MEASURE N

CITIZENS’ BOND OVERSIGHT COMMITTEE

ANNUAL REPORT

To the Public

and

To the Napa Valley Community College District Board of Trustees

For the Period

April 2008 through March 2009

Measure N Citizens’ Bond Oversight Committee

Skip Keyser, Chair
Greg Evans, Co-Chair

Audrey Amundsen  Jarrod Denton
Gregory Rodeno    Brian Kearney
Heather Stanton   Rick Whatley

Jason Luros

2277 Napa-Vallejo Highway, Napa, CA 94558
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Napa Valley Community College District
Measure N Citizens’ Bond Oversight Committee Annual Report for April 2008 thru March 2009

STATEMENT OF COMPLIANCE

This Annual Report is submitted to the Public and to the College District Board of Trustees by the Napa Valley Community College District Measure N Citizens’ Bond Oversight Committee in partial fulfillment of the Committee’s responsibilities as set forth in Article XIII A, Section 1 of the State of California Constitution and Sections 15278 through 15282 of the State of California Education Code.

______________________________  ________________
Skip Keyser, Chair        Date

HOW TO CONTACT THE BOND OVERSIGHT COMMITTEE
or
ATTEND MEETINGS OF THE BOND OVERSIGHT COMMITTEE

The Napa Valley Community College District Measure N Citizens’ Bond Oversight Committee can be contacted by any interested citizen through its Chair, Skip Keyser, Measure N Oversight Committee, care of Napa Valley College, 2277 Napa-Vallejo Highway, Napa CA 94558.

The Napa Valley Community College District Measure N Citizens’ Bond Oversight Committee meets in Room 1340 of the McPherson Administration Building on the Napa Valley College campus, 2277 Napa-Vallejo Highway, Napa California. Meetings are held in the evening approximately every third month (March, June, September and December) and - in accordance with the Ralph M. Brown Act (“Brown Act”) - are publicly noticed in advance and open to the public.

WHERE TO GET MORE INFORMATION ON MEASURE N
OR THE OVERSIGHT COMMITTEE

Additional information on the Measure N projects or the Measure N Citizens’ Bond Oversight Committee can be obtained online at the following URL: www.napavalley.edu/bond. Select “Citizens’ Oversight Committee” link.
REPORT OF THE MEASURE N CITIZENS’ BOND OVERSIGHT COMMITTEE

Note: all amounts contained in this report, unless otherwise noted, are based on the reporting period April 1, 2008 through March 31, 2009.

Background: On November 5, 2002, voters in the Napa Valley Community College District approved Proposition N, entitled the “Napa Valley Community College District Bond Measure.” Proposition N (hereinafter “Measure N”) provided for the issuance of $133,800,000 in general obligation bonds to:

“…prepare students for four-year colleges and jobs including nursing, law enforcement and business, retrain workers, and qualify for state matching funds [by allowing the College to] repair, acquire, equip, [and] construct classrooms, buildings, libraries, and labs; restore deteriorating roofs and grounds; improve disabled access; upgrade outdated technology, lighting, wiring, fire safety systems, plumbing and ventilation by issuing $133.8 million in bonds at legal rates, with annual financial audits, Citizens’ Oversight Committee, and no money for administrator salaries.”

The full text of Measure N is attached hereto as Appendix A.

A discussion of bond revenues and an overview of current and anticipated Measure N finances are contained in Appendices B-1 and B-2.

Measure N was enacted under the legislation allowing passage by 55% of the voters (instead of a 2/3’s majority). This legislation mandated establishment of a Citizen’s Oversight Committee within 60 days of the District’s entering the election results into its minutes. The Napa Valley Community College District Measure N Citizens’ Bond Oversight Committee was established on January 24, 2003.

Responsibilities of the Oversight Committee: In accordance with State of California Constitution, Article XIII A, Section 1 and the State of California Education Code, Sections 15278 through 15282 (attached hereto as Appendix C and Appendix D, respectively) the Citizens’ Bond Oversight Committee shall provide oversight for, but its activities are not limited to, the following:

- Informing the public concerning the expenditure of bond revenues;
- Actively reviewing and reporting on the proper expenditure of taxpayer’s money for school construction;
- Ensuring that no bond funds are used for any teacher or administrative salaries or other school operating expenses; and
• Advising the public as to whether the District is in compliance with the requirements of the State Constitution Article XIII A, Section 1(b)(3), which provides that:

1. The proceeds from the sale of the bonds be used only for construction, reconstruction, rehabilitation, or replacement of school facilities, including the furnishing and equipping of such facilities or the acquisition or lease of real property for such facilities;

2. There be a listing of the specific school facilities projects to be funded, together with certification that the community college board has evaluated safety, class size reduction, and information technology needs in developing such a list.

3. The community college board conduct an annual, independent, performance audit of the proceeds from the sale of the bonds; and

4. The community college board conduct an annual, independent financial audit of the proceeds from the sale of the bonds.

Further detail on activities the Committee may engage in and the requirement for the District to fund such activities without expending bond funds are contained in Appendix D. Appendix E contains minutes of the Measure N Citizens’ Bond Oversight Committee meetings held during the period covered by this report (April 2008 through March 2009).

General Comments of the Committee: The Napa Valley Community College District Citizens’ Bond Oversight Committee makes the following general comments concerning Measure N bond activities for the period April 2008 through March 2009:

1. Purpose: It is the purpose of this report to satisfy the requirement to inform the public about the expenditure of bond revenues.

2. Approach: The Committee actively reviewed the expenditure of bond revenues by the use of reports prepared by or at the direction of Napa Valley College staff and by in-situ inspection of the college physical plant, and finds that the taxpayer’s money was spent on school construction.

3. Use of Funds: Based on reports submitted to the committee, no bond funds were used for any teacher or administrative salaries or other school operating expenses in accordance with Attorney General Opinion 04-110 issued November 9, 2004.

4. Funded Projects List: There exists a listing of the specific school facilities projects funded (or to be funded) from bond revenues and such listing is available to the public.
5. **Safety, Class Size Reduction & IT Needs:** In developing the listing of specific school facilities projects funded from bond revenues, the Napa Valley Community College District Board of Trustees has certified that such projects have been evaluated for safety, class size reduction, and information technology needs.

6. **Performance Audit:** As concerns an independent performance audit, the purpose of such an audit is to ensure that bond funds have been expended only on the specific projects publicized by the Napa Valley Community College District. An independent performance audit for the period July 1, 2007 through June 30, 2008 was provided by the accounting firm of Matson and Isom. Performance audits are available for public review by contacting the Office of the President, Napa Valley Community College District, 2277 Napa-Vallejo Highway, Napa CA 94558.

7. **Financial Audit:** As concerns an independent financial audit, the purpose of such an audit is to give an opinion on whether the Measure N bond financial statements issued by the Napa Valley Community College District are reasonably free of material misstatement, and to make an assessment of the accounting principles used and significant estimates made by the District. An independent financial audit for the period July 1, 2007 through June 30, 2008 has been provided by the accounting firm of Matson and Isom. Financial audits are available for public review by contacting the Office of the President, Napa Valley Community College District, 2277 Napa-Vallejo Highway, Napa CA 94558.

**Specific Comments of the Committee:** In addition to the general comments made above, the Napa Valley Community College District Citizens’ Bond Oversight Committee makes the following specific comments concerning Measure N bond activities from April 2007 through March 2008:

1. Funding and revenues for Measure N projects is currently estimated at $168,648,690 and is summarized in Appendix B-1.

2. Expenditures and major project category amounts for Measure N projects are summarized in Appendix B-2.

3. The original $133,800,000 Measure N Bond scope of work has been reduced due to cost escalation during the first few years of construction. Although the current estimate of Measure N project spending of $168,648,690 is higher than the original Measure N budget, it reflects reductions in both the scope and the number of projects originally envisioned. These adjustments can be seen in the Master Budget Report attached here under Column H.
4. As of March 26, 2009, the total amounts spent or committed (including matching funds received) is $146,911,240 as shown below:

<table>
<thead>
<tr>
<th>Category</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>New Construction</td>
<td>$114,611,936</td>
</tr>
<tr>
<td>Modernization</td>
<td>$7,963,934</td>
</tr>
<tr>
<td>Infrastructure Development</td>
<td>$13,746,819</td>
</tr>
<tr>
<td>Other</td>
<td>$10,588,552</td>
</tr>
<tr>
<td>Total</td>
<td>$146,911,240</td>
</tr>
</tbody>
</table>
Appendix A

Full Text of Measure N Ballot Proposition

EXHIBIT A

"To prepare students for four-year colleges and jobs including nursing, law enforcement and business, retrain workers, and qualify for state matching funds, shall Napa Valley Community College District repair, acquire, equip, construct classrooms, buildings, libraries, and labs; restore deteriorating roofs and grounds; improve disabled access; upgrade outdated technology, lighting, wiring, fire safety systems, plumbing and ventilation by issuing $133.8 million in bonds at legal rates, with annual financial audits, Citizens' Oversight Committee, and no money for administrator salaries?"

