Visalia Unified School District

Measure A Bond Oversight Committee Training

Presentation materials provided for distribution at the meeting. Please see meeting record for verbal commentary and discussion.
Tonight’s Agenda

- District’s General Obligation Bond Measures
- District’s Historical Citizens’ Bond Oversight Approach
- Measure A
- Review of the *Strict Accountability in Local School Construction Bonds Act of 2000*
- For Reference
## History with General Obligation Bonds

<table>
<thead>
<tr>
<th>Election Information, General Obligation Bonds</th>
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<tbody>
<tr>
<td><strong>Election</strong></td>
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<tr>
<td>Date</td>
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<tr>
<td>Apr 27, 1999</td>
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<tr>
<td>Nov 6, 2012</td>
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<td>Nov 6, 2018</td>
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- **Measure G** - all original bonds have been issued
  - and refinanced for taxpayer savings
  - final taxation in fiscal year 2015-16; three years early!
- **Measure E** - all original bonds have been issued
  - First refinancing opportunity is August 2023
- **First issuance of Measure A** anticipated in Spring 2020
NOVEMBER 6, 2012 – TULARE COUNTY ELECTIONS
MEASURES SUBMITTED TO THE VOTERS

Measure E - VISALIA UNIFIED SCHOOL DISTRICT (BOND)
To improve the quality of education and relieve overcrowding, shall the Visalia Unified School District repair/replace roofs, make schools accessible for disabled students, provide up-to-date science labs, repair/update/equip worn-out schools, construct/equip new school facilities, and qualify for available State matching funds, by issuing $60,100,000 of bonds at legal interest rates and extending, without raising, the current tax; with citizens’ oversight, independent audits, all funds spent locally, and no money for employee or administrators’ salaries?
Bonds- Yes
Bonds- No

◆ Measure E Bond Oversight Advisory Committee met at least 16 times and conducted tours
◆ All Measure E proceeds expended
Moving Forward with Measure A

✓ “BONDS YES” (24,297) = 60.14% of Votes Cast (40,400)

Source: County of Tulare - Statement of Vote - General Election - November 6, 2018

Measure A – VISALIA UNIFIED SCHOOL DISTRICT

To protect quality education with funding that cannot be taken by the State, shall Visalia Unified School District: upgrade classrooms, labs and computer systems to support science, technology, English, arts and math; prevent school/classroom overcrowding; and improve school safety/security; by issuing $105,300,000 in bonds at legal rates, repaying an annual average of $7,560,000 for 30 years, at approximately $36 per $100,000 of assessed value, with independent oversight, no money for administrators, and all funds staying local?

BONDS-YES

BONDS-NO
What the Funds Are For

Measure A – VISALIA UNIFIED SCHOOL DISTRICT

To protect quality education with funding that cannot be taken by the State, shall Visalia Unified School District: upgrade classrooms, labs and computer systems to support science, technology, English, arts and math; prevent school/classroom overcrowding; and improve school safety/security; by issuing $105,300,000 in bonds at legal rates, repaying an annual average of $7,560,000 for 30 years, at approximately $36 per $100,000 of assessed value, with independent oversight, no money for administrators, and all funds staying local?

BONDS-YES

BONDS-NO
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| BONDS-YES          | BONDS-NO |
What It Will Cost Taxpayers

Measure A – VISALIA UNIFIED SCHOOL DISTRICT

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BONDS-YES

BONDS-NO
Extra Oversight and Citizen Participation

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BONDS-YES

BONDS-NO
**Project List**

**Bond Project List**

Specific projects that may be funded by the Bonds:

- Modernization of classrooms and facilities at any District site, including:
  - Install/upgrade/replace American Disability Act (ADA) compliant systems, codes and/or the Division of the State Architect. This would not be limited to: accessible ramps to portable classrooms, replacement of the path of travel, parking and accessibility; field improvements related to restrooms, accessibility and viewing, etc.
  - Replace/repair/construct and equip science labs at middle schools and high schools.
  - Replace/repair roof and roof drainage systems. Replace damaged areas due to dry rot.
  - Replace/repair upgrade electrical systems to current standards.
  - Replace/repair heating and ventilation systems with new energy efficient systems.
  - Replace/repair/construct library, multi-purpose, gymnasium, athletic, field, classroom, office and support spaces, and/or computer lab facilities.
  - Replace/repair technology systems necessary for student learning, efficient operations, security, increased capacity and operating speed.
  - Replace/repair security/surveillance systems, add additional systems where needed.
  - Install energy management systems, to promote energy efficiency and cost reduction.
  - Install/update/replace fire and life safety systems as required by current codes and/or the Division of the State Architect. These systems could include, but not be limited to: Ansul systems, panic door hardware; fire suppression systems; remove unattended space; upgrade existing spaces for fire safety; kitchen and kitchen equipment upgrades, etc.
  - Install energy management systems, to promote energy efficiency and cost reduction.
  - Replace/repair interior and exterior lighting systems and controls.
  - Replace/repair/construct and equip science labs at middle schools and high schools.
  - Replace/repair/construct library, multi-purpose, gymnasium, athletic, field, classroom, office and support spaces, and/or computer lab facilities.
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  - Install energy management systems, to promote energy efficiency and cost reduction.
Projected Expenditures Drive Bond Issuance Plan

