MEASURE N

CITIZENS’ BOND OVERSIGHT COMMITTEE

FINAL REPORT

To the Public

and

To the Napa Valley Community College District Board of Trustees

For the Period

April 2011 through June 2013

Measure N Citizens’ Bond Oversight Committee

Jason Luros, Chair

Audrey Amundsen  Phil Box
Bill Lockhart  Brian Kearney
Rick Whatley

2277 Napa-Vallejo Highway, Napa, CA 94558
# TABLE OF CONTENTS

STATEMENT OF COMPLIANCE ................................................................................................................................. 1

HOW TO CONTACT THE BOND OVERSIGHT COMMITTEE AND MEETINGS OF THE BOND OVERSIGHT COMMITTEE ................................................................................................................................. 1

WHERE TO GET MORE INFORMATION ON MEASURE N OR THE OVERSIGHT COMMITTEE........ 1

REPORT OF THE MEASURE N CITIZENS’ BOND OVERSIGHT COMMITTEE ........................................ 2
  BACKGROUND: ........................................................................................................................................................................... 2
  RESPONSIBILITIES OF THE OVERSIGHT COMMITTEE: ........................................................................................................... 2
  GENERAL COMMENTS OF THE COMMITTEE: ........................................................................................................................... 3
  SPECIFIC COMMENTS OF THE COMMITTEE: ........................................................................................................................... 5

APPENDIX A FULL TEXT OF MEASURE N BALLOT PROPOSITION ................................................................. 7

APPENDIX B-1 – MEASURE N BOND REVENUES AND FINANCES ................................................................. 10

APPENDIX B-2 – MEASURE N BOND EXPENDITURES AND PROJECTS ......................................................... 11

APPENDIX C – STATE OF CALIFORNIA CONSTITUTION, ARTICLE XIII A, SECTION 1 .......................... 12

APPENDIX D – STATE OF CALIFORNIA EDUCATION CODE, SECTIONS 15278 THROUGH 15282 ...................................................................................................................................................................... 13

STATEMENT OF COMPLIANCE

This Final 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.

__________________________________   ____________
Jason Luros, Chair       Date

HOW TO CONTACT THE BOND OVERSIGHT COMMITTEE
AND
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, Jason Luros, 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 has fulfilled their charge with the acceptance of this Final Report by the Napa Valley College Board of Trustees on December 12, 2013.

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, 2011 through June 30, 2013. This is the Final Report of the committee.

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 Measure N expenditures are contained in Appendices B-1 and B-2.

Measure N was enacted under 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, except as permissible per Attorney General Opinion 04-110; 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 State of California Education Code, Sections 15278 through 15282 (Appendix D). Appendix E contains minutes of the Measure N Citizens’ Bond Oversight Committee meetings held during the period covered by this report (April 2011 through June 2013).

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 2011 through June 2013:

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 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 Audits:** 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. Independent performance audits have been conducted annually. This final report encompasses performance audits for the periods of July 1, 2011 through June 30, 2012 and July 1, 2012 through June 30, 2013. Both audits were provided by the accounting firm of Christy White Associates. 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.

In the Independent Auditor’s Report for the period July 1, 2011 through June 30, 2012, the auditors stated, “In our opinion, the District complied, in all material respects, with the compliance requirements for the Measure N General Obligation Bonds as listed and tested.”

In the Independent Auditor’s Report for the period July 1, 2012 through June 30, 2013, the auditors stated, “In our opinion, based on the fieldwork described above as well as the other tests that we conducted, the District complied with the compliance requirements for the Measure N General Obligation Bonds as listed and tested, except as described in the Findings and Recommendations section of this report.”

The sole finding in the 2012/2013 Performance Audit has been addressed as of this report. That finding read: “In our review of the minutes of the Citizens’ Oversight Committee for Measure N, we found that there were inadequate documentation of meetings held during fiscal year 2012-13 and likewise no report was posted. Under Ed Code 15280(b), “The citizen’s 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 citizen’s 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.”

