

MEASURE G AND MEASURE GC CITIZENS' BOND OVERSIGHT COMMITTEE

2018-2019 ANNUAL REPORT

COMMITTEE MEMBERS

**Zanku Armenian
Armik Avedisian
Sopha Ear
Roberta Hacopian**

**Larry Hanson
Melanie Kasparian
Seda Khachaturian
Kevin Lee
Harry Leon**

**Alex Parajon
Jennifer Quinonez-
Skinner
Annie G. Reed**

**PREPARED BY DR. ANTHONY CULPEPPER
EXECUTIVE VICE PRESIDENT, ADMINISTRATIVE SERVICES**

2018-2019 Measure GC Committee Annual Report

Measure G and Measure GC Citizens' Bond Oversight Committee

Measure G, a \$98 million facilities bond measure, was passed on March 5, 2002 to authorize the repair and rehabilitation of deteriorated educational facilities and to add classrooms and instructional support space at the Verdugo Campus of Glendale Community College (GCC) and the Adult Community Training Center (ACTC), renamed the Garfield Campus (Garfield).

Measure GC, at the election conducted on November 8, 2016, the voters approved the issue of up to \$325,000,000 of the Glendale Community College District's general obligation bonds. These funds will enable the District to continue to upgrade educational facilities, add classrooms and instructional support space at the Verdugo campus, Garfield campus and the Professional Development Center (PDC) in Montrose.

The Measure G and Measure GC Citizens' Bond Oversight Committee was established in accordance with Proposition 39 and outlined in Article XIII A, Section 1(b)(3)(C) of the California Constitution.

Committee Members for 2018-2019

Zanku Armenian	Larry Hanson	Harry Leon
Armik Avedisian	Melanie Kasparian	Alex Parajon
Sophal Ear	Seda Khachaturian	Jennifer Quinonez-Skinner
Roberta Hacopian	Kevin Lee	Annie G. Reed

There were three meetings held this fiscal year: August 6, 2018, November 5, 2018, (February 4, 2019 was cancelled) and May 6, 2019.

Armik Avedisian was elected the Committee Chair for 2018-2019 and subsequently re-elected for 2019-2020. A tour of the completed Sierra Vista Building was conducted on November 5, 2018.

At the May 6, 2019 meeting, Frank Vega, Managing Director of RBC (Royal Bank of Canada) presented **General Obligation Bonds: A Primer – California Community Colleges Debt Financing**. Frank Vega, underwriter and alumnus of GCC presented an overview of the steps in acquiring a General Obligation Bond.

2018-2019 Measure GC Committee Annual Report

Highlights of the Measure G and Measure GC projects for the year include:

- Phase 2 of the **PE/Gymnasium** remodel was begun.
- The **Sierra Vista building** was completed and turned over to the college.
- The vacated Citibank building next to the Professional Development Center (PDC) was purchased and plans to merge the building with PDC to create the **Montrose Campus** were discussed. Also discussed was construction of a multi-level parking structure in the parking lots behind both buildings.
- Plans to expand the **Food Services** area were discussed as up to 40% of students surveyed eat off campus.
- The **revised Facilities Master Plan** were discussed and included a **new Science Building**.
- Also discussed was the acquisition of 13 properties around the **Garfield Campus** to provide parking and possibly another building. While the college could use Eminent Domain to acquire the properties, it was decided to negotiate with the owners first to purchase the properties.
- Six **new electric vehicle charging stations** are planned – 2 for the Garfield Campus and 4 for the Verdugo Campus.
- **Classrooms and Labs renovation:** A committee was formed to determine which classrooms and labs need renovation such as paint, lighting, desks and other instructional materials.
- **Welding Technology Facility:** The Welding Program at GCC is in high demand and more space is needed to expand the program. The project is slated to start in January of 2019.
- The **DSPS (Disabled Student Programs and Services) San Gabriel renovation** is planned to start in the summer of 2019. This includes the High Tech Lab which provides specialized computer programs, accommodations and assistance for disabled students.
- The new **Science Building** was discussed and would consolidate all of our science departments into one building.
- The **Fire Academy Project:** in partnership with the City of Glendale, the Fire Academy will be relocated to the Glendale Fire Department Training Facility. The college will share the cost of building a live fire training building, expand office space and renovate other training facilities.
- **Auditorium Renovations:** It is planned to move the Music Department to a new building and the vacated spaces will need to be renovated.
- The **Advanced Technology Center** is planned to replace the Aviation Arts Building to house technology programs including Electronics, Engineering, Robotics, etc.