Bonds –Yes Bonds –No

EXHIBIT B

FULL TEXT BALLOT PROPOSITION OF THE NAPA VALLEY COMMUNITY COLLEGE DISTRICT BOND MEASURE ELECTION NOVEMBER 5, 2002

The following is the full proposition of the Napa Valley College Repair and Safety Measure presented to the voters by the Napa Valley Community College District.

"To prepare students for four-year colleges and jobs including nursing, law enforcement and business, retrain workers, and qualify for state matching funds, shall Napa Valley Community College District repair, acquire, equip and construct classrooms, buildings, libraries, and labs; restore deteriorating roofs and grounds; improve disabled access; upgrade outdated technology, lighting, wiring, fire safety systems, plumbing and ventilation by issuing $133.8 million in bonds at legal rates, with annual financial audits, Citizens' Oversight Committee, and no money for administrator salaries?"

INTRODUCTION

The last time a Napa Valley College bond measure was approved by the voters was 1962. Those bonds built the current campus, making most of the buildings approximately 40 years old. The college needs to make critical repairs and renovations and improvements to continue to meet the modern higher education needs of the community and to serve future generations of students. Bond funds will also strengthen the college's ability to secure state matching funds.

The Board of Trustees of the Napa Valley Community College District has evaluated safety, class size reduction, and information technology needs in developing the scope of school facility projects to be funded as outlined in the District's Bond Implementation Plan, on file in the office of the President of Napa Valley College, and as shall be amended from time to time, including the following projects:
BOND PROJECTS LIST

(A) RENOVATION AND REPAIR OF DETERIORATING, OUTDATED FACILITIES.

Specific Repair Projects: Repair, remodel, and upgrade buildings to restore and extend the useful life of the instructional and support buildings and grounds. Projects include: the restoration of exterior walls and roofs, doors and windows; replacing outdated HVAC equipment with new energy efficient equipment compatible with the campus wide central heating/cooling plants systems; increasing capacity for power, data, and communications; replacing old lighting with new energy efficient fixtures; repairing and replacing damaged and outdated interior finishes including ceilings, floors and walls; improving disabled accessibility throughout the campus; moving interior non-bearing walls to create appropriate sized classrooms; correcting any deficiencies in the building structures; correcting health and safety problems; replacing worn out furniture, fixtures and equipment; removing asbestos; upgrading fire alarm and life safety equipment, and providing instructional and non-instructional equipment to equip and maintain renovated college facilities.

1. Renovate Building 500 for workforce training.
2. Renovate Building 600 for general classrooms.
3. Modernize Building 700 for science classrooms and laboratories to meet changing instructional needs and new laboratory safety standards.
4. Renovate Building 800 for computer labs and general classrooms.
5. Remodel Building 900 into a lecture hall and general classrooms.
6. Renovate Building 1000 A & B for nursing and other health occupations programs and police training facilities.
7. Renovate Building 1100 for physical education and repair athletic facilities.
8. Renovate Building 200 for student service to include admissions, student records, counseling, career advising, transfer assistance and other student services.
9. Relocate business and instructional support to Building 300 to make room for student services expansion.
10. Renovate and expand Building 400 for fine arts instructional programs.
11. Remove outdated temporary facilities.
12. Upgrade and recondition all facilities and restrooms for disabled access.
13. Increase kitchen capacity and storage for culinary and other programs at the Upper Valley Campus.
14. Expand classroom space into the American Canyon area for general education.

(B) INFRASTRUCTURE UPGRADES.

1. Install new heating and cooling pipe lines.
2. Expand the utility tunnels to accommodate new heating, cooling, data, communications, and energy management systems.
3. Install energy efficient equipment including site lighting, direct digital controls for all HVAC, solar collectors for hot water heating, and photovoltaic and co-
generation systems to generate electrical power.
4. Replace damaged walkways, stairs, and other safety hazards.
5. Replace the deteriorating and outdated central plant with energy efficient systems.
6. Repair and/or replace irrigation systems, restore damaged landscaping, and prune and cable mature native oaks for safety and preservation.
7. Upgrade and extend computer access to each building.
8. Upgrade college computer systems.
9. Reclaim storm drainage ponds and restore drainage channels/culverts.
10. Repair roads and parking areas, and increase parking capacity.

(C) REPLACEMENT FACILITIES.

1. Expand police and law enforcement training facilities.
2. Replace the outdated and undersized library with an expanded library and learning resource center.
3. Replace outdated and inadequate laboratories and classrooms by constructing a new technology center.
4. Replace the undersized performing arts classrooms with a new facility to support instructional programs in drama, music and dance.
5. Refurbish and expand building 100 for student services including financial aid/EOPS, student activities, and student government.

Listed repairs, rehabilitation projects and upgrades will be completed as needed at each particular site. Each project is assumed to include its share of equipment, architectural, engineering, and similar planning costs, construction management, and a customary contingency for unforeseen design and construction costs. The allocation of bond proceeds will be affected by the District's receipt of State matching funds and the final costs of each project. The budget for each project is an estimate and may be affected by factors beyond the District's control. The final cost of each project will be determined as plans are finalized, construction bids are awarded, and projects are completed.

ACCOUNTABILITY

Audits. The expenditure of bond money on these projects is subject to stringent financial accountability requirements. Performance and financial audits will be performed annually.

Citizens' Oversight Committee. All bond expenditures will be monitored by an independent Citizens' Oversight Committee to ensure that funds are spent as promised and specified.

No Administrator Salaries. Proceeds from the sale of the bonds authorized by this proposition shall be used only for the construction, reconstruction, rehabilitation or replacement of college facilities, including the furnishing and equipping of college facilities, and not for any other purpose, including teacher and administrator salaries and other operating expenses. By law, all funds can only be spent on the repair and improvement projects specified.
Appendix B-1 – Measure N Bond Revenues and Finances

Measure N bonds in the voter-approved amount of $133,800,000 have been issued in three series as follows:

<table>
<thead>
<tr>
<th>Series</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Series A</td>
<td>$ 25,000,000</td>
</tr>
<tr>
<td>Series B</td>
<td>$ 65,000,000</td>
</tr>
<tr>
<td>Series C</td>
<td>$ 43,800,000</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>$133,800,000</strong></td>
</tr>
</tbody>
</table>

Based on the most recent report by Napa Valley College staff to the Measure N Citizens’ Bond Oversight Committee, dated March 26, 2009, the total funding available for Measure N projects is $168,648,690 as follows:

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Bond Revenues</td>
<td>$133,800,000</td>
</tr>
<tr>
<td>Interest Income through 12/31/08</td>
<td>$10,991,240</td>
</tr>
<tr>
<td>Interest Income 1/08 through 6/30/11</td>
<td>$1,750,601</td>
</tr>
<tr>
<td>NVC Scheduled Maintenance</td>
<td>$641,000</td>
</tr>
<tr>
<td>State of Calif Funds</td>
<td>$12,529,000</td>
</tr>
<tr>
<td>Refinancing Series A &amp; B Bonds</td>
<td>$8,936,849</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>$168,648,690</strong></td>
</tr>
</tbody>
</table>

On December 17, 2008, the State of California Pooled Money Investment Board (PMIB) froze most fund disbursements until the state’s fiscal crisis is resolved including funds due to Measure N projects. They have advised local authorities that local funds used to backfill for frozen state funds may be reimbursed, but that districts should not rely on such reimbursement.

---

1: Actual interest earned through 12/31/08 on bond revenues prior to expenditure.

2: Estimated interest earned from 12/31/08 on bond proceeds prior to expenditure at 2.0 %

3: There is some risk to NVC’s future receipt of significant funds currently frozen by the State of California’s Pooled Money Investment Board (PMIB) as a result of the state’s fiscal crisis. NVC and other institutions have been advised that local funds used to backfill state funds may be reimbursed at a later date by the PMIB, but local districts should not rely on such reimbursement.

