

# Citizens' Bond Oversight Committee Meeting Measure J

Education Center Board Room  
1901 Arena Boulevard

Monday, January 25, 2016 - 7:15 p.m.

*The Purpose of the Committee is to inform the public at least annually concerning the expenditure of bond proceeds approved by the voters by issuing a written report. (Bylaws Section 2)*

## AGENDA

### I. ROLL CALL

### II. COMMUNICATIONS

- a) Welcome/Introductions

### III. PUBLIC COMMENTS

*Presentations from the public are limited to two (two) minutes regarding any item that is within the Committee's subject matter jurisdiction. Please note that Government Code Section 54954.2(a) limits Committee Members responses to public comments.*

### IV. INFORMATION ITEMS

- a) Committee Membership Status
- b) Measure J Projects and Financial Update
- c) 2015-16 Performance Audit Firm Search and Selection Process
- d) Certificates of Participation (COPs)
- e) Discussion: Adding a Finance Committee

### V. ACTION ITEMS

- a) Approve November 2, 2015 Meeting Minutes

### VI. NEW BUSINESS

### VII. FUTURE AGENDA ITEMS

### VIII. ADJOURNMENT

Next Meeting: April 25, 2016

*Note: Assistance for the Disabled: Please contact the Deputy Superintendent's Office at (916) 567-5457 at least 24 hours before the scheduled Citizens' Bond Oversight Committee meeting to request disability-related accommodations in order to participate in the public Citizens' Bond Oversight Committee meeting at the Education Center.*

Natomas Unified School District  
General Obligation Bonds  
Citizens' Bond Oversight Committee

**MEASURE J**

**Board Approved March 11, 2015**

Committee Members:		Business Community	Senior Citizens	Taxpayers' Organization	Parent of NUSD Student	Parent and PTO Member	Community Member At-Large	Appointment by Board of Trustees
1	Christina Burroughs McCaskill				X		X	2015 March 11
2	Carol Fieldhouse				X		X	2015 March 11
3	David Kawada				X		X	2015 March 11
4	Joseph Julio				X	X	X	2015 March 11
5	Anita Lopez				X		X	2015 March 11
6	Danielle Marshall	X			X	X	X	2015 March 11
7	Christopher McGreal				X	X	X	2015 March 11
8	Jennifer Slay				X		X	2015 March 11
9	Eric Stern				X		X	2015 March 11

**Terms - Expiration Dates**

		FIRST	SECOND	THIRD
1	Christina Burroughs McCaskill	March 2017	March 2019	March 2021
2	Carol Fieldhouse	March 2017	March 2019	March 2021
3	David Kawada	March 2017	March 2019	March 2021
4	Joseph Julio	March 2017	March 2019	March 2021
5	Anita Lopez	March 2017	March 2019	March 2021
6	Danielle Marshall	March 2017	March 2019	March 2021
7	Christopher McGreal	March 2017	March 2019	March 2021
8	Jennifer Slay	March 2017	March 2019	March 2021
9	Eric Stern	March 2017	March 2019	March 2021

# Measure J

## Citizens' Bond Oversight Committee (CBOC)

### Project Status Report

Project No.	Description	Project Audit Assignments
201	New School Facility (Star Academy)	
202	New School Facility (Westlake Charter)	
207	Security Cameras	
208,209	Bannon Creek Conversion	
210	Exterior Lighting Upgrade	
211,219	Renovation (Leroy Greene Academy)	
212,213	New Classroom Building (Heron)	
215	Library Upgrade (Two Rivers)	
214	Science Lab Upgrade (Natomas High School)	
216	CTE Facilitites (Natomas High School)	
217	Renovation (Discovery High School)	
218	New Classroom Building (Natomas Park Elementary)	
219	Hardscape Repairs	

# Citizen's Bond Oversight Committee 2014 Measure "J" Report

Pending Board Review: January 22, 2016

## Measure J Funding

Local Bond

Fund 21 Resource 9359

Data as of

12/31/2015

<b>Starting Balance</b>	
Issue#1	\$69,500,000.00
B of A Discount	\$1,649,088.50
Cost	-\$1,822,088.50
<b>Interest Earned</b>	
Current Issuance Funding Balance	\$69,327,000.00
<b>Future Funding</b>	
Issue #2	\$52,000,000.00
Issue #3	\$7,500,000.00
Cost of Issuance (estimate)	-\$1,559,917.49
Future Interest	
	\$57,940,082.51
<b>Total Project Funding</b>	<b>\$127,267,082.51</b>

