

San Mateo Union High School District Proposition 39 Capital Facilities Programs

**Eleventh Measure M Citizens Oversight Committee Annual Report
Eighth Measure O Citizens Oversight Committee Annual Report**

June 30, 2020

San Mateo Union High School District Citizens Oversight Committee

To: The Board of Trustees and Citizens of the San Mateo Union High School District

From: Cindy Montgomery, Chair of the Measure M and Measure O Citizens Oversight Committee

Date: June 30, 2020

As Chair of the Citizens Oversight Committee, it is my pleasure to present the Measure M and Measure O Annual Report to the Board of Trustees and Citizens of the San Mateo Union High School District. Upon passage of Measure M in 2006, the Board of Trustees established a Measure M Citizens Oversight Committee in compliance with Education Code Section 15278 and Proposition 39. The original Measure M Citizens Oversight Committee was consolidated into the new Measure M and Measure O Citizens Oversight Committee after the passage of Measure O in November 2010. The first meeting of the consolidated Committee was held on December 8, 2011. Since the consolidation, the Committee has met 53 times.

On March 3, 2020, voters in the San Mateo Union High School District passed Measure L, a \$385 million bond issue. A new consolidated Citizens Oversight Committee is in process of being formed.

The meetings of the Committee are well-organized, well-attended and substantive in content. Information presented and reviewed at each meeting includes the most recent financial reports, current project expenditure summaries, project construction accomplishments and challenges, as well as legal updates. The Committee also reviews unique circumstances that impact the issuance of bonds, such as the long-term financial commitment needed to provide the resources to maintain the facilities. District staff and administrators have been very helpful in providing timely information to the Committee and in responding to the Committee's questions.

The Measure M capital facility bond projects are complete. The Committee is pleased with Measure M's overwhelming success. The 2006 bond measure allowed the District to make vast improvements at every comprehensive high school. The construction program extended the lifespan of each educational facility, implemented CHIPs standards, provided sustainable 21st century teaching facilities, reduced operating costs, and made ADA and safety improvements. Additional teaching spaces were constructed, solar panels were installed at every comprehensive high school, and technology upgrades and replacements were continued. Specialized career technology education classrooms, including the Biotechnology building at San Mateo High School, the Industrial Arts facilities at Burlingame High School, the Engineering, Industrial Arts, and the Biotech facilities at Aragon High School, the Art facility at Capuchino High School, and the Green Technology and Video Production classrooms at Hillsdale High School, are all new teaching facilities added and funded using matching grants from the State. All theaters are used by our students and by the community and were modernized, upgraded or newly constructed. The District has successfully enhanced each of these facilities to prepare students for 21st century colleges and careers.

The Committee is pleased with the responsible financial structure implemented to effectively manage Measure M resources. The exemplary oversight has earned the trust of the community.

Ten Measure O projects are completed and two projects are in the process of being completed. Peninsula High School is scheduled to be completed in November, 2020 and the 10-year District technology replacement project will sunset June 30, 2021. The Committee is pleased that the Board of Trustees embraced staff's recommendation to build a new District Office at the original site, acquire and modernize a centrally located facility for Maintenance, Operation and Student Nutrition, and acquire land and subsequently construct a state-of-the-art learning facility for Peninsula High School.

The Committee appreciated the Board of Trustees support of two critical recommendations. The COC proposed that General Fund resources be deposited annually into a Deferred Maintenance account for future facility repairs. As the age of Measure D projects approaches 19 years, the age of Measure M projects approaches 11 years and the age of the earliest Measure O projects approaches 7

years, the District is beginning to experience costly maintenance and repairs. Having set aside a sinking fund ensures the educational budget is not impacted.

The second recommendation requested adequate facilities staffing ratios be implemented to maintain our educational facilities. A teaching environment must be properly heated or cooled, safe and dry to be conducive for learning. In 2006-07 more than forty maintenance and operations positions were eliminated. Not having adequate operations and maintenance staffing made it extremely difficult to maintain the modernized classroom buildings. The Committee is pleased that the shortage of adequate staffing has been addressed, but we caution that the District should monitor staffing levels now that a pandemic is underway requiring greater maintenance support and both cleaning and sanitation of the facilities. This appears to have increased the workload by 50%.

The Committee continues to be extremely concerned with the safety and the health of students due to the degradation of specific panels containing asbestos (“transite panels”) at Aragon High School, Hillsdale High School, and Mills High School. Some of the panels are over 60 years old and are deteriorating rapidly. This matter has arisen before and the Committee has previously recommended that the Board of Trustees address it. Over time, the cost of the project has increased from \$15M to \$80M due to building code changes and construction cost escalation for materials and labor. The Committee was thrilled that the Board of Trustees placed a bond measure, Measure L, on last March’s ballot and was ecstatic that it successfully passed. The COC is hopeful that the Board of Trustees will approve these projects and finally makes them a priority by having them a part of the project funded by the first series of issued bonds.

The Committee applauds the Board of Trustees’ commitment and dedication to the employee housing project. We believe housing prices will continue to increase making it difficult to attract young exemplary skilled staff. Using the proceeds of Crestmoor High School to build a housing project or to purchase existing apartment complexes will ensure the District attracts and maintains highly qualified staff.

The Committee would like to again express its gratitude to the voters of the community, without whom the Measure M, Measure O and Measure L bond construction programs would not exist.