4: The refinancing of Series A and Series B bonds at more favorable interest rates generated $12,325,968 in proceeds of which $8,936,849 (72%) was made available to Measure N projects.

5: Napa Valley College Measure N Master Budget dated March 26, 2009.
Appendix B-2 – Measure N Bond Expenditures and Projects

Measure N projects are divided into four broad categories: New Construction, Modernization, Infrastructure Development, and Other. The current estimated total Capital Improvement Fund (the funds currently available - or anticipated to be available - for Measure N projects) is $168,648,690 as detailed in Appendix B-1.

Originally, the Measure N project list approved in 2002 provided for $133,800,000 ($113,414,000 in Project Costs plus an additional $20,386,000 for Cost Escalation, Project Management and Contingency funding) divided among the four project categories as follows:

<table>
<thead>
<tr>
<th></th>
<th>ORIGINAL</th>
<th>EST at 3/09</th>
</tr>
</thead>
<tbody>
<tr>
<td>New Construction</td>
<td>$62,666,000</td>
<td>$125,052,889</td>
</tr>
<tr>
<td>Modernization</td>
<td>$43,397,000</td>
<td>$13,831,184</td>
</tr>
<tr>
<td>Infrastructure Development</td>
<td>$7,351,000</td>
<td>$17,458,135</td>
</tr>
<tr>
<td>Other</td>
<td>$0</td>
<td>$13,100,070</td>
</tr>
<tr>
<td>Escalation, Project Mgmt, Contingency</td>
<td>$20,386,000</td>
<td></td>
</tr>
<tr>
<td><strong>Subtotal Measure N</strong></td>
<td><strong>$133,800,000</strong></td>
<td><strong>$169,442,278</strong></td>
</tr>
<tr>
<td>Reduction in actual &amp; projected interest income</td>
<td></td>
<td><strong>$(793,589)</strong></td>
</tr>
<tr>
<td><strong>Total Measure N</strong></td>
<td><strong>$133,800,000</strong></td>
<td><strong>$168,648,690</strong></td>
</tr>
</tbody>
</table>

The current estimate for Measure N projects is $168,648,690, or $34,848,690 (26%) above the original bond measure estimate. As discussed in last year’s Bond Oversight Committee Report, much of the increase over the original budget was due to construction cost escalation that exceeded budgeted assumptions. With the economy slowing over the last year, some projects are now being completed below their estimated costs but those effects are not enough to offset the impact of cost inflation in the first few years of construction.
**Appendix C – State of California Constitution, Article XIII A, Section 1**

**Section 1.** (a) The maximum amount of any ad valorem tax on real property shall not exceed One percent (1%) of the full cash value of such property. The one percent (1%) tax is to be collected by the counties and apportioned according to law to the districts within the counties.

(b) The limitation provided for in subdivision (a) shall not apply to ad valorem taxes or special assessments to pay the interest and redemption charges on any of the following:

1. Indebtedness approved by the voters prior to July 1, 1978.
2. Bonded indebtedness for the acquisition or improvement of real property approved on or after July 1, 1978, by two-thirds of the votes cast by the voters voting on the proposition.
3. Bonded indebtedness incurred by a school district, community college district, or county office of education for the construction, reconstruction, rehabilitation, or replacement of school facilities, including the furnishing and equipping of school facilities, or the acquisition or lease of real property for school facilities, approved by 55 percent of the voters of the district or county, as appropriate, voting on the proposition on or after the effective date of the measure adding this paragraph. This paragraph shall apply only if the proposition approved by the voters and resulting in the bonded indebtedness includes all of the following accountability requirements:
   
   (A) A requirement that the proceeds from the sale of the bonds be used only for the purposes specified in Article XIIIA, Section 1(b) (3), and not for any other purpose, including teacher and administrator salaries and other school operating expenses.
   (B) A list of the specific school facilities projects to be funded and certification that the school district board, community college board, or county office of education has evaluated safety, class size reduction, and information technology needs in developing that list.
   (C) A requirement that the school district board, community college board, or county office of education conduct an annual, independent performance audit to ensure that the funds have been expended only on the specific projects listed.
   (D) A requirement that the school district board, community college board, or county office of education conduct an annual, independent financial audit of the proceeds from the sale of the bonds until all of those proceeds have been expended for the school facilities projects.

(c) Notwithstanding any other provisions of law or of this Constitution, school districts, community college districts, and county offices of education may levy a 55 percent vote ad valorem tax pursuant to subdivision (b).
15278. (a) If a bond measure authorized pursuant to paragraph (3) of subdivision (b) of Section 1 of Article XIII A of the California Constitution and subdivision (b) of Section 18 of Article XVI of the California Constitution is approved, the governing board of the school district or community college shall establish and appoint members to an independent citizens' oversight committee, pursuant to Section 15282, within 60 days of the date that the governing board enters the election results on its minutes pursuant to Section 15274.

(b) The purpose of the citizens' oversight committee shall be to inform the public concerning the expenditure of bond revenues. The citizens' oversight committee shall actively review and report on the proper expenditure of taxpayers' money for school construction. The citizens' oversight committee shall advise the public as to whether a school district or community college district is in compliance with the requirements of paragraph (3) of subdivision (b) of Section 1 of Article XIII A of the California Constitution. The citizens' oversight committee shall convene to provide oversight for, but not be limited to, both of the following:

1. Ensuring that bond revenues are expended only for the purposes described in paragraph (3) of subdivision (b) of Section 1 of Article XIII A of the California Constitution.
2. Ensuring that, as prohibited by subparagraph (A) of paragraph (3) of subdivision (b) of Section 1 of Article XIII A of the California Constitution, no funds are used for any teacher or administrative salaries or other school operating expenses.

(c) In furtherance of its purpose, the citizens' oversight committee may engage in any of the following activities:

1. Receiving and reviewing copies of the annual, independent performance audit required by subparagraph (C) of paragraph (3) of subdivision (b) of Section 1 of Article XIII A of the California Constitution.
2. Receiving and reviewing copies of the annual, independent financial audit required by subparagraph (C) of paragraph (3) of subdivision (b) of Section 1 of Article XIII A of the California Constitution.
3. Inspecting school facilities and grounds to ensure that bond revenues are expended in compliance with the requirements of paragraph (3) of subdivision (b) of Section 1 of Article XIII A of the California Constitution.
4. Receiving and reviewing copies of any deferred maintenance proposals or plans developed by a school district or community college district, including any reports required by Section 17584.1 [of the Education Code].
5. Reviewing efforts by the school district or community college district to maximize bond revenues by implementing cost-saving measures, including, but not limited to, all of the following:
   (A) Mechanisms designed to reduce the costs of professional fees.
   (B) Mechanisms designed to reduce the costs of site preparation.
   (C) Recommendations regarding the joint use of core facilities.
   (D) Mechanisms designed to reduce costs by incorporating efficiencies in school site design.
(E) Recommendations regarding the use of cost-effective and efficient reusable facility plans.

15280. (a) The governing board of the district shall, without expending bond funds, provide the citizens’ oversight committee with any necessary technical assistance and shall provide administrative assistance in furtherance of its purpose and sufficient resources to publicize the conclusions of the citizens’ oversight committee.

(b) All committee proceedings shall be open to the public and notice to the public shall be provided in the same manner as the proceedings of the governing board. The citizens' oversight committee shall issue regular reports on the results of its activities. A report shall be issued at least once a year. Minutes of the proceedings of the citizens' oversight committee and all documents received and reports issued shall be a matter of public record and be made available on an Internet website maintained by the governing board.

15282. (a) The citizens' oversight committee shall consist of at least seven members to serve for a term of two years without compensation and for no more than two consecutive terms. While consisting of a minimum of at least seven members, the citizens' oversight committee shall be comprised, as follows:

1. One member shall be active in a business organization representing the business community located within the district.
2. One member shall be active in a senior citizens' organization.
3. One member shall be active in a bona fide taxpayers' organization.
4. For a school district, one member shall be the parent or guardian of a child enrolled in the district. For a community college district, one member shall be a student who is both currently enrolled in the district and active in a community college group, such as student government. The community college student member may, at the discretion of the board, serve up to six months after his or her graduation.
5. For a school district, one member shall be both a parent or guardian of a child enrolled in the district and active in a parent-teacher organization, such as the Parent Teacher Association or schoolsite council. For a community college district, one member shall be active in the support and organization of a community college or the community colleges of the district, such as a member of an advisory council or foundation.