Recommendation: “To comply with Education Code 15280 and to effectively monitor the Measure N projects, the Citizens’ Oversight Committee should document minutes and reports as a matter of public record and post them in a timely manner on the District’s website.”

7. **Financial Audits:** 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. Independent financial audits have been conducted annually. This final report encompasses financial audits for the periods of July 1, 2011 through June 30, 2012 and July 1, 2012 through June 30, 2013. Both audits were provided by the accounting firm of Christy White Associates. 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.

In the Independent Auditor’s Report for the period July 1, 2011 through June 30, 2012, the auditors stated, “In connection with our audit, we also performed an audit for compliance as required in the performance requirements for the Measure N General Obligation Bonds for the fiscal year ended June 30, 2012.” Further, “There were no findings or recommendations to the audit of the Measure N Proposition 39 Bond Building Fund for the fiscal year ended June 30, 2012.”

In the Independent Auditor’s Report for the period July 1, 2012 through June 30, 2013, the auditors stated, “During our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under Government Auditing Standards.”

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 2011 through June 2013:

1. The actual funding and revenues for Measure N projects is currently valued at $168,060,927, as provided by Master Budget 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. As reported to the Committee, 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 amount of Measure N project spending of $168,060,927 is higher than the original Measure N budget, it reflects the net impact of the addition of non-Measure N funds (e.g., state contributions, district operating funds, etc.) as well as reductions in scope and the number of projects originally envisioned. These adjustments can be seen in the Master Budget Summary attached herein.
4. As of June 30, 2013, the total amounts spent or committed (including matching funds received) is $168,060,927 as shown below:

<table>
<thead>
<tr>
<th></th>
<th>Final totals -- June 30, 2013</th>
</tr>
</thead>
<tbody>
<tr>
<td>New Construction</td>
<td>$123,124,512</td>
</tr>
<tr>
<td>Modernization</td>
<td>$16,446,248</td>
</tr>
<tr>
<td>Infrastructure Development</td>
<td>$17,906,336</td>
</tr>
<tr>
<td>Other</td>
<td>$10,583,833</td>
</tr>
<tr>
<td>Total</td>
<td>$168,060,927</td>
</tr>
</tbody>
</table>

5. The scope of the original bond projects list has been reduced due to a number of factors, some or all of which were not reasonably foreseeable given the information that the college possessed or could reasonably possess prior to seeking the bond funding. Those factors likely include, but are not necessarily limited to:

a. Unforeseen increases in raw materials and other external costs;
b. Changes in state mandates and/or educational emphasis for community colleges requiring modifications to construction plans; and
c. Within the scope of Measure N bond projects, decisions by the College to modify use of Measure N bond project funds, approved subsequent to the original long-range plan.

The Committee was provided data illustrating cost impact analysis of factors including, but not limited to, material cost increase, labor cost increases, and change(s) in scope, that demonstrated how those factors contributed to increased construction costs.

6. In 2010 the Committee requested changes to existing reports and reconciliation reports to explain the dynamics of the project.
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.
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>$64,997,723</td>
</tr>
<tr>
<td>Series C</td>
<td>$43,800,000</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>$133,797,723</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 November 18, 2013 (effective June 30, 2013), the total funding available for Measure N projects is $168,060,927 as follows:

<table>
<thead>
<tr>
<th>Bond Revenues</th>
<th>$133,797,723</th>
</tr>
</thead>
<tbody>
<tr>
<td>Actual Interest Income through 06/30/13</td>
<td>$12,321,701</td>
</tr>
<tr>
<td>NVC Scheduled Maintenance</td>
<td>$481,605</td>
</tr>
<tr>
<td>State of California Funds</td>
<td>$12,504,919</td>
</tr>
<tr>
<td>Refinancing Series A &amp; B Bonds $^{1}$</td>
<td>$8,936,850</td>
</tr>
<tr>
<td>Cash Adjustments: Cancelled Warrants</td>
<td>$18,129</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>$168,060,927</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 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. As of June 30, 2013, all funds previously impacted by the PMIB freeze have been received and expended.