<b>Total Measure J Allocation October 14, 2016</b>	<b>\$127,267,082.51</b>
<b>Total Unallocated Measure J Balance</b>	<b>\$0.00</b>

## Measure J Open Projects

Project Numbers	Description	10-14-15 Board Approved Allocation	Year to Date Spending	Total Project Expenditures	Project Balance
201	Star Academy new Campus	\$15,510,000.00	\$4,119,869.06	\$4,119,869.06	\$11,390,130.94
202	Westlake Charter K-8 Campus	\$21,320,884.90	\$149,129.07	\$149,129.07	\$21,171,755.83
207	Security Cameras	\$425,000.00	\$0.00	\$0.00	\$425,000.00
208	Bannon Creek Upgrades	\$7,907,000.00		\$0.00	\$7,907,000.00
210	Lighting Upgrades	\$271,431.00	\$0.00	\$0.00	\$271,431.00
211	Leroy Greene Academy	\$2,015,159.10	\$29,955.24	\$29,955.24	\$1,985,203.86
212	Heron	\$8,105,870.00	\$14,634.74	\$14,634.74	\$8,091,235.26
215	Two Rivers	\$405,000.00	\$625.24	\$625.24	\$404,374.76
214	Natomas High School	\$1,485,000.00	\$17,725.24	\$17,725.24	\$1,467,274.76
216	Natomas High School	\$2,362,500.00		\$0.00	\$2,362,500.00
217	Discovery High	\$1,829,250.00	\$5,673.96	\$5,673.96	\$1,823,576.04
218	Natomas Park	\$7,560,000.00	\$38,384.35	\$38,384.35	\$7,521,615.65
219	Hardscape Repairs	\$129,905.00	\$0.00	\$0.00	\$129,905.00
<b>Current Project Total</b>	<b>Current Project Total</b>	<b>\$69,327,000.00</b>	<b>\$4,375,996.90</b>	<b>\$4,375,997</b>	<b>\$64,951,003</b>

## Measure J Future Projects

Project Numbers	Description	10-14-15 Board Approved Allocation	Year to Date Spending	Total Project Expenditures	Project Balance
	Remaining Projects from the April 1, 2015 Board Approved FMP List	\$47,940,082.51			\$47,940,082.51
vv	Reserve to (COPS Payments)	\$10,000,000.00			\$10,000,000.00
<b>Future Project Total</b>		<b>\$57,940,082.51</b>	<b>\$0.00</b>	<b>\$0</b>	<b>\$57,940,083</b>
<b>Grand Totals</b>		<b>\$127,267,082.51</b>	<b>\$4,375,996.90</b>	<b>\$4,375,996.90</b>	<b>\$122,891,085.61</b>

## Citizens' Bond Oversight Committee – Measure J

Education Center, Board Room  
1901 Arena Boulevard, Sacramento

Monday, November 2, 2015 – 7:15 PM

### MINUTES - draft

#### 1. ROLL CALL

Present:	Committee Members		Staff
	Carol Fieldhouse	Anita Lopez	Paul Anderson
	Danielle Marshall	Christopher McGreal	Mark Covington
	Jennifer Slay	Eric Stern	Sherry Duschka
			Brenda Monson
			Jennifer Mellor
Absent:	Joe Julio	Christina B. McCaskill	William C. Young
	David Kawada		

Meeting called to order by Chair, Christopher McGreal at 7:22 p.m. and established a quorum with 6 members in attendance. He announced that Bill Young was not able to attend due to illness and his designee for the meeting would be Mark Covington, Executive Director of Facilities & Planning.

#### II. COMMUNICATIONS

a) **Welcome/Introductions** – No communications.

#### III. PUBLIC COMMENTS – No public comments

#### IV. PRESENTATIONS

##### a) **Natomas Charter School STAR Academy**

Mark Covington reported that construction is underway on the STAR Academy project located on the corner of Gloster Way and Prosper Road (off Arena Blvd.) and the overhead photo was provided by the architect. Before getting started with the presentation, Brenda Monson confirmed with Mark Covington that committee members may take photos during the presentation tonight & share publically. He pointed out the location of and identified different buildings going up on the property. He continued by showing the architects rendering inside the buildings and answered questions. He clarified that the photos/murals