(b) No employee or official of the district shall be appointed to the citizens' oversight committee. No vendor, contractor, or consultant of the district shall be appointed to the citizens' oversight committee. Members of the citizens' oversight committee shall, pursuant to Sections 35233 and 72533, abide by the prohibitions contained in Article 4 (commencing with Section 1090) and Article 4.7 (commencing with Section 1125) of Division 4 of Title 1 of the Government Code.
MINUTES OF RESCHEDULED MEETING OF THE INDEPENDENT CITIZENS’ BOND OVERSIGHT COMMITTEE

June 16, 2008
6:30 p.m.
Room 1340, McPherson Administration Building
Napa Valley College, Napa, California

Members Present: Chair Greg Rodeno, Brian Kearney, Greg Evans, Jarrod Denton, Heather Stanton, Skip Keyser

Members Absent: Audrey Amundsen, Richard Walton, Rick Whatley

Staff Present: Dr. Chris McCarthy, Scott Miller, Dan TerAvest, Carollee Cattolica, Susan Callahan

Guests Present: Leon Brauning, Bruce Ketron

1.0 Call to Order (6:30 p.m.)
Chair Greg Rodeno called the meeting to order at 6:30 p.m.

2.0 Tour of Measure N Facilities Projects
Dan TerAvest led a tour of completed bond facilities projects and those currently underway. After an approximately one-hour tour, committee members returned to reconvene its meeting at 7:35 p.m.

3.0 Public Comments
There were no public comments.

4.0 Approval of Minutes of March 31, 2008.
M/S/C (Stanton/Denton) to approve the minutes with the following correction: Skip Keyser should be added to those present for the meeting.
CONTINUED: MINUTES OF RESCHEDULED MEETING OF THE INDEPENDENT CITIZENS' BOND OVERSIGHT COMMITTEE
June 16, 2008

5.0 Bond Implementation Plan Update
Dan TerAvest provided the committee an update and summary of the status of bond projects currently underway. He said the Library and Learning Resource Center bid was opened on May 6, 2008 and awarded at the May 15, 2008 board meeting. Groundbreaking will be celebrated on July 17, 2008. The bid was under the State-approved estimate, and construction bids on other projects are coming in well. He noted that the building will receive approximately $3.5 million from the State.

The Transit mall and improvements to Parking Lot B should be completed in time for the start of the Fall, 2008 semester. Buses will no longer travel through the parking log, improving pedestrian and vehicle safety. A pedestrian pathway from the new bus stop to the campus will also be completed by the start of Fall, 2008 semester.

The new Life Sciences Building will have its grand opening on Instructional Excellence Day but will be available for classes in Summer, 2008. The building houses life sciences laboratories and will also function as swing space during the renovation of the Physical Sciences Building.

The New American Canyon Early College High School will include three college classrooms for 40 to 45 students. During the evening hours, all high school classrooms will be available for college use.

Initial programming, schematic design review and design development has been completed for the new Instructional Center for the Performing Arts. The bid was awarded to Broward Brothers from Woodland, CA. Construction of the 500-seat theater, black box theater, orchestra/vocal rehearsal space is underway.

The Auxiliary Gymnasium will house adaptive physical education classes, a weight room, a mat room for the criminal justice training program. Bids will be opened on July 1, 2008.

Construction documents for the Ceramics Building are currently under review by the Department of the State Architect. The project is expected to bid within a couple of months.

6.0 Master Budget
Dan TerAvest reviewed this document with committee members. The document divides facilities projects into four categories: new construction, modernization, infrastructure, and other.

Mr. TerAvest explained that the board will schedule a retreat later in the summer to discuss how the remaining Measure N funds should be allocated. He noted that the failure of Measure L means that not all projects originally included in the Bond Implementation Plan can be completed. Due to the shortfall, the emphasis will be placed on completing classroom improvements, rather than administrative and student
services projects. Fortunately, projects have recently come in under budget, so there will be some savings. Currently, remaining funds available is $43,437,472. The cost of total approved projects is $50,492,21, leaving a hypothetical deficit of $7,054,740. However, Mr. TerAvest stressed that District would never deficit-spend; the shortfall would have to be made up by cutting projects. Brian Kearney asked about the decision process to determine the most critical projects to be completed. Skip Keyser expressed concern that the estimate of a 4 1/2 % annual interest rate may be too optimistic. Vice President Scott Miller said he would change that estimate.

7.0 Review of Expenditure Report for the Period Ending March 31, 2008
Scott Miller reviewed this report covering the quarter ending March 31, 2008. This financial document is prepared in accordance with the State Accounting Manual. Scott Miller noted that this report is not organized by project, but by series. He reported that all of Series B would be spent prior into moving into Series C. The earned interested is estimated. The committee agreed that it would be helpful to know how much interest was actually received, and Scott Miller said that he would provide that information to them.

8.0 Measure N Citizens’ Bond Oversight Committee Annual Report
The committee is required to prepare an annual report to the Napa Valley College Board of Trustees. At the last meeting, the Skip Keyser agreed to draft the committee’s summary and distribute it via email to committee members for their input.

Chair Greg Rodeno thanked Skip Keyser for drafting the document and for his diligent efforts to produce an excellent report. He said that report was reworked a number of times, and great effort went into editing and incorporating the comments of everyone on the committee.

The committee asked that the final paragraph of Appendix B-2 – Measure N Bond Expenditure and Projects be strengthened to make it clear that District would not “deficit-spend.” The last sentence in Appendix B-2 would berevised to state: “While, insofar as the Committee is aware, no decisions have been made concerning how—in the absence of additional funding or construction costs savings—the Current Funding Shortfall of $9,398,755 will be bridged, preliminary indications from staff are that projects scheduled to be started later in the Measure N construction cycle will be cancelled or reduced in scope. “

Skip Keyser also asked for additional data for the Measure N Bond Project Cost Estimate History (Supplement to Appendix B-2). Under Additional State-Funded Project Costs, Mr. Keyser asked for additional break-out and clarification for the “Subtotal—Additional State Funding, $20,209,507.” Dan TerAvest said he would provide the additional information, including Scheduled Maintenance and anticipated State matching funds.
Under General Comments of the Committee, #7, the committee stated: “An independent financial audit for the period July 1, 2006 through June 30, 2007 has not as of the date of this report, been completed, although Napa Valley College staff reported to the Oversight Committee that such an audit is in progress by the accounting firm of Matson and Isom. The most recent independent financial audit of the proceeds from the sale of bonds was completed on February 20, 2007 and covered the period July 1, 2005 through June 30, 2006.” Scott Miller clarified that the Financial Statements with Independent Auditors’ Report to the Board was completed and dated February 8, 2007. The committee has subsequently received copies of the financial report, but did not have the report in time for preparation of its annual report. Scott Miller suggested that Comment #7  be clarified by amending it to include: “The committee subsequently received the Financial Statements with Independent Auditors’ Report, June 30, 2007.”

M/S/C (Stanton/Evans) to approve the Measure N Citizens’ Bond Oversight Committee Annual Report, with changes and amendments as noted above.

9.0  **Measure N Bond Funds Audit for 2006 – 2007**
Scott Miller reviewed the three documents prepared by Matson & Isom, District auditors for the Measure N bond funds. The three documents are the Measure N Funds Report to the Board of Trustees, the Measure N Bond Funds Financial Statements with Independent Auditors Report, and the Proposition 39 and Measure N General Obligation Bonds Performance Audit.

On page 13 of the Financial Statements with Independent Auditors’ Report, #9 should read: Joint Powers Agreement Subsequent Events. Regarding the statement that “The bonds mature in annual installments of $77,832 to $5,283,276, beginning August 1, 2020, through August 1, 2034, at an interest rate from 4.90% to 12.60%,” Scott Miller said he would investigate the 12.60% figure. Dr. McCarthy said that the board accepted the audit at its June 12, 2008 meeting.

10.0  Greg Rodeno announced the following future meetings:  September 8, 2008 and December 1, 2008. The meeting was adjourned at 8:25 p.m.
MINUTES OF THE MEETING OF THE INDEPENDENT CITIZENS’ BOND OVERSIGHT COMMITTEE

September 8, 2008
7:00 p.m.
Room 1340, McPherson Administration Building
Napa Valley College, Napa, California

Members Present: Skip Keyser, Audrey Amundsen, Richard Walton, Jason Luros, Greg Evans, Dr. Dennis Michaud, Brian Kearney, Jarrod Denton

Staff Present: Dr. Chris McCarthy, Scott Miller, Dan TerAvest, Carollee Cattolica, Susan Callahan

1.0 Call to Order (7:00 p.m.)
Chair Greg Rodeno called the meeting to order at 7:00 p.m.

2.0 Introduction of New Member
Chair Greg Rodeno introduced Jason Luros, new member of the Measure N Independent Citizens’ Oversight Committee and welcomed him to the committee. Mr. Luros’s application was approved by the Napa Valley College Board of Trustees at its meeting of September 5, 2008. Mr. Luros thanked everyone and said he looked forward to being of service on the Measure N Independent Citizens’ Oversight Committee.