- For a tax-exempt financing, federal law requires reasonable expectations that the District will:
  - within six months, incur binding obligations to third parties involving expenditures of not less than 5% of the net bond proceeds
  - within three years, expend 85% of the proceeds
  - proceed toward completing the projects and allocating the net sale proceeds to expenditures with due diligence

- The District is planning Measure A projects, and has determined that:
  - these standards will be able to be met following initial project planning
  - internal borrowing can address early expenses, thus the sale of the first series of bonds is now scheduled for FY 2019-20 (likely Spring 2020)
  - bond project expenditures made in advance will be reimbursed from bond proceeds when bonds are sold
  - taxes will not be levied in 2019-20; now expected to begin in 2020-21
Common Challenges for BOCs

- Fulfilling the five required membership categories
- Term limits often create vacancies and loss of expertise
- Lack of participation
  - Schedule needs to fit the work and fit the members
  - The work should be feasible and impactful

- Measure E Bond Oversight efforts were an example of quality oversight and constructive criticism, such that the committee and committee members are respected and their work has been impactful
Let’s Retain What’s Been Successful...

✔
✔
✔

...while simplifying, streamlining and modernizing!
Let’s first review the statute because that will guide us with the minimum requirements.

Then, let's build on our past experience and organize our current oversight approach so future efforts will be more feasible and at least as impactful.
“Strict Accountability . . .

…in Local School Construction Bonds Act of 2000”

Today’s Law

Five methods of accountability

- Citizens’ Oversight Committee
- Performance Auditing
- Financial Auditing
- Court Restraint and Prevention of Any Expenditure of Funds
- Law Enforcement Pursuit in the Event of Allegation or Misuse of Bond Funds
“Strict Accountability . . .

◆ …in Local School Construction Bonds Act of 2000”
◆ Today’s Law
  ▶ Five methods of accountability
    ● **Citizens’ Oversight Committee**
    ● Performance Auditing
    ● Financial Auditing
    ● Court Restraint and Prevention of Any Expenditure of Funds
    ● Law Enforcement Pursuit in the Event of Allegation or Misuse of Bond Funds
Citizens’ Oversight Committee

◆ Purpose

▶ “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.”

✔ Education Code 15278 (b)
Purpose

“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.”

✔ Education Code 15278 (b)
Let’s Take a Few Minutes…

…to read the two page law:

(C) Recommendations regarding the joint use of core facilities.

(D) Mechanisms designed to reduce costs by incorporating efficiencies in schoolsite design.

(E) Recommendations regarding the use of cost-effective and efficient reusable facility plans.

(Amended by Stats. 2000, Ch. 44, Sec. 3. Effective January 1, 2001.)

(C) All citizens’ oversight 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 of the district. 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 Web site maintained by the governing board of the district.

(Amended by Stats. 2013, Ch. 91, Sec. 1. (AB 58) Effective January 1, 2014.)

(E) The citizens’ oversight committee shall consist of at least seven members who shall serve for a minimum term of two years with no more than three 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 a member of a labor union representing the employees of the school district or community college district.

(2) One member shall be active in a community college group, such as student government. The community college group or organization in the community college district from which the student member is selected shall not be affiliated with the governing board of the community college district.

(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 school district. For a community college district, one member shall be a student who is both currently enrolled in the community college district and active in a community college group, such as student government. The community college student member may, at the discretion of the governing board of the community college district, 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 school 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.

(6) An employee or official of the school district or community college district shall not be appointed to the citizens’ oversight committee. A vendor, contractor, or consultant of the school district or community college district shall not 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 15900) and Article 4.7 (commencing with Section 11250) of Chapter 1 of Division 4 of Title 1 of the Government Code.

(Amended by Stats. 2013, Ch. 70, Sec. 27. (AB 382) Effective January 1, 2014.)
Financial and Performance Audits

“(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.”

Article XIII A [Tax Limitation] Section 1 of the California Constitution

“The governing board of the district shall provide the citizens’ oversight committee with responses to any and all findings, recommendations, and concerns addressed in the annual, independent financial and performance audits required by subparagraphs (C) and (D) of paragraph (3) of subdivision (b) of Section 1 of Article XIII A of the California Constitution within three months of receiving the audits.”

Education Code 15280 (a)(2)
“Consistent with the provisions contained in subparagraphs (C) and (D) of paragraph (3) of subdivision (b) of Section 1 of Article XIII A of the California Constitution, the required annual, independent financial and performance audits for the preceding fiscal year shall be submitted to the citizens’ oversight committee established pursuant to Section 15278 at the same time they are submitted to the school district or community college district, no later than March 31 of each year. These audits shall be conducted in accordance with the Government Auditing Standards issued by the Comptroller General of the United States for financial and performance audits.”