Based upon information presented to the Committee by District staff, the Committee's ongoing oversight activities and the Committee's review of the independent financial and performance audits, the Committee believes the District is in compliance with the requirements of Article X111A, Section 1(b)(3) of the California Constitution, which outlines accountability requirements for school districts that incur bonded indebtedness under Proposition 39. With the presentation of this Annual Report, the members of the Committee can assure voters that the Measure M and Measure O Bond funds have been properly expended and have been utilized for projects consistent with those identified in the bond measures.

It is the Committee's sincere hope that the Board of Trustees and the members of the community will find this Annual Report both informative and comprehensive.

Sincerely,

Cindy Montgomery
2019-2020 Chair
Measure M and Measure O Citizens Oversight Committee

**San Mateo Union High School District
Proposition 39 Capital Facilities Programs
Citizens Oversight Committee
Activities for Measure M and Measure O
July 1, 2019 through June 30, 2020**

EXECUTIVE SUMMARY

With the completion of the Burlingame High School Aquatic Center new pool shell, the Measure M capital facilities program is complete. Two Measure O capital facilities projects remain. The state-of-the-art Peninsula High School is scheduled to be completed in November 2020. The final year of the Technology Replacement closes June 30, 2021. The summary below highlights the projects that are currently in process or were completed in 2019-2020.

2019-2020 BOND PROJECTS COMPLETED or UNDERWAY

DISTRICTWIDE

Measure O

Technology Replenishment-9th year

\$5,000,000 was set aside for technology replacement. \$500,000 has been disbursed annually for nine years. 2020-2021 will be the final year of the program.

Project Budget	\$5,000,000
Actual Expense through June 30 th	\$3,272,415
Balance	\$1,727,585

DISTRICT OFFICE

Measure O

Education Center Building

The new state-of-the-art Education Center Building has increased the communication, collaboration and efficiency throughout the District. Its three-story, 28,500 square foot compact structure has been carefully designed to include modern technology and energy-conserving features within a layout focused on occupant comfort and effectiveness.

The building exterior aligns well with the San Mateo High School brick architecture and features a stepped-back design to reduce street-side impact.

The new building houses the Office of the Superintendent and the following departments: Human Resources, Curriculum and Instruction, Fiscal Services, Purchasing, Facilities Use, Student Services and Technology. Its simple organization, open circulation system and emphasis on transparency benefit visitors and District staff alike. Openness and access to natural lighting are key concepts throughout the building.

Special building features include a pleasant courtyard leading to a multistory atrium entry and a lobby that includes a student gallery and large conference/training facilities. The facility has been configured to be easily converted into a classroom building to house students.

The notice of completion was filed on June 28, 2019. The solar panels are in design and will be re-installed the winter of 2021. Because the project is relatively inexpensive, no electrical contractors have bid the job. The IBEW has collaborated with the District to locate a highly qualified contractor to execute this small project. The project is anticipated to cost less than \$200,000 which will be deducted from the balance.

Project Budget	\$28,000,000
Actual Expenses through June 30 th	\$24,154,168
Balance	\$3,845,832

PENINSULA HIGH SCHOOL

Measure O

The Board of Trustees spent two years investigating possible properties for the relocation of Peninsula High School. A final property selection was made in December 2018 to acquire the property located at 858-860 Hinckley Road, Burlingame, CA. After attempts to negotiate a purchase and sale of the property with the owner failed, the Board of Trustees authorized acquisition of the property by use of eminent domain. The eminent domain action has been resolved and the District became the owner of the property on July 17, 2019. The new Peninsula High School will be completed in November 2020 and consist of ten classrooms, multi-use space, administration space, a health and wellness center and a half-court basketball court and recreation area.

Project Budget	\$31,000,000
Negotiated Property Purchase Price	\$ 8,353,940
Costs through June 30, 2020	\$12,768,107

It is anticipated that the Project budget will be increased by \$4MM due to extensive foundation changes required by the Division of the State Architect after the property was reclassified to be in a flood zone.

The anticipated project increase will be funded using the Measure O contingency account.

BOND MEASURE OVERVIEW

Measure M

On November 7, 2006, the voters within the geographical boundary of the District approved Measure M, a \$298 million Proposition 39 bond election to fund the continued renovation and rehabilitation of 45-year to 83-year old buildings and facilities on District campuses. The purpose of Measure M was to ensure safe and healthy teaching and learning environments; further upgrade fire safety, accessibility, electrical, security, and sewer systems; repair, remodel, expand, and replace old and inadequate classroom buildings and other facilities; and build new classroom buildings and other facilities.

Measure O

On November 2, 2010, the voters within the geographical boundary of the District approved Measure O, a \$186 million Proposition 39 bond election to fund classrooms and laboratories for science, math, and job-training; update educational facilities to meet current safety codes; provide modern classroom technology and computers; support academic programs and teachers; repair, construct and acquire equipment, sites, schools and facilities; and eliminate debt.

Measure L

With the passage of Measure L on March 3, 2020, it is anticipated the Board of Trustees will adopt amended bylaws consolidating the Measure M, Measure O, and Measure L Committee.

The Role of the Citizens Oversight Committee

As outlined in Education Code Section 15278, a Measure M Citizens Oversight Committee was formed by the District's Board of Trustees on January 18, 2007. In June of 2011, the scope of the Measure M Oversight Committee was expanded to include Measure O and the two oversight committees were consolidated that year. An Education Code change allows consolidated Committee members to hold up to three consecutive terms consisting of two years each. The Committee is composed of members who represent the business community, senior citizens, taxpayers, the Parent Teachers Organization, and parents of students.