as shown are just examples. The “tour” continued walking through the typical classroom with flexible furnishings, showing teacher storage space, cubbies, book shelves, sky lights, fans and large-screen TV’s on rollers (offering flexibility in spaces and learning in different groups). There is plenty of outdoor lighting in the spacious classrooms. Studies have shown improved learning takes place when there is lots of outdoor light and a classrooms with a high volume of space. The large units shown are what is called a Variable Refrigerant Flow System that allows cool air (or heat) to creep up out of the floors and fills the room up to about 6 feet allowing for more energy efficient heating and cooling. He pointed out the flex room space between the classrooms. Looking again at the birds’ eye view, he mentioned that most of the roofs slope to help capture natural lighting from the north. He pointed out the kindergarten building, multipurpose center, stage and amphitheater. This campus will have 23-24 classrooms.

Comments/Questions from the committee:

- Any security fencing by the Administrative offices? Mark showed another view of the area and pointed out the fencing and explained that the new fencing model so guests enter the school office without going through a gate.
- What about using solar? Mark explained the school is structurally solar ready. He explained that it is designed for solar and noted that while working closely with SMUD it still doesn’t pencil out financially for new construction projects to go solar because SMUD’s rates continue to be low.
- Eric Stern noted that his kids go to this school and he has been a part of the parent team attending Master Plan meetings on the new campus. Looking at the drop-off/pick-up lane. He commented at the meeting that most all parents drive their students to school and congestion is a huge problem. He is hoping that the design of that area will incorporate the reality of the unfortunate volume of cars dropping off and picking up.
- Will bussing be offered? Mark indicated there is currently no bussing contract.
- How will teachers communicate with the office? Mark said the system would be digital voice-over IP and standard phones to communicate. Round table discussion followed.
- Can teachers lock the doors from the inside? Mark said yes the standard door locks are from the inside.
- What about backup for the voice-over IP system? Mark said yes there is a backup.
- Jennifer Slay commented that it doesn’t matter how well designed the drop off /pick up is, there will be congestion
- Mark Covington zoomed in on the screen to the north side where the drop off access points are located, showing opportunity on 3 sides for drop-off or pick-up. More drop-off, pick-up discussion followed.
- Will there be a gate in the fence between the school and the adjoining park? Mark said yes and round-table discussion on this topic followed.
- Committee members thanked Mark Covington for the presentation.

## **V. INFORMATION ITEMS**

### **a) Form 700 (FPPC Statement of Economic Interest)**

Jennifer Slay read the information provided on the agenda regarding filing the annual Form 700, clarifying that these are due annually by April 1<sup>st</sup>; and within 30 days after leaving the committee.

### **b) Measure J Project List and Financial Update (Mark reported on c. Project Allocations Update first)**

Mark explained that the project expenditure sheet shows financial activity to date. Anita Lopez recalled that at the earlier Measure D meeting, it was reported that the STAR Academy and Westlake Charter school new campuses will carry one-third of the projects costs. She asked what are those amounts and how are they raising those funds? Mark Covington recalled that STAR Academy was seeking an \$8 Million grant and Westlake has \$3.5 Million; adding that those funds could help pay off a COP. He added that the grant is currently on the unfunded list at the state and said that Natomas Charter School is one of the first 3 schools on that list for state grant funding. Anita Lopez asked what if that doesn't happen; Mark said he couldn't speculate on that. Jennifer Slay asked if they would finance that through the District; and Mark suggested those types of questions will be better discussed with the CBO. Anita Lopez explained that she's financed multi-million dollar projects with work and is stunned that the district would start a project without the project financing in place. Mark Covington suggested that we wait and run these financing questions with Bill Young and noted he-himself is not the expert in this area. Carol Fieldhouse said that the State goes through a similar process of starting projects before 100% of the funding has been secured. She added that they always have contingencies in place (including loans similar to COPs).

Jennifer Slay asked where the Westlake expenditures came from. She noted the expenditure amounts from Measure D and J seem high considering it's just sitting at DSA right now. Mark didn't have the detailed breakdown available and noted that those detailed inquiries will come as part of the project audit but added to there have been architects' fees, consultants for testing and inspection to name a few. Jennifer Slay asked why expenditures for the new WLCS campus are higher than the STAR Academy campus, yet STAR is further along in the construction stages. Mark Covington said he'd have to take closer look to give an accurate answer to that question but noted that the K-8 WLCS campus is significantly larger than the STAR campus.

### **c) Project Allocations Update**

Mark reviewed the handout and explained that this is the first view of allocations for Measure J which was Board approved October 14, 2015.