$^{1}$: 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.
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 $168,060,927 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>Category</th>
<th>ORIGINAL</th>
<th>Estimated Total on June 30, 2013</th>
</tr>
</thead>
<tbody>
<tr>
<td>New Construction</td>
<td>$62,666,000</td>
<td>$123,124,512</td>
</tr>
<tr>
<td>Modernization</td>
<td>$43,397,000</td>
<td>$16,446,248</td>
</tr>
<tr>
<td>Infrastructure Development</td>
<td>$7,351,000</td>
<td>$17,906,336</td>
</tr>
<tr>
<td>Other</td>
<td>$0</td>
<td>$10,583,833</td>
</tr>
<tr>
<td>Escalation, Project Mgmt, Contingency</td>
<td>$20,386,000</td>
<td>included</td>
</tr>
<tr>
<td>Total</td>
<td>$133,800,000</td>
<td>$168,060,927</td>
</tr>
</tbody>
</table>

Sum of individual amounts differ from totals due to rounding.

Final expenditures for Measure N projects is $168,060,927. As discussed in previous years’ Bond Oversight Committee Reports, much of the increase over the original budget was due to construction cost escalation that exceeded budgeted assumptions. When the economy slowed, some projects were completed below their estimated costs but those effects were 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).
Appendix D – State of California Education Code, Sections 15278 through 15282

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.
Appendix E – Minutes of Committee Meetings for:

June 20, 2011
September 12, 2011
December 5, 2011
March 12, 2012
October 15, 2012

MINUTES OF THE MEETING OF THE MEASURE N INDEPENDENT CITIZENS’ BOND OVERSIGHT COMMITTEE
June 20, 2011 -- 7:00 p.m.
Room 1340, McPherson Administration Building
Napa Valley College, Napa, California

Members Present:  Jason Luros, Greg Evans, Lee Broad, Bill Lockhart, Audrey Amundsen, Phil Box, Rick Whatley

Members Absent:  Brian Kearney

Staff Present:  Edna Baehre-Kolovani, Dan TerAvest, John Nahlen

1. Call to Order (7:00 p.m.)
   Jason Luros called the meeting to order at 7:00 p.m.

2. Public Comment
   None.

3. Approval of Minutes of March 7, 2011
   M/S/C (Amundsen/Lockhart) to approve the minutes of March 7, 2011.

4. Annual Report Subcommittee
   The committee is required to prepare an annual report to the Napa Valley College Board of Trustees. The committee discussed the final Annual Report and identified small corrections needed on pages 3 and 4 where “2009” should read “2010”. The members agreed to review and approve a corrected version of the report electronically via email. (Subsequently, the document was approved and submitted to the Napa Valley College Board of Trustees in July 2011.)

5. Bond Implementation Plan Update
   Dan TerAvest provided an update on the status of bond projects currently underway including outstanding window negotiations at the Library Learning Resource Center, landscaping, closeout paperwork for the Performing Arts Center, remodel of the 1500 building, solar fence security, signage, remodel of the 1300 building, and campus wide fire alarm systems.
Mr. TerAvest also updated the committee on developing temporary and long-term agreements with Napa Valley Unified School District regarding joint use of the American Canyon High School property.

6. **Master Budget**
   Dan TerAvest provided the committee an update on the master budget for bond projects. He identified remaining funds for outstanding projects such as the remodel of Building 1300. He also advised the committee that legal fees related to the Library Learning Resource Center window dispute may impact the remaining funds. Mr. TerAvest told the committee that there are provisions for the recovery of legal fees in the college’s contract with the architect but not with the general contractor. Greg Evans asked if legal fees were appropriately charged to the bond and Mr. TerAvest said he would investigate the matter and possibly discuss the question with David Casnocha, the college’s bond counsel. Jason Luros asked for a written opinion on the matter.