The purpose of the Committee is to inform the public concerning the expenditure of Measure M and Measure O bond revenues. The Committee's charge is to actively review and report on the proper expenditure of taxpayers' money for school construction. The Committee is also charged with advising the public on the District's compliance with the expenditure requirements under Prop 39.

Other responsibilities also include providing oversight in the following areas:

1. Ensure bond revenues are expended only for the purposes of construction, reconstruction, rehabilitation or replacement of District facilities as outlined in the ballot language.

2. Ensure no funds are used for teacher or administrator salaries or other District operating expenses.

Citizens Bond Oversight Committee Members

In fulfilling its collective role, the Committee has:

1. Received and reviewed copies of the annual independent performance audits.
2. Received and reviewed copies of the annual independent financial audits.
3. Inspected school facilities and grounds to view completed projects, projects in process, and location of future projects.
4. Reviewed efforts of the District to maximize bond proceeds by applying for matching funds and/or implementing cost effectiveness in the construction schedules.

Of necessity, over time the membership of the Committee changes. Some members' terms are extended beyond the initial term. The Education Code change permits members to hold up to three two-year terms. After the three two-year terms, a member's membership automatically expires. In some cases, unanticipated events transpire which require a member to resign during a term or at the end of one term.

The Committee requested the Board of Trustees in 2014 change its Bylaws to increase the length of member terms to three consecutive terms, as allowed by the Education Code. The Board of Trustees approved the request and the current Committee Bylaws state that the Committee must be composed of at least seven members serving terms of two years without compensation and for no more than three consecutive terms. The Committee must be composed of members with different backgrounds and qualifications, including those who are:

1. Active in a business organization.
2. Active in a senior citizens' organization.
3. Active in a bona fide taxpayers' organization.
4. A parent or guardian of a student enrolled in the District.

5. A parent or guardian of a student enrolled in the District and active in a parent-teacher organization.

Committee Members as of June 30th:

Active Members As of June 30, 2017	First Term Start Date	First Term End Date	Second Term End Date	Third Term End Date
Dan Freeman**	11/15/2012	11/14/2014	11/14/2016	11/14/2018
Pat Griffin**	9/28/2011	9/27/2013	9/27/2015	9/27/2017
Mike Loy**	11/17/2011	11/16/2013	11/16/2015	11/16/2017
Cindy Montgomery*	5/12/2016	5/12/2018	5/12/2020	5/12/2022
Simon Mazzola	11/16/2017	11/15/2019	11/15/2021	11/15/2023
Sherry Haber	11/15/2017	11/15/2019	11/15/2021	11/15/2023

* Chair, 2019-2020

** Remain an active and engaged committee member to provide continuity, as ratified by amended Bylaws adopted by the Board of Trustees

Citizen Oversight Committee Meetings

The Committee is required by law to meet a minimum of once a year to review the annual performance and financial audits. From the outset, the Committee determined it would be advisable to meet minimally at quarterly intervals. The Committee has met on:

2020 (to date)

- January 14, 2020
- Pandemic “Shelter in Place” (March through June)

2019

- March 4, 2019
- June 3, 2019
- September 16, 2019

2018

- March 5, 2018
- March 26, 2018
- April 18, 2018
- May 29, 2018 (Tour and Meeting)
- September 17, 2018
- December 4, 2018

2017

- June 14, 2017
- March 11, 2017 (Tour and Meeting)
- June 14, 2017
- July 27, 2017
- December 5, 2017

2016

- February 24, 2016
- May 19, 2016
- September 29, 2016
- December 8, 2016

2015

- February 5, 2015
- June 6, 2015 (Tour and Meeting)
- September 17, 2015
- December 2, 2015

1.

- January 11, 2014 (Tour and Meeting)
- March 6, 2014
- June 4, 2014
- October 16, 2014

2013

- February 27, 2013
- May 15, 2013

- June 8, 2013 (Tour and Meeting)
- October 8, 2013
- December 5, 2013

2012

- February 15, 2012
- April 18, 2012
- June 23, 2012 (Tour and Meeting)
- September 18, 2012 (Tour and Meeting)
- December 5, 2012

2011

- January 25, 2011
- March 16, 2011
- June 1, 2011
- September 28, 2011
- November 5, 2011
- December 7, 2011

2010

- March 3, 2010
- September 7, 2010
- October 9, 2010 (Tour and Meeting)
- December 14, 2010

2009

- January 20, 2009
- March 11, 2009
- April 25, 2009 (Tour and Meeting)
- May 26, 2009
- August 26, 2009
- December 8, 2009

Citizen Oversight Committee Agendas and Materials

The Committee members and District staff have had candid and open discussions on financial, technical and transparency issues relating to the expenditures of Measure M and Measure O capital facilities funds, progress of bond projects, and other pertinent topics. The Committee is informed of any substantive information that may impact the program or may be useful to the members. The Committee also receives all Board of Trustees items affiliated with the Measure M and Measure O bond programs and these are posted to the Board of Trustees meeting website. The District has been cooperative and responsive to the Committee's requests for information and to questions, comments and concerns.

