



CUPERTINO UNION SCHOOL DISTRICT
Citizens' Measure H Bond Oversight Committee (CBOC)

Minutes of the December 16, 2015 Meeting
Approved

MEMBERS PRESENT:

Emily Lee Kelley
Mark Burns
David Fung
Randall Shingai
Orrin Mahoney
Daniel Nguyen
Liz Brockman

MEMBERS ABSENT:

None

NON-MEMBERS PRESENT:

Chris Jew, CUSD, Chief Business Officer
Pam Mackey, CUSD, Administrative Secretary to Chris Jew
Mary Ann Duggan, CUSD, Director-Facilities Modernization
Kent Brown, Kitchell CEM
Linda Rizzoli, Swinerton Management Consulting
Jeff Scogin, Ann Kennedy Group (AKG)
Mike Chegini, Ann Kennedy Group (AKG)
Joyce Peters, Vavrinek, Trine, Day & Co., LLP

CALL TO ORDER:

Mark Burns called the meeting to order at 7:30 p.m.

ADOPTION OF AGENDA: Liz Brockman made a motion to adopt the agenda; David Fung seconded the motion. The agenda was adopted unanimously.

APPROVAL OF MINUTES OF SEPTEMBER 23, 2015: Daniel Nguyen made a motion to approve the minutes as presented; Emily Lee Kelley seconded the motion. Minutes were approved unanimously.

PUBLIC COMMENTS: None

UPDATE: 2012 MEASURE H BOND PROGRAM (\$220M OVER 6 YEARS)

A. Progress Report (PowerPoint Handout dated December 16, 2015)

- Mary Ann Duggan reviewed recently completed projects, projects in progress, and other project developments.
- 2014-2015 Measure H Bond Financial and Performance audits were presented to the Board last night (12/15/16) and reflect no findings or questionable expenditures.
- Starting 2016, elementary school projects will be phased over a 7-9 month period which includes the summer. It is no longer feasible to expect elementary school construction to be completed without delays by the first day of school. The District will use the same project delivery model for elementary schools as they currently do for all middle school modernization. This model requires interim housing in order to ensure classroom availability. Savings in storage costs and overtime will offset costs to some degree incurred by extending construction phases.
- The Measure H Project Sequence chart will be revised to reflect an extension in duration from 2018 to 2020. The extension is due to newly added projects, DSA

delays concerning work done years ago at Blue Hills and Montclair Elementary schools, and other projects extending beyond their original duration.

- The District implemented a Contractor Pre-Qualification Process that is voluntary, but required if State funding is involved.
- The Board approved the refunding of \$30M in outstanding bond debt and savings will go back to taxpayers. To date, the District has sold \$150M of the initial \$220M bond.

B. Financial Report (Spiral-bound Progress Report) dated December 15, 2015

Jeff Scogin of AKG provided a program overview:

- Master Project List Report (Pages 1-13) As of September 30, 2015

Total Elementary Schools: \$104,356,147

Total Middle Schools: \$79,577,785

Total District-Wide: \$36,787,004

- *Total General: \$21,867,734*
- *Total Program Costs: \$5,400,000*
- *Total Technology: \$5,690,850*
- *Total Contingency: \$3,828,420*

Overall Total: \$220,720,936

- Bond List Revisions Approval Request, Revision #9, as of December 15, 2015 (Pages 14-28): Figures in green indicate increased budgets; in red, budgets decreased.

Report has been approved by the Board. \$82,267 in interest earned was added to the total program budget. The Proposed Revision column reflects several school budget increases/decreases based on new estimates at completion. The Central Kitchen upgrade will not be done until the administrative office at Stockmeir is relocated. Therefore, the Central Kitchen Proposed Revision has been decreased \$3,456,000. (Reference page 25.) Series C Bond sale is scheduled for February 2016. The District sells bonds in stages, as we are required to spend each bond issuance within three years. Interest rates are increasing (currently up 0.25%), so it's best to sell sooner rather than later.

- Whole Program Summary Report (Page 29) Reporting Inception through 9.30.15
The District spent \$115,271,596 to date leaving a balance of \$105,449,340. The District has spent approximately \$13M since last reporting.
- Project Summary Report (Pages 30-40) Reporting Inception through 9.30.15
Technology dollars are moved from the District-Wide category to specific site categories as needed. \$300K is reserved for the new District phone system.
- Fiscal Year 2015-2016 Quarter 1 Cash Flow Chart (Page 41) Spend Data through 6.30.15
Calendar is extended to 2020. Estimates are coming in very close to original plan.
- Project Sequence (Page 42). Lists construction sequence from 2013 through 2018. Serves as a good reference for both community and schools. Construction starts shown in 2016 have been pushed out several years. Mary Ann Duggan will bring an updated list to the Committee.

OTHER CITIZENS' BOND OVERSIGHT COMMITTEE BUSINESS

- Joyce Peters of Vivrinek, Trine, Day & Co., LLP reviewed both the Financial and Performance Audits for fiscal year ending June 30, 2015. The audit showed no findings or questionable expenditures.
- Committee members reviewed a draft of the Measure H Citizens' Bond Oversight Committee (CBOC) 2014-2015 Annual Report. Randall Shingai made a motion to approve the draft, subject to any future adjustments. Emily Lee Kelley seconded the motion. The report was approved unanimously.
- Mark Burns will present the Measure H CBOC Report to the board on February 9, 2016, and the report will go to print using the same format as last year. (Publication deadline is March 31, 2016.) As of June 30, 2015, 46.6% has been expensed. This figure includes the cost of bond issuance (shown under the Administrative Expense category).
- Jeff Scogin will be available if needed. Administrative expenses are very low -- only \$5.4M for a \$220M bond. Jeff will draft a short paragraph to be added to the Measure H CBOC report to highlight this positive piece of information.
- If the District were to consider a new bond, it would require a strategic plan, one that would not compete with a new parcel tax or other ballot issues if possible. The General Election is every two years. A State-wide bond may go to voters in November 2016. The amount is unknown at this time.
- Cupertino Middle School's artificial turf will be installed in the quad area soon. This particular turf is not for athletic use and has a service-life of at least 10 years. Homestead High School installed the product one year ago. Cupertino High School installed the product over four years ago.
- There are two openings on the Committee. Orrin Mahoney will mention the openings at the next CEEF meeting to see if anyone is interested.

NEXT MEETING DATE: Wednesday, March 30, 2016, from 7:30 to 9:00 p.m. Pam will check availability of the District Board Room.

ADJOURNMENT: 8:45 p.m.