   John Nahlen reviewed the Expenditure Report for the Period Ending March 31, 2011. The report was distributed at the meeting. Mr. Nahlen said that both Series A and Series B funds were at a zero balance and only Series C had any activity. Mr. Luros asked if interest earnings were still low. Mr. Nahlen confirmed that the reduced earnings continued but had been built into the projections for available funds.

8. **Future Meetings and Potential Change to Committee By-Laws:**
   9. The following future meeting dates were reviewed. Greg Evans said that he was unavailable on September 12, 2011.
      
      September 12, 2011   December 5, 2011
      
      At the March 7, 2011 meeting, the committee tabled discussion of how often to meet as the bond projects near completion. Discussion began with confirmation that a change in the committee’s by-laws would not be required to change the meeting schedule so long as meetings were held at least once per year (per Section 6.1 Regular Meetings of the by-laws). Mr. TerAvest said that the last meeting of the committee, at the conclusion of bond projects, was likely to be in April of 2012. The final annual report would follow. Committee members reached consensus that no changes to the meeting schedule would be made at this time. If changes were made, the Board of Trustees would be advised of the deviation from past practice.

      Committee members continue discussion of project closeout as it related to the duties of the committee. Mr. Luros and Bill Lockhart asked if monies were set aside in a reserve for legal fees. Mr. Luros asked Mr. TerAvest to ask legal counsel if legal fees or other expenses could be passed to the General Fund.

10. **Adjournment**
MINUTES OF THE MEETING OF THE MEASURE N INDEPENDENT
CITIZENS’ BOND OVERSIGHT COMMITTEE
September 12, 2011 -- 7:00 p.m.
Room 1538, McPherson Administration Building
Napa Valley College, Napa, California

Members Present: Jason Luros, Brian Kearney, Bill Lockhart, Phil Box, Rick Whatley

Members Absent: Audrey Amundsen, Greg Evans

Staff Present: Sue Nelson, Dan TerAvest, John Nahlen

1. Call to Order (7:00 p.m.)
   Jason Luros called the meeting to order at 7:00 p.m.

2. Public Comment
   None.

3. Approval of Minutes of June 20, 2011
   M/S/C (Whatley/Box) to approve the minutes of June 20, 2011.

4. Bond Implementation Plan Update
   Dan TerAvest provided an update on the status of bond projects currently underway
   including outstanding window negotiations at the Library Learning Resource Center,
   remodel of the 1500 building, solar fence security, signage, remodel of the 1300
   building, and campus wide fire alarm systems. Mr. TerAvest shared that the remodel of
   Building 1300 project had gone to bid but that all three bids received were over budget.
   The low bid was approximately $600,000 and the construction budget for the project was
   $450,000. The District will undertake the project by acting as the general contractor and
   managing multiple prime contracts with subcontractors. It is estimated that the District
   will save approximately 20% with this approach by cutting out all general contractor
   overhead. A second phase of the project, to add ADA compliant ramps is planned for the
   Spring. Mr. TerAvest said that the available funds for the project continue to increase as
   other projects reach completion and was now estimated at around $1 million.

   Mr. TerAvest also updated the committee on developing temporary and long-term
   agreements with Napa Valley Unified School District regarding joint use of the American
   Canyon High School property. NVC will submit a proposal to NVUSD in the next few
   months after circulation of an RFP for Joint Occupancy.
5. **Master Budget**

Dan TerAvest provided committee members an updated Master Budget report for bond projects. He identified remaining funds for outstanding projects such as the remodel of Building 1300, at approximately $1 million. This total is approximately $200,000 higher than last quarter’s estimate and that increase is primarily due to funds released from the American Canyon High School project where equipment and other expenses came in below estimates.

Bill Lockhart asked if funds had been set aside to deal with potentially expensive litigation related to the LLRC window dispute and Mr. TerAvest confirmed that monies had been set aside. Committee President Jason Luros asked if legal counsel had approved the expenditure of project funds on legal fees related to the dispute and Mr. TerAvest confirmed that to be the case.