Proposition 39 requires the sponsoring school district to establish a website dedicated to the bond program activities. All documents received by the Committee or issued by the Committee are a matter of public record and are available on the website, as follows:

- District Measures M & O Personnel Contacts
- Citizens Oversight Committee Members
- Citizens Oversight Committee Agendas
- Citizens Oversight Committee Minutes
- Measure M Project List
- Measure O Project List
- Construction Quarterly Updates
- Architect Schematic Project Designs
- Measure M Performance and Financial Audits
- Measure O Performance and Financial Audits
- Green Policies and Projects
- Measure M Program Stabilization Agreement (amended to include Measure O)
- Contractor's Prequalification Questionnaire
- Citizens Oversight Committee Annual Reports
- Citizens Oversight Committee Application Form

Citizen Oversight Committee Activities 2019-2020

The Citizen Oversight Committee met two times in 2019-20. Additional meetings were cancelled due to Covid-19 meeting restrictions beginning March 2020. Members discussed the development of Peninsula High School and the complexity of the project by the property being classified in a floodplain. The new floodplain classification invoked extensive and costly changes to the foundation subsequently required by the Division of the State Architect. We discussed the progress of the new pool shell replacement project at Burlingame High School. We discussed the design of new security video camera project. We also discussed non-bond capital facilities projects. The Committee discussed the Employee Housing project. Lastly the Committee discussed the need for another General Obligation Bond and unanimously supported a bond.

The Citizen Oversight Committee met four times in 2018-19. This included a tour of the new District Offices. Members discussed acquiring the property for Peninsula High School using the eminent domain process. Updates regarding this process were provided. The property that best met the need of the District was reviewed and identified to house the Peninsula High School. The final Board of Trustees selection of the property at 858-860 Hinckley Road, Burlingame, CA was shared with the Committee. We reviewed the 2017-18 performance audit. We reviewed the financials for all bond projects as well as other capital facilities projects.

Members discussed the need to address the replacement of the transite panels at Hillsdale High School, Aragon High School and Mills High School. The Board of Trustees asked the Committee for their input regarding a potential bond. The Citizen Oversight Committee unanimously supported a new bond to address safety, sustainability and enrollment growth projects. The COC was disappointed that the Board of Trustees did not move forward with a new bond measure in 2018. They supported the Board of Trustees commitment to place a bond on the ballot for 2020.

The Citizen Oversight Committee met five times in 2017-18. This included a tour of the facilities. Potential properties were identified to house the continuation high school. The final Board of Trustees selection was shared with the Committee. We reviewed the 2016-17 performance audit. We reviewed the financials for all bond projects as well as other capital facilities project.

Committee members discussed the need to address the replacement of the transite panels at Hillsdale High School, Aragon High School and Mills High School. The Board of Trustees asked the Committee for their input regarding a potential bond. The Citizen Oversight Committee unanimously supported a new bond to support safety, sustainability and enrollment growth projects. They suggested that the bond should be less than \$180 million. The COC was disappointed that the Board of Trustees did not move forward with a new bond measure. They supported the Board of Trustees commitment to place a bond on the ballot for 2020.

Four meetings, including a facility tour, were held in 2016-17. The Committee toured the new Hinckley satellite temporary district office, Aragon High School CTE Biotech facility and stadium lights and sound system, and Hillsdale High School new science building and stadium lights and sound system. At each meeting a detailed project update was provided and questions were answered; financial reports were reviewed and balances scrutinized. The Committee discussed the challenges of locating a viable property for Peninsula High School. An update on the employee housing project was provided. Cahill, general contractor, was selected as the Design/Build contractor for the new District Office. Cahill implemented a student internship for students providing critical construction insight. Maintenance and custodial staffing were reviewed to ensure adequate support was available to maintain the facilities.

During 2015-16, there were four Committee meetings, at which ongoing and upcoming projects were presented. A tour was scheduled when greater progress had been made at Hillsdale High School Science Building. The Committee was pleased with the progress and looked forward to completion of the projects that were underway. The Committee also welcomed members of the public to its meetings (dates and times are published on the Committee's website at www.smuhsd.org/COCagendas), and encouraged continued support of the District and Measures M and O through completion of the projects and beyond.

On January 11, 2014, the Committee toured Aragon, Hillsdale and Mills High Schools. The Committee noted serious or significant issues that affected health and safety and needed to be addressed either with funds remaining from Measure M or funds yet-to-be determined from Measure O. A letter was drafted, outlining the

specific areas of concern, and was sent to the Board of Trustees. The letter was placed on the May 8, 2014, Board agenda and discussed.

At its meeting on February 27, 2013, the Committee requested that an analysis be conducted on the Phase I Solar Photovoltaic project, comparing the actual solar production levels with the actual performance levels. Sage Renewable Energy Consulting Company (Sage) conducted a review of calendar year 2012 performance of all Phase I PV systems and on May 15, 2013 reported to the Committee:

- Phase I systems produced 3.7% more energy than anticipated in 2012.
- CSI Performance Based Incentive (PBI) incentives received were 3.7% greater than anticipated.
- PG&E energy cost offset of 9.5% was less than anticipated.
- Overall, energy savings plus incentives received were 1.75% less than anticipated, largely because PG&E costs have not risen as much as originally expected.