**MEASURE G FINANCIAL STATUS REPORT
AS OF JUNE 30, 2019**

Measure G Financial Status Report as of June 30, 2019								
	Project	New Allocation As of July 1, 2017	Prior Year Expenditures (a)	2018-19 Expense	2018-19 Encumbrances	Total Obligated	Total Available	Project Status
1	Lab/College Services	8,019,942	6,002,578	4,987,343	35,371	11,025,292	-	June 2018
2	LCS - Secondary Effects	264,034	243,640	20,394	-	246,034	-	Complete
3	Energy Conservation - Phase I	1,500,000	1,440,055	59,945	-	1,500,000	-	Complete
4	Oracle R12/Imaging Upgrade	850,000	844,732	-	-	844,732	-	Complete
5	Facilities Master Plan	150,000	112,620	37,380	-	150,000	-	Complete
6	Energy Conservation - Phase II	1,000,000	185,792	764,245	49,963	1,000,000	-	Complete
	Network System Upgrade	1,260,107	845,129	412,402	-	1,257,531	2,576	Complete
7	PE Remodel	3,000,000						Measure GC Funding
8	Server Room Upgrade	1,500,943	1,500,943			1,500,943		Complete
9	Cafeteria Remodel	498,500	498,500			498,500		Complete
10	Infrastructure	1,991,399	1,991,399			1,991,399		Complete
11	Planning	834,759	834,759			834,759		Complete
12	Technology	8,243,547	8,243,547			8,243,547		Complete
13	Garfield Campus	22,976,842	22,976,842			22,976,842		Complete
14	Facility Renovation	2,480,697	2,480,697			2,480,697		Complete
15	Allied Health	10,294,917	10,294,917			10,294,917		Complete
16	COPS Payment	306,453	306,453			306,453		Complete
17	Temp O & M Bldg	229,524	229,524			229,524		Complete
18	Network/Telephone	1,978,103	1,978,103			1,978,103		Complete
19	Science Center	6,989,932	6,989,932			6,989,932		Complete
20	Parking (1185 spaces)	26,178,157	26,178,157			26,178,157		Complete
21	Health & Wellness (A/C for Gym)	994,480	994,480			994,480		Complete
22	Athletic Facilities	4,417,324	4,417,324			4,417,324		Complete
23	Costs of Issuance	83,357	83,357			83,357		
24	Contingency Reserves	-					-	
	Total	106,043,017	99,673,480	6,281,708	85,334	106,022,523	2,576	

Notes:

- (a) Prior year expenditures adjusted to reflect transfer of expenditures per Board approvals.
- (b) PeopleSoft implementation augmented from reserves, Lab/College Services and interest.
- (c) Garfield Campus project reflects additional funding from reserves and completed projects.
- (d) Allied Health reflects transfer of expenses to other projects, additional \$466,323 from reserves to cover cost increases.
- (e) Allied Health reflects additional \$8M, Foundation donation and transfer of \$267,176 to Garfield project approved by Board February 2009.
- (f) Server Room Upgrade funded with initial reallocation of \$1,500,000 from Lab/College Services Building.
- (g) Cafeteria Remodel funded with \$498,500 from Lab/College Services building.
- (h) Secondary Effects of Lab/College Services broken out to delineate for tracking purposes.
- (i) Energy Conservation - Phase I reallocated \$1,500,000 from Lab/College Services Building.
- (j) Oracle R12/Imaging Upgrade funded with \$850,000 from Contingency Reserves.
- (k) Facilities Master Plan funded from Contingency Reserves.
- (l) Energy Conservation - Phase II funded from Contingency Reserves.
- (m) PE Remodel funded from Contingency Reserves.
- (n) Network System Upgrade funded from Contingency Reserves.
- (o) LCS - Secondary Effects allocation and PE Redmodel were reallocated to Lab/College Services.
- (p) PE Remodel reallocated to LCS

**MEASURE GC FINANCIAL STATUS
REPORT AS OF JUNE 30, 2019**

Measure GC Financial Status Report as of June 30, 2019								
	Project	New Allocation As of July, 2018	Prior Year Expenditures (a)	2018-19 Expense	2018-19 Encumbrances	Total Obligated	Total Available	Project Status
1	Infrastructure	16,000,000	9,475,795	13,188,521	1,825,969	12,690,284	3,309,716	Ongoing
2	PE Remodel	44,000,000	3,432,868	6,962,497	2,291,739	12,687,104	31,312,896	TBD
3	Technology	3,000,000	920,994	698,945	17,550	1,637,489	1,362,211	Ongoing
4	Montrose Campus	13,000,000	3,433,335	114,156	17,301	3,450,636	9,435,208	Ongoing
5	Garfield Land Acquisition	30,000,000		20,597,193		20,597,193	9,402,807	Ongoing
6	Classroom/Lab Renovations	5,000,000		3,766,943	101,817	3,868,760	3,131,240	Ongoing
7	Science Building	10,200,000			888,796	759,009	1,647,805	Ongoing
8	Campus Wide Safety and Security	500,000		68,754	117,067	185,821	314,179	Ongoing
9								
10								
11								
12								
13								
14								
15								
16								
17								
18								
19								
20								
21								
22								
23								
24	Contingency Reserves	328,464						
	Total	122,028,464	17,262,992	45,397,008	5,260,238	55,876,296	59,916,062	