7. John Nahlen reviewed the Expenditure Report for the Period Ending June 30, 2011. The report was distributed at the meeting. Mr. Nahlen said that both Series A and Series B funds were at a zero balance and only Series C had any activity. Discussion related to budgeted staff salaries and interest income followed.

8. **Future Meetings**

The following future meeting dates were reviewed:

- December 5, 2011
- March 5, 2012

9. **Adjournment**

M/S/C (Kearney/Whately) to adjourn at 7:40 p.m.
MINUTES OF THE MEETING OF THE MEASURE N INDEPENDENT CITIZENS’ BOND OVERSIGHT COMMITTEE
December 5, 2011 -- 7:00 p.m.
Room 1538, McPherson Administration Building
Napa Valley College, Napa, California

1. Call to Order (7:00 p.m.)
Present: Jason Luros, Rick Whatley, Phil Box, Brian Kearney, Bill Lockhart
Staff present: Edna Baehre-Kolovani, Dan TerAvest, John Nahlen, Penny Krohn

2. Public Comment
Finding none, Committee President Jason Luros closed Public Comment.

3. Approval of Minutes of September 12, 2011
M/S/C (Box/Lockhart)

4. Bond Implementation Plan Update
Dan TerAvest, Director of Campus Planning, provided the committee with an update and summary on the status of bond projects currently underway. Mr. TerAvest said that renovation of the 1300 building was his only remaining large project and that it was underway following a re-circulation of the construction bid. A second phase of the 1300 renovation was pending board approval and would include bringing ramps and restrooms to ADA compliance. The following were also discussed: Solar Field Fence, signage for ADA wayfinding, fire alarm panel conversion, American Canyon High School joint occupancy agreement, and the window related legal dispute associated with the Library Learning Resource Center project.

5. Master Budget
Mr. TerAvest provided the committee with an update on the master budget summary document. Mr. TerAvest said that there was approximately $1.1 million remaining in the project contingency line item that would go, primarily, toward the renovation of building 1300, along with approximately $3 million allocated toward 1300 and all other projects. Any funds remaining will be allocated to instructional equipment.

John Nahlen, Vice President of Business & Finance distributed the Expenditure Report for the Period Ending September 30, 2011. Mr. Nahlen said that only Bond Series C shows any expenditure. Series A and B were in the close out phase and the only activity is debt service payment. Mr. Nahlen said that total bond funds remaining were approximately $3.5 million and the interest earnings were very low.
7. **Future Meetings**
The committee reviewed the March 5, 2012 scheduled meeting date and discussed bond closeout timelines. President Luros speculated there would be one or two annual reports remaining. The committee and staff discussed closeout billing from the Department of the State Architect, potential window related litigation, and other long range expenditures that may impact the future meeting schedule of the committee. President Luros said it would not be practical to have two annual reports in 2012. Mr. TerAvest offered to consult with bond counsel on closeout processes and the possibility of shifting some future expenses to the general fund so that the committee could conclude their business and complete their final annual report.

8. **Adjournment**
M/S/C (Whately/Box) to adjourn at 7:30 p.m.
MINUTES OF THE MEETING OF THE MEASURE N INDEPENDENT CITIZENS’ BOND OVERSIGHT COMMITTEE

March 12, 2012 -- 7:00 p.m.

Room 1538, McPherson Administration Building
Napa Valley College, Napa, California

1. Call to Order (7:00 p.m.)

Present: Jason Luros, Rick Whatley, Phil Box, Brian Kearney, Bill Lockhart
Staff present: Edna Baehre-Kolovani, Dan TerAvest, John Nahlen, Carollee Cattolica

2. Public Comment

Finding none, Committee Chair Jason Luros closed Public Comment.