3.0 Public Comments
Mr. Leon Brauning introduced himself as a Napa County resident and voter. He said he voted for Measure N, based on a letter to the editor in which Dr. McCarthy stated what he planned to do with the Measure N funds, including fixing leaky roofs, damage to the drainage system, roads, and a number of other projects. Mr. Brauning expressed concern that those projects had apparently not been completed, as some of the same projects were also listed in Measure L ballot language. He asked who would pay for these projects and when that work be completed. He suggested that the rigorous oversight of bond funds had not taken place. He referenced the membership requirements of the Citizens’ Oversight Committee and stated that there is currently no member of a taxpayers’ association on the committee and asked why that was the case.

4.0 Approval of Minutes of June 16, 2008
Denton/Kearney approved the minutes, with one correction: Skip Keyser attended the meeting and should be added to the list of those present. Richard Walton and Audrey Amundsen abstained, as they were not in attendance at the June 16, 2008 meeting.
5.0 Bond Implementation Plan Update

Dan TerAvest provided the committee an update and summary of the status of bond projects currently underway. He noted that bids coming in now are coming in under budget, and the number of contractors bidding on projects has also increased.

He reported that the new Transit Mall has provided a sheltered waiting space and a safer route for buses through the campus. The Life Sciences Building was opened for limited summer offerings and is now in full operation. He noted the design makes effective use of daylight, reducing electricity costs.

The American Canyon High School is currently under construction and will open in 2010; three classrooms funded by Measure N monies will be available for daytime use. (The college has full use of the facility in the evening when the high school is not conducting classes.) Richard Walton suggested that, if Napa Valley Unified School District is experiencing the same kinds of savings in construction costs for the classrooms that the college is currently experiencing, the cost to the college should be reduced commensurately. It was suggested that this item be placed on the December agenda. An agreement that addresses a pro-rata share of utilities, customer services, and upgrades should also be created. It was suggested that an attorney should be involved in this process so that everything is documented. Greg Evans clarified that the operating agreement and costs would have nothing to do with bond funds. Dr. McCarthy discussed the potential benefits of the Early College High School plan that would be implemented upon completion of the new American Canyon High School.

The new Instructional Center for the Performing Arts is currently under construction, and the college has been pleased by the work of the contractors and the progress that has been made. The North Gym is also currently under construction and will eliminate the need for the ballet studio and mat room to share the same space.

Bids for the new Ceramics Building will be opened tomorrow, and 38 bids were received. Leon Brauning asked about the ceramics building and stated his belief that it was not included in the original project list in the ballot language. Dan TerAvest explained that the project was included under the more general “expansion of the art program/facilities.”

Mr. Brauning subsequently asked whether the new gymnasium was on the Measure N project list was and whether it morphed from renovation into a new facility. He reiterated the same concern regarding the ceramics building. Chair Greg Rodeno stated that these projects had been approved by the Board of Trustees consistent with the bond plan and that Mr. Brauning may want to address those questions to that body. Mr. Keyser said that what the committee can and cannot do is clearly outlined in the committee’s by-laws. Dan TerAvest further noted that the original members of the Measure N Oversight Committee were no longer on the committee, having rotated off the committee upon
completion of their terms, as stipulated by law. Mr. TerAvest explained that all projects were extensively reviewed with those first members of the Oversight Committee and found to be appropriate expenditures of bond funds. He reaffirmed the college has proceeded with bond projects consistent with the Measure N ballot language the voters approved in 2002.

It was agreed that the college’s bond counsel would attend the December meeting of the Measure N Independent Citizens’ Oversight Committee to review the responsibilities of the members of the Oversight Committee. Dr. McCarthy referred to questions raised in the public comments section of the meeting and asked Mr. Brauning to provide his questions in writing.

Dan TerAvest further explained that bond projects always had been planned to be implemented in three basic phases. Projects had to follow a critical path order, beginning with infrastructure projects. Swing space had to be created in order to accommodate people/functions prior to the completion of new construction. The third phase was renovation, and with the unsuccessful Measure L, many renovation projects cannot be completed.

Jason Luros asked whether we would lose the benefit of minor renovations if, once more money is available, more could be undertaken. Dan TerAvest explained that it would depend in the renovation, but in some cases, work would be redundant.

Greg Evans recommended that questions raised by the public this evening should be reformulated and answered. He said the committee, as part of its oversight responsibility, would follow up. There was consensus that the questions raised in public session would be formally addressed at the December meeting.

Dan TerAvest said that Phase III signage and wayfinding was underway, with additional vehicular directionals to be installed. The Fire Alarm Panel Conversion will go to bid, pending DSA approval.
CONTINUED: MINUTES OF RESCHEDULED MEETING OF THE INDEPENDENT CITIZENS’ BOND
OVERSIGHT COMMITTEE
September 8, 2008

6.0 Master Budget
Mr. TerAvest first reviewed (for informational purposes only) the Measure N Project Worksheet that was based on the recommendations adopted by the Board of Trustees at its July 17, 2008 meeting. He noted that, upon completion of the committed projects, (Library and Learning Resource Center, North Gym/Fieldhouse, American Canyon, Main Fire Alarm Panel, Ceramics New Building, and Program Contingency), there would be approximately $11.29 million left to spend on other projects. He also noted that the State has pulled all capital outlay projects, due to the State’s financial situation. Under Miscellaneous Project Options, he called the committee’s attention to the “recommended” column, which is the option staff recommended to the Board of Trustees at is July 17, 2008 retreat and which the board subsequently approved.

Dan TerAvest reviewed the Measure N Master Budget. He said that $4 million had been held out for contingency purposes, though he said maybe only half of that amount would need to be spent. He said that $60 million is currently out to contract. In the $31,026,784 noted as “Balance to Finish-Adjusted,” obligated funds have been included, projecting an ending balance of $2,000. In response to the tightness of the ending balance of $2,000, Mr. TerAvest stressed that under no circumstances would the District engage in deficit spending. He explained that in earlier reports, there was a “floating deficit,” and that has now been “zeroed out.” He further explained all estimates are conservative, and when we get hard estimates, the $11.29 million would change. He said those figures may be available by the December meeting in draft form. Scott Miller mentioned that a question about projected income from interest was raised at the last oversight meeting, and those “interest earned” figures would be revised downward.

The committee agreed that a separate section in the report for completed projects would be helpful, as it would allow clearer focus on remaining projects. The report will be modified accordingly.

The minutes of the Measure N Independent Citizens’ Oversight Meeting are posted on the college website. Carolleee said she would forward the college website address to committee members.

7.0 Review of Expenditure Report for the Period Ending June 30, 2008
Scott Miller apologized for the late availability of the financial statements. He explained that his office has been simultaneously working on closing the books on the old fiscal year as well as preparing the District’s budget for submission to the board for it’s September meeting. He stated that the District has spent all of Series A, and all of Series B must be spent prior to Series C. He said that next year, there will be a Series C Expenditure Report. He also noted that if there is any excess from bond sales, it would go into retiring the debt. He welcomed questions from the committee at any time, and committee members could forward their questions to Susan Callehan.
CONTINUED: MINUTES OF RESCHEDULED MEETING OF THE INDEPENDENT CITIZENS' BOND OVERSIGHT COMMITTEE  
September 8, 2008

Leon Brauning asked about the authority of the Measure N Independent Citizens’ Oversight Committee. Chair Greg Rodeno answered that the committee’s role is strictly administrative and that the committee directs its questions and/or concerns directly to the Board of Trustees. Skip Keyser stated that the law is explicit regarding what the committee can and cannot do. Dr. McCarthy asked the committee whether it would like a presentation by the District’s bond counsel at the December meeting in order to provide guidance on its roles and responsibilities. There was consensus that the committee would welcome a presentation from bond counsel David Cashnocha at the December meeting.