- The total amount approved for this first allocation is \$69,327,000.
- The individual projects are identified by project numbers (in the left column) and the project description is in the second column. Column three shows the dollar amounts approved in the allocation for each project. This way of identifying projects (by number) is different than how Measure D identified projects (by name).
- Using project numbers (instead of project name) - this allows for easier tracking
- He clarified that for the Bannon Creek Conversion (Measure D and Measure J project) project there are 2 project numbers assigned: number 208 and 209. He explained the temporary (interim) classroom project is being tracked separately than the permanent 2-story classroom building is being constructed. The interim classrooms will house the students during the building construction.

- (A member asked why Measure D and Measure J amounts seem to be the same on BC project) Mark explained that there is a substantial difference in the amounts... Measure D allocated \$1.67 Million and covers the 4 extra classrooms he described during the Measure D meeting. Measure J has \$7.9 Million allocated and covers 12 classrooms, the infrastructure and the interim classrooms. He added that the project will be bid as a 16 classroom building – regardless of how the funding was split between Measures D and J.
- (A member asked if cameras and lighting are for all schools) Mark reported that projects 207 (security cameras) and 210 (exterior lighting) are for all schools as identified in the Facilities Master Plan Implementation, Part III (with project prioritization and funding source) that that was Board approved in April 1, 2015. The packet was presented to both CBOC's at the August 24, 2015 meeting and copies are in each member binder.
- He explained that Leroy Greene Academy will be broken into 2 projects (208 and 209). A member asked about the prior work done at LFG the year it was closed. Mark clarified that campus was rehabilitated, not renovated which is very different. The scope is flexible and will cover any classroom renovations identified in the FMP. It includes converting the library into an actual business unit that is part of the program and convert science classrooms with flexible furnishings turning those science labs into 21<sup>st</sup> century wave that Measure J funds will make possible at other district schools also.
- Two projects numbers (212 and 213) for Heron will include a new single-story classroom building (also with a science classroom) and removal of relocatable classrooms.
- Two Rivers Elementary (215) will convert the existing library to a 21<sup>st</sup> century media center.
- Science Lab Upgrades at NHS is project number 214
- CTE (Career Technical Education) Facility at NHS is project 216
- Discovery HS project (217) will be an addition to the MP room for a culinary lab and PE/weight room. Mark reported that DHS culinary students use the kitchen facility at nearby NHS
- A 2-story classroom building will be constructed at Natomas Park Elementary (project 218) that will replace all the existing portable classrooms on that campus. He explained that along with the new building, the drop-off and pick-up area will expanded. He reported it will be 5 classrooms on each floor with a center flex-space similar to what is being used in the STAR Academy design.
- Responding to questions about reuse of plans for BC 2-story building, Mark explained that in 2009, the Board approved a modular building (build off site & delivered) for BC and the NP building will be stick-framed on site which is a modular 'design'.
- Measure D will cover the hard core repairs at NP, and Measure J will be used for the new 2-story classroom building, new parking area for staff and upgrade the front parking lot for visitors and expanding the drop-off and pick-up area
- Project 219 is Hardscape Repairs
- Regarding Future Projects (shown at the bottom of the handout), has \$57,940,083 allocated and is a grouping of all the other projects identified and prioritized by the Board on April 1, 2015. Other possible funding sources include a state bond, charter school grant funding, Proposition 39 funds, deferred maintenance funds and earned interest.
- The Board will prioritize future projects after this first wave of projects and leverage funds from various sources.
- Responding to a question about which projects are not moving forward at this time, Mark reported that all are considered active, with the hard scape repairs probably being the furthest one out. He estimated that 65-70% of the projects will be open by next fall; Natomas Park and Heron (new



classroom buildings) as well as the new Westlake Charter School campus will be fall of 2017. The timeline are always subject to timing on projects as they run through DSA.