Notes:

- 1 Infrastructure Projects are ongoing in accordance with the annual planning.
- 2 PE Increment 1 was being awarded at the April 2018 Meeting. Estimated completion is Winter 2019.
- 3 Technology projects include the completion of the upgrade campus wide network and PDC, PeopleSoft Upgrade, Budgeting Application.
- 4 Property Purchased. Feasibility study will be started this year.
- 5 Purchase of land for Garfield Campus. Closed on two properties as on August 2018.

**FINANCIAL AND PERFORMANCE AUDITS
GENERAL OBLIGATION BOND
CONSTRUCTION FUND
MEASURE G
JUNE 30 2019**

Financial and Performance Audits General Obligation Bond Construction Fund (Measure G)
Excerpts from Independent Auditor's Report - June 30, 2019

(The full audit is available on the Measure G and Measure GC website. Hard copies are available upon request from Administrative Services.)

Our audit was limited to the objectives listed within the report which includes determining the District's compliance with the performance requirements as referred to in Proposition 39 and outlined in Article XIII A, Section 1(b)(3)(C) of the California Constitution. Management is responsible for the District's compliance with those requirements. In planning and performing our performance audit, we obtained an understanding of the District's internal control in order to determine if the internal controls were adequate to help ensure the District's compliance with the requirements of Proposition 39 and outlined in Article XIII A, Section 1(b)(3)(C) of the California Constitution. Accordingly, we do not express an opinion on the effectiveness of the District's internal control.

The results of our tests indicated that the District's Measure G General Obligation Bond Fund (Measure G) funds are in compliance with Proposition 39 as outlined in Article XIII A, Section 1(b)(3)(C) of the California Constitution.

AUTHORITY FOR ISSUANCE

The Measure G General Obligation Bonds (the Bonds) were issued pursuant to the Constitution and laws of the State of California (the State), including the provisions of Chapters 1 and 1.5 of Part 10 of the California Education Code, and other applicable provisions of law. The District received authorization from an election held on March 5, 2002, to issue bonds of the District in an aggregate principal amount not to exceed \$98,000,000 to finance construction, acquisition, furnishing and equipping of District facilities, and projects approved by the voters. The measure required approval by at least 55 percent of the votes cast by eligible voters within the District.

In October 2002, the District issued General Obligation Bonds, Election of 2002, Series A in the amount of \$27,000,000. The Series A Bonds were authorized by a resolution adopted by the County Board of Supervisors on September 17, 2002, pursuant to a resolution of the Board of Trustees of the District adopted on August 26, 2002.

In July 2003, the District issued General Obligation Bonds, Election of 2002, 2003 Series B in the amount of \$5,000,000. The Series B Bonds were authorized by a resolution adopted by the County Board of Supervisors on April 15, 2003, pursuant to resolutions of the Board of Trustees of the District adopted on March 17, 2003.

In July 2003, the District issued General Obligation Bonds, Election of 2002, 2003 Series C in the amount of \$12,499,929.62. The Series C Bonds were authorized by a resolution adopted by the County Board of Supervisors on April 15, 2003, pursuant to resolutions of the Board of Trustees of the District adopted on March 17, 2003.

In October 2005, the District issued the General Obligation Refunding Bonds, 2002 Election, 2005 Series A in the amount of \$16,951,097. The Refunding Bonds were authorized to be issued pursuant to a request of the District made by a resolution adopted by the Board of Trustees of the District on September 19, 2005. The proceeds of the Bonds will be used to refund certain general obligation bonds of the District's previously issued bonds, fund certain capital improvements of the District, and pay all legal, financial, and contingent costs in connection therewith.

In October 2006, the District issued General Obligation Bonds, Election of 2002, 2006 Series D in the amount of \$34,500,000. The Series D Bonds were authorized by a resolution adopted by the County Board of Supervisors on September 12, 2006, pursuant to resolutions of the Board of Trustees of the District adopted on August 22, 2006.