Richard Walton asked a question regarding debt service; Scott Miller answered that it is not an expense paid for by the college, but rather it is itemized in the tax statement. Mr. Miller said that bankers structure the debt repayment so that the bonds will be retired within the agreed upon time. Property owners are assessed no more than $25.00 per $100,000 assessed valuation, and Mr. Miller stated that the hope is always that the assessment would be significantly below the $25 maximum.

8.0 Future Meetings:

December 1, 2008  
March 2, 2009  
June 1, 2009  
September 14, 2009  
December 7, 2009

9.0 Adjournment
M/S/C (Denton/Michaud) to adjourn the meeting at 8:30 p.m.
MINUTES OF THE MEETING OF THE MEASURE N INDEPENDENT CITIZENS’ BOND OVERSIGHT COMMITTEE
December 1, 2008
7:00 p.m.
Room 1340, McPherson Administration Building
Napa Valley College, Napa, California

Members Present: Greg Rodeno, Greg Evans, Jarrod Denton, Skip Keyser, Jason Luros, Brian Kearney, Heather Stanton, Audrey Amundsen

Staff Present: Dr. Chris McCarthy, Scott Miller, Dan TerAvest, Carollee Cattolica, Susan Callahan

1.0 Call to Order (7:00 p.m.)
Committee Chair Greg Rodeno called the meeting to order at 7:00 p.m.

2.0 Membership
Greg Rodeno announced that Richard Walton had notified the college of his intention to resign from the committee, effective immediately, as he would be out of the country for most of the upcoming year. Jarrod Denton has notified the college of his intention to complete his third year, and his last meeting will be March, 2009.

3.0 Public Comments
There were no public comments.

4.0 Approval of Minutes of September 8, 2008
The committee will amend/approve the minutes (attached).

5.0 Review of Roles and Responsibilities of Committee Members
At the September 8, 2008 meeting, the Oversight Committee agreed to invite bond counsel to the December 1, 2008 meeting to review the roles and responsibilities of the Measure N Independent Citizens’ Oversight Committee. David Casnocha, the District’s bond attorney, made a presentation to the committee.

Mr. Casnocha explained that Measure N passed under Proposition 39, which meant that Measure N required only 55% of the votes cast in order to pass. Because the District elected to meet the lower 55%, it accepted additional post-election requirements, including the need for specificity on listing of bond projects and a citizens’ oversight committee.
Mr. Casnocha walked the committee through the by-laws of the Measure N Independent Citizens’ Oversight Committee. He said the committee was subject to Brown Act rules, and all business must be conducted in open meetings. He said the committee could socialize if no business were discussed. He said that a member who was unable to attend a meeting could participate in the meeting via a conference call.

Mr. Casnocha outlined the responsibilities of the committee. Specifically, the committee must confirm that bond funds were spent only on voter-approved projects and no money was used for administrator salaries. The committee would make its determination by reviewing expenditure reports provided by the District. The expenditure reports must correlate with Exhibits A and B of the ballot language to establish that the college is spending funds only on projects included in the ballot language. Mr. Casnocha praised the expenditure materials that have been provided to the committee, stating that they have been among the best he has seen from the Districts he represents.

Mr. Casnocha continued the discussion regarding the "no money for administrators' salaries" language in the by-laws. He noted that a 2004 attorney general opinion concluded that “a school district may use Proposition 39 school bond proceeds to pay the salaries of district employees to the extent they perform administrative oversight work on construction projects authorized by a voter approved bond measure.” He also said that if the board pursued the avenue of using bond funds to appropriately pay for an administrator’s salary (or portion of it), it could be referenced in the by-laws (meaning an amendment.) He also noted that a District could reimburse from bond proceeds from the time of the 2004 ruling forward. David Cashnocha said he would put this in writing. He also referred to 7.3 of the by-laws "No bond proceeds shall be used to provide District support to the Committee," saying that it could be amended, consistent with the 2004 attorney general ruling.

Mr. Casnocha summarized the responsibilities of the Oversight Committee, including:

a) Reviewing bond expenditures
b) Informing the public about its conclusions
c) Preparation of a written annual report that is presented to the Board of Trustees

Mr. Casnocha said that the committee should pay attention to cost-savings measures undertaken by the District; state matching funds; building green, streamlining procedures, re-using plans for second buildings, competitive bid contracts, lowest responsible bids, and in general, getting “the biggest bang for the buck.”

He noted that two consecutive terms is the maximum a member can serve on the committee. However, at the end of that time, a member may serve until a successor is in place, as it is sometimes difficult to find replacements. He also said the life of the committee would extend beyond the last date of expenditures in order to provide appropriate review. As the Measure N Citizens’ Oversight Report covers April through
March, a final report would have to be written that covers March through whenever the committee’s work has been completed.

Mr. Casnocha went on to discuss the refunding of bonds that the District has done on two separate occasions. He reviewed that the refunding had occurred without extending the life of the bond and that the debt service on the new bond is less than on the old bond. He reviewed that, since 2002, assessed valuation had grown faster than the District had projected. Additionally, interest rates were low, making it an opportune time to refund bonds. The refunding allowed the District to keep its promise to the community by completely as many of the bond projects as possible. The refunding process has recently come under question. California’s Attorney General has reviewed the law, and at this point, the informal finding was inconclusive. Mr. Casnocha assured the committee that the District had acted appropriately in the refunding process, as many other community colleges in the State (30 between 2003 and 2007) had done the same.

Skip Keyser asked about "tweaking" areas of the by-laws. David Casnocha suggested that suggestions for “tweaking” be passed on to Greg or himself. He said it was a good time to upgrade.

David Casnocha made the point that the Oversight Committee can be an effective vehicle for getting the message out to the community about the District’s bond projects. He noted that effective Oversight Committee members are important and an asset to the District.

6.0 Expenditure of Measure N Funds for Ceramics Building
At the September 8, 2008 meeting during the public comments section of the agenda, a citizen asserted that the ceramics building the college plans to build had not been included on the project list, and therefore did not qualify for Measure N funds. Mr. Casnocha responded, citing a California appellate court decision related to Foothill DeAnza College that determined that, as long as projects were listed by type within the ballot language, a district could modify design and approach based upon discoveries made during the building process. He explained that the purpose of the ballot language is not to specify the details of the projects, but to provide guideposts to the Oversight Committee that allow members to determine that the college is operating in accord with the law. The language in Exhibit B said the college would “renovate and expand building 400 for fine arts instructional programs.” Because our architects suggested a small building adjacent to the 400 Building to expand the ceramics program, built in the current footprint of our outdoor kiln area, the project fell within the intent of the language and was an appropriate project.
CONTINUED: MINUTES OF RESCHEDULED MEETING OF THE INDEPENDENT CITIZENS' BOND OVERSIGHT COMMITTEE  
December 1, 2008

7.0 Bond Implementation Plan Update  
Dan TerAvest provided the committee an update and summary of the status of bond projects currently underway. He said that the work areas in the library would be winterized in order to continue construction through the winter months. As the bid for the library came in lower than projected, the State had pro-rated its support. He said the completion of the Transit Mall had supported a huge increase in ridership.

He showed a time lapse video covering the construction of the Life Sciences Building and said it was a very green building. He reviewed the three classrooms that would be available for college use in the American Canyon High School and said the college’s share of cost savings had not yet been worked out. Construction on the Instructional Center for the Performing Arts should be completed in Spring, 2010, and construction was going well. The North Gym project, designed to provide defensive combat training, had also been prepared for rain. Signage and wayfinding, including ADA wayfinding, was nearly complete. The HVAC upgrade project will replace rooftop structures and HVAC equipment, utilizing chilled water from the new Central Chiller Plant. Upgrades would go on buildings 900, 1100, 1300, 1400, and 1500. He said that all bond projects should be completed by the end of 2011. Construction had started on the Ceramics Building.

8.0 Master Budget  
Dan TerAvest reviewed this document with committee members. He reminded the committee that the format had been adjusted, as previously a floating deficit had been noted, even though the District would never deficit-spend. The report now includes a separate summary for closed projects, closing/in progress projects/pending projects, and proposed projects. Mr. TerAvest also said the District brought in a new accountant to track projects.

Heather Scranton and Skip Keyser asked for re-verification regarding the amount of additional funds created through the two bond refundings. Ms. Scranton also asked about how we monitor projected interest, noting the adjustment from 3.5% down to 3.0% interest. Scott Miller reported that next year, the projected interest would be at 2.0%.

