:</b>	\$143,500,000
<b>Measure AA Budget:</b>	\$295,000,000
<b>Other Funding Received:</b>	\$ 26,741,995
<b>Other Funding Pending:</b>	\$ 52,594,548
<b>Total Budget:</b>	\$698,766,706
<b>Estimate at Completion:</b>	\$698,590,482
<b>Bond Funds Remaining:</b>	\$88,233,955

- **Measure U:** Total Measure U Expenditures last period were **\$0**; total remaining funds are **\$1,127.00**; no budget variance.
- **Measure S:** Total Measure S Expenditures last period were **\$4,057,782**; total remaining funds are **\$38,992,691**; no budget variance.
- **Measure AA:** Total Measure AA Expenditures last period were **\$7,412,494**; total remaining funds are **\$49,247,618**; no budget variance.

The committee requested a “more detailed financial report” and one will be provided at a subsequent meeting.

The Bond Sales/Expense Report indicates total bond amounts, bond issue dates/amounts unsold bond amount and total available as of December 31, 2017.



<b>Total Bond:</b>	\$598,500,000
<b>Total Available:</b>	\$528,492,559
<b>Total Expenses:</b>	\$510,258,564
<b>Total Available Remaining:</b>	\$ 88,233,995
<b>Total Unsold Bond:</b>	\$ 7,441

- The SMC Bond Construction Program Contractor List as of December 31, 2017 was included in the packet.
- Current information on all bond construction projects is available at: <http://smcbondprogram.com> and at <http://www.smc.edu/CBOC>

**7. SCHEDULE OF MEETINGS, 2017-2018**

Wednesday, April 25, 2018 at 8 a.m.

Wednesday, July 25, 2018 at 8 a.m.

**8. ADJOURNMENT: 9:05 am**

The next meeting of the Citizens' Bond Oversight Committee will be held on Wednesday, April 25, 2018 at 8 a.m. in Drescher Hall Room 300---E (the Loft) at Santa Monica College, 1900 Pico Boulevard, Santa Monica, California.