Education Code 15286
Mission: Review

◆ What to review?
  ▶ Bond expenditures
  ▶ Performance audit
  ▶ Financial audit

◆ What to compare against?
  ▶ Ballot question
  ▶ Bond project list

◆ Tips for reviewing:
  ▶ What does each document tell you?
  ▶ How are the documents prepared?
  ▶ Audits are annual and to be provided by March 31 following the Fiscal Year
  ▶ Responses to audit findings must be provided within 3 months
Mission: Report

◆ What to report?
  ▶ Conclusions based on review of:
    ● Bond expenditures
    ● Performance audit
    ● Financial audit
  ▶ Advise public on compliance with proper expenditures

◆ Tips for reporting:
  ▶ Report to the community annually
  ▶ Post on the Citizens’ Bond Oversight Committee’s web page:
    ● Meeting agendas
    ● Meeting minutes
    ● Documents received
    ● Annual report

✔ Education Code 15280(b): All citizens’ oversight 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 of the district.
Foundational Documents

- With a bond measure, foundational documents include:
- District-created documents:
  - Resolution Ordering the Election for Measure includes:
    - Ballot Question
    - Full Text Ballot Proposition (also includes Project List)
    - Tax Rate Statement
- Governing Law
  - California Constitution Article XIII A, Section 1 (b) (3)
  - Strict Accountability in Local School Construction Bonds Act of 2000
    - Includes requirements for Citizens’ Oversight Committee
An Organized Web Page . . .

◆ Informs the public
  ▶ Can provide foundational documents online
  ▶ Meeting materials
    • Meeting agendas
    • Meeting minutes
    • Information to be reviewed by the Committee
    • Committee-created documents
      – Annual Work Plan
      – Annual Report
◆ Is easy for District staff to maintain
◆ And allows Committee members to operate with their personal computing devices, rather than paper, if they like
  ▶ Paperless Committee!
BOC Should Improve Outcomes

- Process should be oriented to meeting the letter of the law and be meaningful in terms of better results by some measure
- Process should be documented and periodically reconsidered
- Process should be developed by the Bond Oversight Committee and District staff, together
  - This will help to avoid technical violations of archaic rules

✔ Oversight should be made feasible and produce an improved outcome:
  - Efficient citizen oversight for routine decisions
  - Community support for difficult decisions
  - Positive relationships and community cohesiveness
Making Our Place The Best It Can Be

I SEE YOU DECIDED NOT TO LEAVE HOME...

I HAD TO... I WALKED ALL THE WAY AROUND THE BLOCK...

MY LIFE DIDN'T GET ANY BETTER SO I CAME HOME..
Annual Workplan

- Schedule meetings and tours based on work to be done
- Establish guidelines for how the Bond Oversight Committee will operate (in lieu of bylaws)
- Allows flexibility

✔ Established by the Bond Oversight Committee, not the Board of Education or District Staff
✔ Let’s create the 2019-20 workplan now!
Final Thoughts for Tonight?

◆ Thank you!
For Reference

- Statutory Member Criteria
- Proper Expenditures & Reviewing
- Detailed List of Additional Potential Oversight Committee Activities
- Resources
Review of Statutory Member Criteria

- At least 7 members, 5 of whom meet specified criteria
  - One member who is active in a business organization representing district’s business community
  - One member who is active in a senior citizens’ organization
  - One member who is active in a bona fide taxpayers’ organization
  - One member who is a parent/guardian of child enrolled in district
  - One member who is both a parent/guardian of child enrolled in district and active in a parent-teacher organization or school site council

✔ Education Code 15282(a)
✔ Note: these are diversity categories, not representatives
Proper Expenditures

◆ “Proper expenditure” means that expenditures . . .
  ▶ are for 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
    • and conform to list of the specific school facilities projects to be funded
  ▶ do not include any teacher or administrative salaries or other school operating expenses

✔ California Constitution Article XIII A, Section 1 (b) (3) and Education Code 15278 (b)
  – Note: 1978’s Proposition 13 became Article XIII A of the California Constitution

✔ Resolution Ordering the Election for Measure which includes:
  – Ballot Question
  – Full Text Ballot Proposition (also includes Project List)
Reviewing Expenditure Information

- Format of expenditure information
  - Easy to produce?
  - Easy to review?
  - Past challenges?
  - Ideas for improvement?
Detailed List of Potential Activities

◆ Education Code 15278(c):

(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.

(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 schoolsite design.

(E) Recommendations regarding the use of cost-effective and efficient reusable facility plans.

(Added by Stats. 2000, Ch. 44, Sec. 3. Effective January 1, 2001.)
The California League of Bond Oversight Committees, via its web site (CaLBOC.org) and an annual conference, provides guidance on legal requirements and operating practices for conducting oversight.

CaLBOC has an annual conference each Spring.

- Members of Citizen Oversight Committees are especially invited, and can sign up to receive a free newsletter throughout the year.

- Disclosure: the President of Government Financial Strategies is on the Board of CaLBOC.