Greg Evans noted that the by-laws stated the committee has oversight of the District’s expenditure of bond proceeds. He asked if the committee also has oversight over the District’s expenditure of interest earned through refunding. Greg Rodeno said that it was difficult to split the two, and Dr. McCarthy stated that the committee clearly had oversight over the original bond funds and interest earned through refunding. He said that projects are left open and funds are left in place until the final tally has been made.
Under the proposed projects section, Dan TerAvest stated that a scoping statement for proposed projects would be put together. He referred to lines 25 – 30, noting that the State had pulled back money for modernizations, as well as the anticipated matching money for the Library and Learning Resource Center. The original match from the State had been reduced to $12.5, as the bids came in lower than originally budgeted, causing the State to pro-rote the match. The balance as of 11-03-08 was $55,267. In reference to line 57, Mr. TerAvest said the original concept for the Administration Building has been put aside, and the scope had been reduced to restroom renovation.

The committee provided positive feedback on the new Master Budget document that covers projects from start to finish.

The committee discussed the need for an agreement with Napa Valley Unified School District regarding costs savings on the three classrooms in the new American Canyon High School and on the pro-rata share of maintenance the college would be expected to contribute. Dan TerAvest said he would be working with Don Evans on these issues and for the time being, both sides are operating in good faith. He said he felt this joint use would go well. Skip Keyser said he felt there should be a contract or MOU.

Greg Evans referred to the public comment made at the September meeting asserting that the committee membership did not meet the requirements outlined in the by-laws, as no member of a taxpayer’s organization served on the committee. Dr. McCarthy explained that the college, on the advice of bond counsel, had filled that position with a member of a homeowner’s association. Jason Luros, a bona fide member of a taxpayer’s organization, now fills that position, having been approved by the board at its September meeting.

9.0 **Review of Expenditure Report for the Period Ending September, 2008**

Scott Miller explained that the expenditure reports are prepared according to the State Accounting Manual and follow general accounting principles. He said that his financial documents were organized by series and reported quarterly information. He explained that larger projects could extend over more than one series.

Committee members noted their difficulty in working between the financial report and the Master Budget, as they cannot reconcile the different reports. Scott Miller noted that Measure N audits are tied to the fiscal year, whereas the Master Budget follows projects from start to finish over fiscal years and over Series.

Regarding the earlier discussion led by David Casnocha, Scott Miller stated that, consistent with the 2004 attorney general opinion, salaries and benefits of people working directly on the bond projects have been charged to bond funds.
Scott Miller also noted that we are waiting to sell Series C, as 85% of funds must be encumbered (not spent) within three years of issuance. Otherwise, there may be interest payments due to the federal government. Scott said he would brief the committee on this issue at its June meeting.

10.0 **Future Meetings:** Chair Greg Rodeno announced the upcoming meetings for 2009:
March 2, 2009; June 1, 2009; September 14, 2009, and December 7, 2009.

11.0 **Adjournment**
M/S/C (Evans/Amundsen) to adjourn the meeting.
MINUTES OF THE MEETING OF THE INDEPENDENT CITIZENS’ BOND OVERSIGHT COMMITTEE
March 2, 2009
7:00 p.m.
Room 1340, McPherson Administration Building
Napa Valley College, Napa, California

Members Present: Greg Rodeno, Jarrod Denton, Rick Whatley, Audrey Amundsen, Brian Kearney, Skip Keyser, Heather Stanton, Greg Evans, Jason Luros

1.0 Call to Order (7:00 p.m.)
Chair Greg Rodeno called the meeting to order at 7:00 p.m.

2.0 Membership
Chair Greg Rodeno reviewed the status of committee membership. He reported that he had completed his maximum of two consecutive terms of service on the Measure N Independent Citizens’ Oversight Committee. Heather Stanton will complete her maximum two consecutive terms of service at the June meeting. She stated she would be willing to continue until a replacement is found. Jarrod Denton notified the District that he would complete his third and final year at this meeting. In order to replace these three members on the Committee, the District will advertise for new members in local papers, libraries, and service organizations.

3.0 Selection of New Chair and Vice-Chair
The by-laws of the Measure N Independent Citizens’ Oversight Committee state that “the board, upon the recommendation of the superintendent/president shall appoint the initial chair of the committee. Thereafter, the committee shall elect the chair and a vice-chair who shall act as chair only when the chair is absent.”

Heather Stanton nominated Skip Keyser to serve as chair of the committee.
( M/S/C) Stanton/Luros to approve Skip Keyser as chair of the committee, effective at the June 1, 2009 meeting of the Oversight Committee.

Greg Rodeno nominated Greg Evans to serve as vice-chair of the committee.
M/S/C (Rodeno/Stanton) to nominate Greg Evans as vice-chair of the committee, effective at the June 1, 2009 meeting of the Oversight Committee.

4.0 Public Comments
There were no public comments.
5.0 Approval of Minutes of December 1, 2008
Greg Evans asked that the minutes be amended as follows: Under 8.0 Master Budget, paragraph 3, Mr. Evans clarified that his statement regarding the committee’s responsibility should include the word “oversight” and read: “Greg Evans noted that the by-laws stated the committee is responsible for the oversight of expenditure of bond proceeds. He asked if the committee was also responsible for the oversight of the expenditure of interest earned through refunding.”
M/S/C (Stanton/Denton) to approve the minutes of December 1, 2008 as amended.

6.0 Response to Committee Requests for Information
At the December 1, 2008 meeting, committee members requested information regarding the requirement for the District to encumber bond proceeds within three years of issuance of the bond or be subject to possible taxes on interest. Scott Miller explained that we are required to encumber 85% of bond proceeds by 2010, and based on analysis so far, we will not have a problem meeting that requirement. He further explained that, were anything to change regarding meeting that requirement, evidence of a good faith effort may help avoid possible taxes on interest.

A second request for clarification concerning how much money the college received through two refundings was raised at the December meeting. Skip Keyser had recalled two figures that did not agree. Scott Miller stated that, after researching and double-checking, he found that the last Annual Report contained some inaccurate information. Heather Stanton said that it would be important to make the language clear in the next Annual Report so that the amount of money that went back to taxpayers from refundings would not be in question. Scott Miller explained the rationale for the refundings, saying that it was the District’s goal to complete as many of the bond projects included in the Measure N ballot language as possible. The District’s financial advisor and bond counsel both recommended that course of action. Skip Keyser asked if any further refunding was planned, and Scott Miller stated that the current bond market would make that unwise. Mr. Miller clarified that, based on the recent ruling by the Attorney General, voter approval would be required for a refunding. Scott Miller further explained that the date of bond sale could be advantageous or not, and we do not have control over the exact date of sale. Unfortunately, the first bond sale did not have advantageous market conditions on the date of sale.

7.0 Amended Measure N Citizens’ Oversight Committee By-Laws
At its December 1, 2008 meeting, bond counsel David Casnocha reviewed by-laws of the Measure N Independent Citizens’ Oversight Committee and suggested revisions. The amended and restated by-laws were submitted to the Napa Valley College Board of Trustees at its February 12, 2009 meeting, and they were approved. Committee members were asked to replace the old by-laws with the new amended by-laws in their Measure N Independent Citizens’ Oversight binders that each committee member has been provided.
8.0 **Bond Implementation Plan Update**  
Dan TerAvest provided the committee an update and summary of the status of bond projects currently underway by reviewing the Bond Implementation Plan Update report, the project tracking report (green bar report) used by the Campus Planning and Construction Office to summarize project status information. The report includes only projects that are “in process.” Projects that have been completed will remain on the report approximately 90 days before being removed. He reviewed the status of the following projects: library-learning resource center; American Canyon High School (will open in Fall, 2010); Instructional Center for the Performing Arts (March/April 2010 completion); North Gym; telephone cabling project; signage and wayfinding; HVAC/Penthouse Upgrades; Ceramics Building (completed by summer, 2009); fire alarm panel conversion.

Mr. TerAvest explained the impact of the State’s budget crisis on the bond projects, including the fact that because there is no State budget, California lost bond rating. Currently, the college is owed $12 million from the pooled PMIA. Mr. TerAvest also explained that, to the extent that the District uses money to backfill those funds, the State will not reimburse. Mr. TerAvest stated that the District will eventually receive the funds, but the time framework is unclear. The District has signed contracts with contractors to complete projects. If the District were to suspend the project, there would be penalties incurred. Additionally, the District needs to protect the site, the steel, etc. Mr. TerAvest stated that the Board of Trustees had been presented the various scenarios to address the problem (included at the bottom of the sheet “LLRC Financials,” and it decided to borrow funds from future projects in order to protect the investment in the Library and Learning Resource Center by moving forward with it.