In April 2011, the District issued General Obligation Bonds, Election of 2002, 2011 Series E in the amount of \$5,001,453.25. The Series E Bonds were authorized by a resolution adopted by the County Board of Supervisors on March 29, 2011, pursuant to resolutions of the Board of Trustees of the District adopted on February 28, 2011.

In February 2013, the District issued the General Obligation Bonds, Election of 2002, 2013 Series F in the amount of \$13,995,000. The Series F Bonds were authorized by a resolution adopted by the County Board of Supervisors on January 9, 2013, pursuant to resolutions of the Board of Trustees of the District adopted on November 19, 2012.

In June 2014, the District issued 2014 General Obligation Refunding bonds in the amount of \$26,660,000. The Refunding Bonds were authorized to be issued pursuant to a request of the District made by a resolution adopted by the Board of Trustees on May 19, 2014. The proceeds of the Bonds will be used to advance refund a portion of the outstanding General Obligation Bonds, Election 2006, Series D and pay all costs associated with the issuance of the Bonds.

PURPOSE OF ISSUANCE

The net proceeds of the Bonds issued under the 2002 Authorization will be used for the purposes specified in the District bond proposition submitted at the Election, which include the purposes of improving safety and the quality of education in the District by replacing and repairing deteriorating buildings, classrooms, including plumbing, heating, air conditioning and sewer systems; repairing and upgrading electric wiring for computer technology; modernizing laboratories; improving security, lighting and parking; removing asbestos; and building new classrooms to accommodate rapid growth. A portion of the proceeds of the Bonds will also be used to refund certain existing lease obligations of the District.

AUTHORITY FOR THE AUDIT

On November 7, 2000, California voters approved Proposition 39, the Smaller Classes, Safer Schools, and Financial Accountability Act. Proposition 39 amended portions of the California Constitution to provide for the issuance of general obligation bonds by school districts, community college districts, or county offices 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 rental property for school facilities", upon approval by 55 percent of the electorate. In addition to reducing the approval threshold from two-thirds to 55 percent, Proposition 39 and the enacting legislation (AB 1908 and AB 2659) requires the following accountability measures as codified in Education Code Sections 15278-15282:

- 1. Requires that the proceeds from the sale of the bonds be used only for the purposes specified in Article XIII A, Section 1(b)(3)(C) of the California Constitution, and not for any other purpose, including teacher and administrator salaries and other school operating expenses.*
- 2. The community college district must list the specific school facilities projects to be funded in the ballot measure, and must certify that the governing board has evaluated safety, class size reduction, and information technology needs in developing the project list.*
- 3. Requires the community college district to appoint a Citizens' Oversight Committee.*
- 4. Requires the community college district to conduct an annual independent financial audit and performance audit in accordance with the Government Auditing Standards issued by the Comptroller General of the United States of the bond proceeds until all of the proceeds have been expended.*

5. *Requires the community college district to conduct an annual independent performance audit to ensure that the funds have been expended only on the specific projects listed.*

OBJECTIVES OF THE AUDIT

1. *Determine whether expenditures charged to the General Obligation Bond Construction Fund (Measure G) have been made in accordance with the Bond project list approved by the voters through the approval of the Measure G.*
2. *Determine whether salary transactions charged to the General Obligation Bond Construction Fund (Measure G) were in support of Measure G and not for District general administration or operations.*

SCOPE OF THE AUDIT

The scope of our performance audit covered the period of July 1, 2018 to June 30, 2019. The population of expenditures tested included all object and project codes associated with the bond projects. The propriety of expenditures for capital projects and maintenance projects funded through other State or local funding sources, other than proceeds of the bonds, were not included within the scope of the audit. Expenditures incurred subsequent to June 30, 2019, were not reviewed or included within the scope of our audit or in this report.

CONCLUSION

The results of our tests indicated that, in all significant respects, Glendale Community College District has properly accounted for the expenditures held in the General Obligation Bond Construction Fund (Measure G) and that such expenditures were made for authorized Bond projects. There were no salaries of administrators charged to the Bond Funds for District general administration or operations. District procedures for disbursement of funds were applied in accordance with laws and regulations, as well as policies approved by the Board of Trustees.

**FINANCIAL AND PERFORMANCE AUDITS
GENERAL OBLIGATION BOND
CONSTRUCTION FUND
MEASURE GC
JUNE 30 2019**

2018-2019 Measure GC Committee Annual Report

Financial and Performance Audits General Obligation Bond Construction Fund (Measure GC) Excerpts from Independent Auditor's Report - June 30, 2019

(The full audit is available on the Measure G and Measure GC website. Hard copies are available upon request from Administrative Services.)