In August 2014, the Committee requested a solar update from Sage for the 2013 – 2014 school year. Sage reported that it expected the solar PV systems to generate approximately \$1.18M in CSI incentives plus \$836,000 in energy cost reduction for a total of approximately \$2.02M in General Fund savings for the year. This was generally in line with expectations despite some issues with production data reporting at both Capuchino and San Mateo High Schools. Data loss was largely offset by better than expected insolation and production at the other sites. Production data at San Mateo High School was lost in June, July and August of 2013 due to an IP network outage. PG&E agreed to extend the CSI reservation period for that site for approximately three months to make up for the lost production data. Production data for Capuchino High School had also not been recorded for the latter half of June, 2014 due to an IP network issue. Sage anticipated that this data would be backfilled when the network issue was fixed. The systems at Aragon, Burlingame, Hillsdale and Mills continued to outperform anticipated production overall.

The Committee, recognizing that substantial square feet of new facilities and athletic fields were added to District facilities under Measure M, requested District staff conduct an analysis of the appropriate level of operational and maintenance support needed to adequately maintain all facilities and prevent their deterioration. In late

2012, District staff authorized a report which was then reviewed with the Committee at its February 27, 2013, meeting. Because of this report, the Facility Manager positions were approved to be reinstated at the September 26, 2013, Board meeting. The Committee was also informed at its October 8, 2013, meeting that the District had posted for seven new custodians. In early 2014 an Auditorium Manager and two Auditorium Technicians were also added. The staffing needs of the District for proper maintenance of all District facilities are to be regularly reviewed by the Committee.

During the 2010-11 school year, the Committee raised concerns about what measures the District intended to take to ensure that the modernized facilities were maintained in the future. The Committee identified a need for a long-term deferred maintenance plan that included identifying resources to fund it. District staff conducted an analysis and the findings were presented to the Committee as well as to the Board of Trustees on February 10, 2011. The Board of Trustees concurred with the need for a long term deferred maintenance plan and a policy was drafted and approved on February 9, 2012, to fund the plan on an annual basis.

FINANCING GENERAL OBLIGATION BOND ISSUANCES

Measure M:

<u>Date</u>	<u>Financing</u>	<u>Amount</u>
6/2008	Series 2008A Bonds	\$62.7 million
2/2010	Series 2010A Bonds	\$ 4.9 million
2/2010	Series 2010B Bonds	\$65.1 million
2/2010	2010 Bond Anticipation Notes	\$65 million
2/2011	2011 Bond Anticipation Notes	\$65 million
6/2011	Series 2011A-1 Bonds	\$25 million
7/2011	Series 2011A Bonds	\$35 million
2/2012	Series 2012A Bonds	\$10.9 million
2/2012	2012 Bond Anticipation Notes	\$40.15 million
12/2013	Series 2013A Bonds	\$94.4 million

The District has accessed the full \$298 million in Measure M authorization through a combination of general obligation bonds and bond anticipation notes.

Bond anticipation notes were utilized to allow the District to access Measure M funds earlier than typical bonds would allow. The District received the highest short-term credit rating possible from Standard & Poor's for each of the bond anticipation note issuances (an SP-1+).

Over the course of the Measure M bond issuance process, the District's stellar bond ratings were upgraded to Aa1/AA+ with Moody's and Standard & Poor's. These top-notch ratings were instrumental in achieving aggressive interest rate pricing for Measure M. On December 2, 2015, the District's Moody's rating was upgraded to Aaa, the highest possible credit rating nationwide. The District's ratings are a testament to District management, the local economy and tax base, and status as a Basic Aid district.

In total, the District's Measure M bonds utilized 5.53% capital appreciation bonds and 8.28% convertible capital appreciation bonds. The total debt service for Measure M Bonds was approximately \$688.2 million, resulting in a repayment ratio of 2.31 to 1 (assuming the subsidies provided for federally subsidized bonds). Under Assembly Bill 182, repayment ratios are now legally capped at 4 to 1. The ratio for Measure M is significantly below the legal limits.

Measure O:

<u>Date</u>	<u>Financing</u>	<u>Amount</u>
6/2011	Series 2011A	\$90 million
12/2013	Series 2013A Bonds	\$40 million
5/2015	Series 2015A Bonds	\$56 million

The District has accessed the full \$186 million in Measure O authorization. In aggregate, Measure O utilized 8.36% capital appreciation bonds and 26.8% convertible capital appreciation bonds. The remaining bonds were sold as current interest bonds. The total debt service for the Measure O Bonds was approximately \$526.7 million, resulting in a repayment ratio of 2.83 to 1.

Measure L:

<u>Date</u>	<u>Financing</u>	<u>Amount</u>
6/2020	Series A	\$96.25 million

The District has accessed \$96.25 million of the total Measure L authorization of \$385 million. Series A utilized 100% current interest bonds and had a net repayment ratio of 1.37 to 1. The remaining \$288.75 million in Measure L authorization is scheduled to be sold as current interest bonds in 2022, 2024, and 2026.

Maximizing Taxpayers Bond Funds and Matching Funds

The District continues to explore funding opportunities to obtain matching revenues from other sources. Funds were applied for from the State Office of Public-School Construction for Career Technology Education Grants (CTE). As a result, additional funding of \$13M was awarded to the District under this program.