- He reported that Bannon Creek will be the next project submitted in the coming weeks to DSA.
- Answering a committee question, he clarified that that the WLC contribution of \$3.5 million was identified at the April 1, 2015 Special Board Meeting.
- Sherry Duschka explained that Measure D and Measure J funds/expenditures are tracked separately in the GL system. They are separated by different resource codes explaining that those bond funds are not co-mingled at all.
- Eric Stern asked for a walk-through by line item at the top of the Allocations Report. Sherry Duschka explained that when a bond is sold, there are discounts and premiums. Bank of America got the bid and sold the bonds, and the \$1.649M noted as Bank of America is the discount from that.
- Eric Stern asked what COPs are (as shown in the Future Projects section of the report). Mark Covington explained that COPs stand for Certificates of Participation and is a loan that school districts can use to fund projects. He noted that the STAR Academy project will be using COP funds. Using STAR Academy as an example he explained that using both Measure D and Measure J allocated funds does not fully fund the project. So the COP is being used on that project and will be paid off along the way (see the \$10,000,000 entry under Future Project allocations). Responding to a question about paying premiums on the COPs, Mark suggested clarifying that when Bill Young is here at the next meeting.
- There was some confusion from the committee about why there was a COP issued when the voters approved the Measure J bond to use that funding for these projects. Mark described it as a method to bridge the difference between the first issuance (or release of the bond) and it helps carry the project forward. The Board prioritized the first issuance to be spread among many projects outlined in the FMP which is what the voters approved – that all kids and all schools will benefit from Measure J. There are limits in how much a District can get for each bond release. The State approved a waiver that allowed the first Measure J issuance to be larger than first planned. The 3 new schools in the FMP will cost approximately \$87 Million to construct and far exceeds the amount issued in this first issuance. The Board of Trustees approved that additional financing option to bridge the gap and keep the projects moving forward.
- Eric Stern expressed concern about the long-term financing of the COP and stated that this is why it's necessary to have a standing finance committee within the CBOC to look at issues like this. He explained that the District made a lot of promises and is now faced with having to borrow money to keep those promises.
- Anita Lopez asked why the District didn't ask for more in the issuance instead of the COP loan. Eric Stern explained that there are limits.
- Mark Covington reminded the committee that this committee is focused on Measure J and right now Measure J is not paying on a COP. Jennifer Slay added that the COP hasn't been taken yet and if construction costs increase, it's possible that the COP amount could go up. She explained that the COP is part of the existing "plan" to finish the STAR Academy project; but the COP hasn't happened yet.
- Chris McGreal expressed surprise that a loan of any kind is needed. He asked to clarify that the COP there as only there as a contingency plan to fund projects in the event that something keeps us from using the next issuance to complete the projects. Mark Covington responded that in order to move forward with the FMP projects and stay on the timeline that is needed to house future student growth now that the Building Moratorium has lifted, and make other school

improvements, other funds are needed prior to the next issuance. He said the next issuance is projected for 2017. Jennifer Slay said that the \$10M COP is “borrowing” for the next 2 years to fund projects now and pay it off after the next issuance, adding that the District isn’t looking at this like a 30 -year loan. Mark Covington invited members to look at board presentations where staff walked through this process with the Board before the decision was made to move forward with the COP.

- Eric Stern clarified, that as explained, the COP is not a “contingency” plan but is actually planned loan. He commented that this is again one-step forward and one-step back.
- Mark Covington reminded the committee again to refer back to the purpose of the committee (and discussion) is shown at the top of the agenda to inform the public the expenditures of bond proceeds approved by the voters. He added that the current discussion is about Measure J and not the COP. Eric Stern said that this COP discussion is completely within the scope of this committee and asked Mark Covington to please “not go down that road”. Eric Stern added that he wants to note the District has over promised without having the funds available to pay for it and it’s well within the committee purview to ask lots of questions about it.

## **VI. ACTION ITEMS**

### **A. Approve Meeting Minutes for August 24, 2015**

Jennifer Slay moved to approve the August 24, 2015 meeting minutes. Motion seconded by Carol Fieldhouse. Motion carried 6-0.

## **VII. NEW BUSINESS – None to report.**

## **VIII. FUTURE COMMITTEE AGENDA ITEMS**

Jennifer Slay answered committee questions about the timing of project audits and indicated that the committee will have a better idea at the next meeting whether any teams should be assigned to conduct project audits yet. Mark Covington quickly pulled up the district website on the overhead and shared that the website location for both Bond Measures is easier to access under several locations now; and is located under the Facilities & Strategic Planning.

## **IX. ADJOURNMENT**

Committee Chair Christopher McGreal adjourned the meeting at 8:24 p.m. and announced the next meeting will be held January 25, 2016.

**Note:** Assistance for the Disabled: Please contact the Business Services Office at (916) 567-5457 at least 24 hours before the scheduled Citizens’ Bond Oversight Committee meeting to request disability-related accommodations in order to participate in the public Citizens’ Bond Oversight Committee meeting at the Education Center.