9.0 **Master Budget**  
Dan TerAvest reviewed this document with committee members, including the projected income over the life of the bond, and past and projected expenditures. There is a zero balance as of 1/29/09, with $8,658,760 left to spend. He said the Facilities Master Plan is under review, with the possibility of a North Bay Regional Training Center for Health Occupations in the future. This would not be part of Measure N, and it is not currently funded. The college has been asked to take on more nursing students and has doubled in size since 2002, working with five local hospitals to fulfill this request.

Dan TerAvest presented information on the Pooled Money Investment Account (PMIA) that had been frozen by the Pooled Money Investment Board (PMIB) and the impact on the Library and Learning Resource Center Project budget. He said that $12 million in State funding had been frozen and was not currently available to the District. While the District expects to receive the money eventually, the timeline is in question. Skip Keyser asked whether or not the District could complete construction on the Library/Learning Resource Center without the $12 million from the State. Dr. McCarthy stated that funds would be shifted from other projects that had not yet been started in order to complete the
CONTINUED: MINUTES OF RESCHEDULED MEETING OF THE INDEPENDENT CITIZENS’ BOND OVERSIGHT COMMITTEE
March 2, 2008

Dan TerAvest stated that all options have been reviewed. The District would not pursue litigation, as it expects to eventually receive the money from the State. The American Canyon High School project is not in jeopardy, as no money was held in the pooled investment account.

Heather Stanton requested that the project budget detail for the Library and Learning Resource Center be expanded in order to more clearly identify the sources of income. Dan TerAvest stated that Campus Planning and Construction would work out a summary of greater specificity regarding the Library and Learning Resource Center Project for the committee’s use.

10.0 Review of Expenditure Report for the Period Ending December, 2008
Scott Miller stated that things are in good shape and offered to walk the committee through the financials. However, he suggested the committee may prefer to spend its efforts in discussing its upcoming need to prepare its annual report. He invited the committee members to call his office with questions at any time.

11.0 Measure N Independent Citizens’ Oversight Committee Annual Report
The committee is required to prepare an annual report to the Napa Valley College Board of Trustees. The committee discussed its preferences regarding content and format of its report for the last year, using as a model pages 1 through 17 of the Annual Report for the Period April 2007 through March 2008. (Pages 18 through 28 of last year’s report have not been included, as those pages represent minutes from June 4, 2007, September 9, 2007, and December 3, 2007, and March 31, 2008.)

Greg Evans stated that, from a format standpoint, an annual report is a snapshot that reflects only the current year and questioned the need to make comparisons with previous years. The period to be covered in this annual report would begin at the end of last year’s report.

The committee identified complex issues that needed to be explained in this report, including the drop in interest rate from 4.5% to 3% and then to 2%. The dates of those changes would be noted in the annual report. In addition, the $15 million in interest earnings that had been projected has been dropped to $11 million. The revenue adjustments made as a result of dropping interest rates would also be explained in the report.

The committee agreed that the issue of the freezing of the Pooled Money Investment Account (PMIA) and the consequences for the Library and Learning Resource Project should also be addressed in this report. In general, the goal of the committee in preparing its report would be to inform the public concerning the District’s expenditure of bond funds over the last year. The report should provide a clear understanding to
citizens and answer any questions not addressed in the minutes of the Measure N Independent Citizens’ Oversight Committee.

Four committee members agreed to work on the 2008 – 2009 Annual Report, including Greg Evans, Heather Stanton, Brian Kearney, and Skip Keyser. Committee members acknowledged the major efforts of Skip Keyser who took primary responsibility for drafting last year’s annual report.

Dan TerAvest said his office would update the Master Budget, effective March 31, and send it to committee members. The committee requested recent audits as soon as they are available.

12.0 Future Meetings
Chair Greg Rodeno announced the following upcoming meetings: June 1, 2009; September 14, 2009; and December 7, 2009.

13.0 Adjournment
Greg Rodeno adjourned the meeting at 8:40 p.m.

Dr. McCarthy and committee members thanked Mr. Rodeno for his four years of service on the committee and for serving as the committee’s chair.
### I - CLOSED PROJECTS (page 2 & 3)

<table>
<thead>
<tr>
<th>Project Type</th>
<th>Estimated Cost</th>
<th>Adjusted Cost</th>
<th>Notes</th>
</tr>
</thead>
<tbody>
<tr>
<td>New Construction</td>
<td>$8,168,920</td>
<td>$7,928,336</td>
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<tr>
<td>Modernization</td>
<td>$2,825,748</td>
<td>$2,767,824</td>
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<tr>
<td>Infrastructure</td>
<td>$11,354,399</td>
<td>$11,157,543</td>
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<tr>
<td>Other</td>
<td>$1,121,858</td>
<td>$1,139,542</td>
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**Total** $39,644,101

### II - CLOSING / IN PROGRESS / PENDING PROJECTS (page 4)

<table>
<thead>
<tr>
<th>Project Type</th>
<th>Estimated Cost</th>
<th>Adjusted Cost</th>
<th>Notes</th>
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<tbody>
<tr>
<td>New Construction</td>
<td>$112,532,000</td>
<td>$112,792,000</td>
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<tr>
<td>Modernization</td>
<td>$9,274,500</td>
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<tr>
<td>Infrastructure</td>
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<tr>
<td>Other</td>
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</table>

**Total** $132,278,074

### III - PROPOSED PROJECTS - August 2008 (page 5)

<table>
<thead>
<tr>
<th>Project Type</th>
<th>Estimated Cost</th>
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<tbody>
<tr>
<td>Modernization</td>
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<tr>
<td>Infrastructure</td>
<td>$148,855</td>
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<tr>
<td>Other</td>
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</table>

**Total** $201,777

**Total Projected Funds** $168,648,690

### Summary of Projected Interest Income Adjustments through 6/2011

- **Previous Ending Balance**: $272,920
- **PMA Funding Freeze - Loss of interest due to anticipated delay (March '09 to Dec '09)**: -$283,000
- **Projected Interest Reduction**: $783,589

**Total Reduction in Available Funds**: $783,589

---

<table>
<thead>
<tr>
<th>Project</th>
<th>Cost</th>
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</thead>
<tbody>
<tr>
<td>Original Bond</td>
<td>$133,800,000</td>
</tr>
<tr>
<td>Actual Interest through Dec 2008</td>
<td>$10,991,240</td>
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<tr>
<td>Estimated Interest at 2.0% through Dec 2011</td>
<td>$1,750,801</td>
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<tr>
<td>Refinance Bond</td>
<td>$9,936,999</td>
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**Total Projected Funds** $168,648,690

---

<table>
<thead>
<tr>
<th>Project</th>
<th>Cost</th>
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<tbody>
<tr>
<td>Closed Projects</td>
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**Closed Projects - line 123, column J, pg. 3**

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<table>
<thead>
<tr>
<th>Project</th>
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</thead>
<tbody>
<tr>
<td>Closing, in Progress &amp; Pending Projects</td>
<td>$129,592,720</td>
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</table>

**Closing, in Progress & Pending - line 167, column J, pg. 4**

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<table>
<thead>
<tr>
<th>Project</th>
<th>Cost</th>
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<tbody>
<tr>
<td>Original Bond</td>
<td>$133,800,000</td>
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**Total Projected Funds** $168,648,690

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<table>
<thead>
<tr>
<th>Project</th>
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<tbody>
<tr>
<td>Proposed Projects</td>
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**Proposed Projects - line 195, column G, pg. 3**

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<table>
<thead>
<tr>
<th>Project</th>
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<tbody>
<tr>
<td>Available for Proposed Projects</td>
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</table>

**Available for Proposed Projects (August 2008)**

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<table>
<thead>
<tr>
<th>Project</th>
<th>Cost</th>
</tr>
</thead>
<tbody>
<tr>
<td>Previous Total Dollars Available. Proposed Project scope changes to be determined. Reduction due to State Funding Freeze and adjusted projected interest income. Details pending Board review.</td>
<td>$783,589</td>
</tr>
</tbody>
</table>

**Revised Total Dollars Available. Proposed Project scope changes to be determined. Reduction due to State Funding Freeze and adjusted projected interest income. Details pending Board review.**

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March '09 - although the state has sold $6.5 billion in bonds, we have no word of when or if we can expect to receive the $12 million owed for the LLRC.