In planning and performing our performance audit, we obtained an understanding of the District's internal control in order to determine if the internal controls were adequate to help ensure the District's compliance with the requirements of Proposition 39 and outlined in Article XIII A, Section 1(b)(3)(C) of the California Constitution. Accordingly, we do not express an opinion on the effectiveness of the District's internal control.

The results of our tests indicated that the District's Measure GC General Obligation Bond Fund (Measure GC) funds are in compliance with Proposition 39 as outlined in Article XIII A, Section 1(b)(3)(C) of the California Constitution.

AUTHORITY FOR ISSUANCE

The Measure GC General Obligation Bonds (the Bonds) were issued pursuant to the Constitution and laws of the State of California (the State), including the provisions of Chapters 1 and 1.5 of Part 10 of the California Education Code, and other applicable provisions of law. The District received authorization from an election held on November 8, 2016, to issue bonds of the District in an aggregate principal amount not to exceed \$325,000,000 to finance the acquisition, construction, modernization, and equipping of District sites and facilities, and to pay the costs of issuing the bonds. The measure required approval by at least 55 percent of the votes cast by eligible voters within the District.

In February 2017, the District issued General Obligation Bonds, Election of 2016, Series A in the amount of \$122,000,000. The Series A Bonds were authorized by a resolution adopted by the Board of Trustees of the District on February 21, 2017.

PURPOSE OF ISSUANCE

Pursuant to the 2016 Authorization, the proceeds of the Bonds will be used to finance the acquisition,

2018-2019 Measure GC Committee Annual Report

construction, modernization, and equipping of District sites and facilities, specifically, to complete the projects listed in the information given to the voters. The list includes:

- *Repairing classrooms/labs to prepare students/veterans for jobs/university transfer.*
- *Upgrading vocational education equipment/technology for engineering/nursing/law enforcement/firefighting careers.*
- *Repairing deteriorating gas/sewer lines.*
- *Improving handicapped accessibility/ earthquake safety.*
- *Acquiring, constructing, repairing sites, facilities/equipment.*

AUTHORITY FOR THE AUDIT

On November 7, 2000, California voters approved Proposition 39, the Smaller Classes, Safer Schools, and Financial Accountability Act. Proposition 39 amended portions of the California Constitution to provide for the issuance of general obligation bonds by school districts, community college districts, or county offices 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 rental property for school facilities", upon approval by 55 percent of the electorate. In addition to reducing the approval threshold from two-thirds to 55 percent, Proposition 39 and the enacting legislation (AB 1908 and AB 2659) requires the following accountability measures as codified in Education Code Sections 15278-15282:

1. *Requires that the proceeds from the sale of the bonds be used only for the purposes specified in Article XIII A, Section 1(b)(3)(C) of the California Constitution, and not for any other purpose, including teacher and administrator salaries and other school operating expenses.*
2. *The community college district must list the specific school facilities projects to be funded in the ballot measure, and must certify that the governing board has evaluated safety, class size reduction, and information technology needs in developing the project list.*
3. *Requires the community college district to appoint a Citizens' Oversight Committee.*

2018-2019 Measure GC Committee Annual Report

- 4. Requires the community college district to conduct an annual independent financial audit and performance audit in accordance with the Government Auditing Standards issued by the Comptroller General of the United States of the bond proceeds until all of the proceeds have been expended.*
- 5. Requires the community college district to conduct an annual independent performance audit to ensure that the funds have been expended only on the specific projects listed.*

OBJECTIVES OF THE AUDIT

- 1. Determine whether expenditures charged to the General Obligation Bond Construction Fund (Measure GC) have been made in accordance with the Bond project list approved by the voters through the approval of the Measure GC.*
- 2. Determine whether salary transactions charged to the General Obligation Bond Construction Fund (Measure GC) were in support of Measure GC and not for District general administration or operations.*

SCOPE OF THE AUDIT

The scope of our performance audit covered the period of July 1, 2018 to June 30, 2019. The population of expenditures tested included all object and project codes associated with the bond projects. The propriety of expenditures for capital projects and maintenance projects funded through other State or local funding sources, other than proceeds of the bonds, were not included within the scope of the audit. Expenditures incurred subsequent to June 30, 2019, were not reviewed or included within the scope of our audit or in this report.

CONCLUSION

The results of our tests indicated that, in all significant respects, Glendale Community College District has properly accounted for the expenditures held in the General Obligation Bond Construction Fund (Measure GC) and that such expenditures were made for authorized Bond projects. There were no salaries of administrators charged to the Bond Funds for District general administration or operations. District procedures for disbursement of funds were applied in accordance with laws and regulations, as well as policies approved by the Board of Trustees.