District Achieves 0% Borrowing Through Federal Bond Program

During the era of the American Recovery and Reinvestment Act (ARRA), the federal government introduced the Qualified School Construction Bond (QSCB) program, which allowed school districts to issue taxable bonds with a subsidy from the federal government. The amount of the subsidy was set daily by the United States Treasury. Numerous districts across the nation and in California took advantage of the program, issuing bonds through public offerings and achieving extremely low costs of borrowing. The District explored both public and private offerings. In comparing the two options, the District determined that the private offering would allow the District to achieve 0% borrowing, once the subsidy was factored in, while the public offering did not match this percentage. On July 14, 2011, the District issued \$25 million of QSCBs at a 0% interest rate to taxpayers (as shown in the Measure M overview as the 2011A-1 Bonds).

Capturing Savings for District Taxpayers

On November 7, 2012, the District refinanced \$35.275 million of its Measure D bonds, saving taxpayers over \$3.1 million in interest cost. The refinancing decreased the interest rate on these particular bonds from 5% to 2.63%.

On November 13, 2014, the District refinanced \$50.19 million of its Measure M bonds, saving taxpayers over \$6.7 million in interest cost. The refinancing decreased the interest rate on these particular bonds from 4.78% to 2.80%.

On March 24, 2016, the District refinanced \$9.47 million of its Measure M and Measure O bonds, saving taxpayers over \$2.8 million in interest cost. The refinancing decreased the average interest rate on these particular bonds from 5.49% to 2.98% and also converted prior capital appreciation bonds into current interest bonds.

On September 21, 2016, the District refinanced \$127.27 million of its Measure M bonds and Measure O bonds, saving taxpayers over \$16.4 million in interest cost. The refinancing decreased the average interest rate on these particular bonds from 5.67% to 2.56% and also converted prior capital appreciation bonds into current interest bonds.

On December 12, 2017, the District refinanced \$34.3 million of its Measure O bonds, saving taxpayers over \$6.3 million in interest cost. The refinancing decreased the average interest rate on these particular bonds from 5.04% to 3.60% and also converted prior capital appreciation bonds into current interest bonds.

On August 13, 2019, the District refinanced \$48.6 million of its Measure M and Measure O bonds, savings taxpayers over \$6.7 million in interest cost. The refinancing decreased the average interest rate on these particular bonds from 5.02% to 2.94% and also converted prior capital appreciation bonds into current interest bonds.

On November 7, 2019, the District refinanced \$34.4 million of its Measure M bonds, saving taxpayers over \$2.2 million in interest cost. The refinancing decreased the average interest rate on these particular bonds from 4.78% to 2.47%.

In 2011, 2012 and 2013, Measure M utilized capital appreciation bonds (CABs) for overall tax rate management. This further allowed the District to take full advantage of special bond programs (Build America Bonds and Qualified School Construction Bonds) made available by the Federal Government. Significant portions of the interest expense would be subsidized by using these programs. Because the Federal bond programs stipulated that these bonds must be issued as current interest bonds only, the District created capacity for them by issuing other tax-exempt bonds as capital appreciation bonds. Had the District not utilized a blended bond structure for this specific issuance, it would not have been able to participate in the Federal programs and the local taxpayers would have incurred increased bond expense.

Financial and Performance Review and Audit

Under the provisions of the California Constitution as amended by Proposition 39, the 2008 Measure M School Facilities Bond Program must undergo an annual financial audit and performance audit by an independent auditing firm. The District utilized the certificated public accountant firm of James Marta and Company to perform the required financial and performance audits for the fiscal year ending June 30, 2018. In December 2019, James Marta and Company presented the audits to the Board of Trustees. The financial and performance audits were subsequently reviewed by the Committee. The District was compliant with all requirements, as they have been in prior years. The audit report is posted on the District's web site.

A financial audit and performance audit will be conducted by James Marta and Company to perform the required financial and performance audits for fiscal year ending June 30, 2020 in December of 2020. When the audit is completed it will be presented to the Citizens Oversight Committee.

Measure M Capital Facilities

Measure M construction projects have been designed with input from District staff, District architects, a construction management firm and District administration. The projects that have been completed have been submitted and approved through the Division of the State Architect (DSA) review process, with the current exception of the San Mateo High School Civil Improvement Project. The Civil Improvement project consisted only of lighting and paving and did not require approval from the DSA; however, it was publicly bid, like all the other construction projects.

The Solar Photo Voltaic Systems at Aragon, Hillsdale, Mills and Burlingame High Schools, Phase 1, were commissioned in January 2012. The District has received PBI payments that began in late 2011. All systems underwent enhanced commissioning by independent consultants to verify they are working properly and installed per the contract.

The Solar Photo Voltaic Systems at Capuchino and San Mateo High Schools, Phase 2, were commissioned in January 2013. The CSI Incentive Claim Form package was submitted to PG&E for all sites and the District recently received its first Performance Based Incentive (“PBI”) payment. These systems have undergone enhanced commissioning by independent consultants to verify they are working properly and installed per the contract.