3. Approval of Minutes of December 5, 2011

M/S/C (Box/Lockhart)

4. New Chair & Vice-Chair Elections

The committee shall annually elect a Chair and a vice-chair, who shall act as chair only when the chair is absent. No person shall serve as chair for more than two consecutive one-year terms. Jason Luros was elected Chair and Audry Amundson was elected vice-chair at the March 7, 2011 meeting of the Citizens’ Bond Oversight Committee. Jason Luros agreed to serve another term as Committee Chair and was approved by unanimous vote.

5. Bond Implementation Plan Update

Dan TerAvest provided an updated summary of the status of bond projects currently underway. Campus directory signs, and the Building 1300 Remodel (Student Services) were shown as ongoing but nearly complete. A fire alarm conversion project was in design and expected to be finished within six months of DSA approval. The District’s match for the American Canyon High School project, to cover three classrooms and one office, was under negotiation but likely to come in under estimates.

6. Master Budget

Dan TerAvest provided the committee an update and summary of the master budget. Approximately $45,000 is available in unallocated contingency funds. As the project closeout process continues this amount will be modified as additional funds become available.

7. Bond Project Closeout

Dan TerAvest estimated that the committee could begin work on their final report in Fall of 2012. On March 8, 2012, the Napa Valley College Board of Trustees took action to extend the committee’s annual reporting period from March/April until project closeout.
could be completed. This will allow the 2011/2012 Annual Report (April 2011 to March 2012) to be combined with the committee’s required Final Report.

   John Nahlen reviewed the Expenditure Report for the Period Ending December 31, 2011. The report was distributed at the meeting.

9. **Measure N Bond Funds Audit for 2010 – 2011**
   John Nahlen, Vice President, Business and Finance reviewed audit documents prepared by Christy White Accountancy, District auditors for the Measure N bond funds. The bond audit was without exception and the District will consider some small suggestions made.

10. **Future Meetings**
    Staff and committee members reviewed the next regularly scheduled committee meeting date of June 4, 2012. It was agreed that Dan TerAvest would keep the committee apprised of project closeout progress. It was estimated that the committee would meet again in Fall 2012 to begin work on the Final (Annual) Report.

11. **Adjournment**
    Committee Chair Jason Luros adjourned the meeting at 7:42 p.m.
MINUTES OF THE MEETING OF THE MEASURE N INDEPENDENT
CITIZENS’ BOND OVERSIGHT COMMITTEE

October 15, 2012 – 7:00 p.m.

Room 1538, McPherson Administration Building
Napa Valley College, Napa, California

11. Call to Order (7:00 p.m.)
Present: Jason Luros, Rick Whatley, Brian Kearney, Bill Lockhart
Staff present: Ronald Kraft, Dan TerAvest, John Nahlen, Carollee Cattolica

12. Public Comment
Finding none, Committee Chair Jason Luros closed Public Comment.

13. Approval of Minutes of March 12, 2012
M/S/C (Lockhart, Whatley) to approve the Minutes of March 12, 2012.

14. Bond Implementation Plan Update: Bond Project Closeout
Dan TerAvest, Director of Campus Planning & Construction, provided an update and summary of the status of bond projects currently underway. Mr. TerAvest also presented information on anticipated bond project completion timelines and final expenditures of bond funds. Mr. TerAvest facilitated discussion of future meetings and an annual/final reporting calendar.

15. Master Budget
Mr. TerAvest provided an update and summary of the master budget. The Master Budget report was current as of May 18, 2012. Additional updates were delayed by the college’s annual audit process and workload issues in the accounting office.

John Nahlen, Vice President of Business & Finance, reviewed Expenditure Reports for the Period January 1, 2012 to June 30, 2012.

17. Future Meetings
There were no upcoming regularly scheduled meetings. The group discussed future meeting date(s) and reached consensus to reconvene for development of the final report upon the completion of the last few remaining small projects and final invoicing by the Division of the State Architect.

18. Adjournment
Committee Chair Jason Luros adjourned the meeting at 7:42 p.m.