District bond projects Underway and/or Completed:

ARAGON HIGH SCHOOL

BOND MEASURE	TOTAL PROJECT BUDGET	NOTICE OF COMPLETION	NOTES
MEASURE M-COMPLETED			
Solar Phase 1 (new roof)	\$21.7	10/3/20	(5 site project)
New Theater	\$15.20	5/9/2013	
Gyms Reconfigured and Modernized, Civil Projects	\$9.30	12/18/2012	
Career Tech Building-Industrial Arts	\$2.80	12/18/2012	
Career Tech Building-Industrial Arts	\$10.50	9/5/2012	
Swimming Pool Replacement	\$7.40	11/1/2011	(4 site project)
Modernized Kitchen	\$0.50	4/21/2011	
Modernized Student Services Building	\$2.10	2/12/2010	
Renovated Stadium Field	\$14.40	11/16/2009	(6 site project)
Air Conditioning	\$5.10	10/31/2008	(3 site project)
Security Lock Replacement	\$0.30	4/24/2008	(7 site project)
Career Tech Building-Biotech	\$4.90	2/28/2018	
Theater Programming	\$0.20	NA	(6 site project)
MEASURE O-COMPLETED			
Drainage Project	\$0.30	10/22/2015	
Stadium Lights and Sound System	\$2.20	11/14/2017	(5 site project)
MEASURE O-WORK IN PROGRESS			
Technology Replenish	\$5.00	6/30/2021	1 years remain

BURLINGAME HIGH SCHOOL

BOND MEASURE	TOTAL PROJECT BUDGET	NOTICE OF COMPLETION	NOTES
MEASURE M-COMPLETED			
Bleacher Replacement	\$1.80	5/15/2015	
Civil Projects	\$2.60	10/3/2012	
Solar Phase 1	\$21.70	10/3/2012	(5 site project)
Modernized Theater	\$2.80	4/3/2012	
Career Technology Grant Industrial Arts	\$8.90	4/3/2012	
Modernized kitchen and multi-use room	\$0.50	1/10/2011	
Modernized Small and Large gym	\$7.10	1/10/2011	
Renovated Stadium Field	\$1.00	11/16/2009	(6 site project)
Security Lock Replacement	\$0.30	4/24/2008	(7 site project)
Swimming Pool	\$2.00		
Theater Programming	\$0.20	NA	(6 site project)
MEASURE O-COMPLETED			
New Classroom Building	\$8.50	9/13/2015	
Stadium Sound	\$1.00	8/30/2018	
MEASURE O-WORK IN PROGRESS			
Technology Replenish	\$5.00	6/30/2021	1 years remain

CAPUCHINO HIGH SCHOOL

BOND MEASURE	TOTAL PROJECT BUDGET	NOTICE OF COMPLETION	NOTES
MEASURE M-COMPLETED			
Solar Photovoltaic-Phase 2	\$6.40	1/24/2014	(2 site project)
Career Technology Grant Humanities Arts	\$1.80	12/13/2013	
New Classroom Building	\$7.10	12/13/2013	
Theaters and Music Classrooms	\$20.80	12/13/2013	
Civil Projects	\$1.80	11/20/2013	
Modernized Gyms and Locker Rooms	\$8.90	4/3/2012	
Replaced Swimming Pool	\$7.40	11/1/2011	(4 site project)
New Child Development Center	\$0.90	3/22/2010	
Renovated Stadium Field	\$14.40	11/16/2009	
Science Building Roof and Windows	\$0.50	10/30/2009	
Security Lock Replacement	\$0.30	4/24/2008	(7 site project)
Replace Electrical Switch Gear	\$0.30	1/9/2018	
Theater Programming	\$0.20	NA	(6 site project)
MEASURE O-COMPLETED			
Stadium Lights and Sound	\$2.20	11/14/2017	(5 sites project)
MEASURE O-WORK IN PROGRESS			
Technology Replenish	\$5.00	6/30/2021	1 years remain

HILLSDALE HIGH SCHOOL

BOND MEASURE	TOTAL PROJECT BUDGET	NOTICE OF COMPLETION	NOTES
MEASURE M-COMPLETED			
Security Lock Replacement	\$0.30	1/24/2014	(7 site project)
Large Theater	\$17.20	10/29/2013	
Civil Projects	\$3.20	10/3/2012	
Little Theater Modernization	See Below	3/14/2012	
Cafeteria and Multi-use room Modernization	See Below	3/14/2012	
Industrial Arts and Special Education, Fine Arts	\$12.70	3/14/2012	
Solar Photovoltaic Phase 1 and Phase 2	\$28.10	11/1/2011	(6 site project)
Swimming Pool Replacement	\$7.40	11/1/2011	
Modernized Gyms and Locker Rooms	\$4.40	12/4/2010	
Student Locker Replacement	\$0.40	1/15/2010	(2 site project)
Replace heating hot water Piping and Controls	1.8	11/16/2009	
Renovated Stadium Fields	\$14.40	11/16/2009	(6 site project)
Emergency Fire Line and Gas Line Replacement	\$0.50	1/26/2009	
Installation of Chillers and Piping for Air Conditioning	\$5.10	10/31/2008	(3 site project)
Theater Programming	\$0.20	NA	(6 site project)
MEASURE O-COMPLETED			
New Science Classroom Building	\$23.40	5/31/2017	
Stadium Lights and Sound	\$2.20	11/14/2017	(5 sites project)
MEASURE O-WORK IN PROGRESS			
Technology Replenish	\$5.00	6/30/2021	1 years remain

MILLS HIGH SCHOOL

BOND MEASURE	TOTAL PROJECT BUDGET	NOTICE OF COMPLETION	NOTES
MEASURE M-COMPLETED			
Security Lock Replacement	\$0.30	1/24/2014	(7 site Project)
Civil Project	\$3.50	11/20/2013	
New Theater	\$23.60	10/8/2013	
Gym Modernization	See Above	10/8/2013	
Solar Photovoltaic Phase 1	\$21.70	10/3/2012	(5 site project)
Swimming Pool Replacement	\$7.40	11/1/2011	(4 site project)
Boiler, HVAC Piping Replacement	\$2.70	8/31/2011	
New Classroom Building	\$5.20	1/10/2011	
Building A Modernization CTE, Arts, Cafeteria	\$8.90	1/5/2011	
Modernize Locker Rooms	See Above		
Student Locker Replacement	\$0.40	1/15/2010	(2 site project)
Renovated Stadium Fields	\$14.40	11/16/2009	(6 site project)
Installation of Chillers and Piping for Air Condition	\$5.10	10/31/2008	(3 site project)
Skylight Replacement	\$0.20	8/23/2008	
Theater Programming	\$0.20	NA	(6 site project)

MEASURE O-COMPLETED			
Stadium Lights and Sound System	\$2.20	11/14/2017	(5 site project)

MEASURE O-WORK IN PROGRESS			
Technology Replenish	\$5.00	6/30/2021	1 years remain

SAN MATEO HIGH SCHOOL

BOND MEASURE	TOTAL PROJECT BUDGET	NOTICE OF COMPLETION	NOTES
MEASURE M-COMPLETED			
Renovated Stadium Fields	\$14.40	5/15/2015	(6 site project)
Security Lock Replacement	\$0.30	1/24/2014	(7 site project)
Solar Photovoltaic Phase 2	\$6.40	1/22/2014	(2 site project)
Civil Project	\$0.60	12/13/2013	
Performing Arts Center Expansion	\$31.80	10/29/2013	
Career Technology Education-Biotech	\$8.80	8/3/2011	
Music Building Modernization	\$1.00	3/4/2009	
Greenhouse	\$0.50	4/9/2014	
Security Lock Replacement	\$0.30	1/24/2014	(7 site Project)
Theater Programming	\$0.20	NA	(6 site project)

MEASURE O-COMPLETED			
Renovate Brick Building	\$7.30	9/15/2015	
Stadium Lights and Sound System	\$2.20	11/14/2017	(5 site project)
Air Conditioning Brick Building	\$0.40	12/18/2018	

MEASURE O-WORK IN PROGRESS			
Technology Replenish	\$5.00	6/30/2021	1 years remain

PENINSULA HIGH SCHOOL

BOND MEASURE	TOTAL PROJECT BUDGET	NOTICE OF COMPLETION	NOTES
MEASURE M-COMPLETED			
Security Lock Replacement	\$0.30	1/24/2014	(7 site Project)
MEASURE O-COMPLETED			
MEASURE O-WORK IN PROGRESS			
New High School	\$31.00	Estimated Nov 2020	Learning Facility under construction
Technology Replenish	\$5.00	6/30/2021	1 years remain

DISTRICT OFFICE

BOND MEASURE	TOTAL PROJECT BUDGET	NOTICE OF COMPLETION	NOTES
MEASURE M-COMPLETED			
MEASURE O-COMPLETED			
COP Payoff	\$81.00	6/15/2011	
Radio Communication	\$0.10	NA	
New District Office	\$28.00	12/18/2018	
New Maintenance, Operations, Student Nutrition	\$8.60	8/8/2019	

Selected Citizens Oversight Committee Overall Activities

- Reviewed project updates
- Reviewed project financial statements
- Reviewed design build delivery method
- Reviewed project schedules
- Reviewed contractor prequalification requirements
- Reviewed project construction financials
- Reviewed, discussed and provided feedback on program stabilization agreement
- Reviewed responsibilities of the Committee
- Reviewed sale of series of general obligation bonds and federal bonds updates
- Reviewed and discussed Bloomberg article of cash-back refunding
- Reviewed membership status
- Reviewed status of CTE Grants
- Reviewed request for qualification for architects

- Reviewed architects' selection
- Reviewed updates from Division of State Architect
- Reviewed solar photovoltaic project updates
- Discussed methods to improve external communication
- Reviewed performance and financial audits
- Reviewed Measure M revised bond issuance schedule, cash flows and project schedules
- Reviewed construction delivery methods
- Reviewed/deliberated District deferred maintenance plan
- Reviewed custodial staffing analysis
- Discussed District use of Capital Appreciation Bonds
- Reviewed production of solar arrays
- Discussed Transite Panel safety concerns
- Reviewed potential bond project lists
- Reviewed Housing project
- Identified incomplete projects that need to be addressed to improve energy efficiency, secure premises, ensure safety and enhance facility longevity, should remaining Measure M funds be available

The Committee remains committed to the success of the District and will continue to monitor and provide reports on the status of the bond programs. Through the judicious use of Measure M, Measure O, and Measure L funds, the bond program will allow the District to continue to educate students and prepare them for the future by replacing and supplementing existing facility infrastructure.

Meetings Open to the Public

The San Mateo Union High School District Citizens Oversight Committee invites community members to attend its meetings, which are held in the Adult School conference room at 650 North Delaware Street, San Mateo, CA. During the pandemic meetings have been held virtually. All meetings are open to the public. Meeting dates and agendas are posted on the District web site.

Information

More detailed information about the District's bond projects, timelines and expenditures-to-date are available on the District's Citizens Oversight Committee website page

<http://www.smuhsd.org/COCinfo>

Members of the Committee can be contacted at emcmanus@smuhsd.org