

**Manhattan Beach Unified School District (“MBUSD”)
Measure C Citizens’ Bond Oversight Committee**

Semi-Annual Report Dated Aug 2, 2018 - DRAFT

This report covers the period from Jan 1, 2018 through June 30, 2018

I. Purpose of the Report

In conjunction with the passing of “Measure C”, the MBUSD Board of Trustees (the “Board”) appointed a Citizens’ Bond Oversight Committee (the “Committee”) to ensure MBUSD’s compliance with Proposition 39 (as discussed below).

Community voters approved Measure C on November 8, 2016 to authorize the issuance of \$114,000,000 of MBUSD general obligation bonds to fund modernization and repairs to the MBUSD middle school and five elementary schools, including repair, updates, replacements or purchases of (1) aging classrooms, (2) construction and equipment needed for school facilities, (3) deteriorating roofs, (4) plumbing electrical systems, (5) aging portable classrooms, (6) air conditioning, (7) improvements for student safety, (8) renovate buildings for earthquake safety, and (9) provide modern classroom equipment needed to support instruction in reading, math, arts, science and technology.

Community voters approved Measure C at the same time as Measure EE. Measure EE provides for the issuance of \$39,000,000 of MBUSD general obligation bonds to fund the construction of a new gymnasium and athletic facility at the MBUSD high school. Information regarding the expenditures relating to the Measure EE project is included in the Measure EE Committee Report and is not included in this report.

For more information regarding Measures C and EE, please refer to the MBUSD Bond Oversight Committee website at:

http://www.mbusd.org/apps/pages/index.jsp?uREC_ID=723955&type=d&pREC_ID=1146946

The purpose of this report is to inform the Board and the public regarding the expenditure of the bond proceeds and compliance with Proposition 39 and the MBUSD Measure C Bylaws (the “Bylaws”). This report covers the period from January 1, 2018 to June 30, 2018. MBUSD spent \$268,694 on Measure C for architect and other costs during the six months ending June 30, 2018.

II. Purpose and Responsibility of the Committee

The MBUSD Board established Committee Bylaws, which states the duties and responsibilities of the Committee in accordance with Proposition 39, with additional guidance identified by the Board. These Bylaws were adopted by the Board’s Resolution 2017-3. The Committee is to issue a written report, provided semi-annually, detailing its review of the expenditure of the bond proceeds. The following mission and purpose are excerpts from those Bylaws:

Mission:

The Measure C Citizens’ Bond Oversight Committee is to independently review and inform the public and Board concerning the expenditure of bond proceeds and to ensure that such bond proceeds are expended in accordance with the intention of the voters and state law.

Purpose:

To inform the public and the Board concerning the expenditure of Measure C bond proceeds.

In carrying out this purpose the Committee will:

1. Actively review and report on the expenditure of the bond proceeds.
2. Advise the public as to whether MBUSD is in compliance with the requirements of Article XI I IA, Section 1(b) (3) of the California Constitution.
3. Convene to ensure that Measure C bond proceeds are not used for any teacher or administrative salaries or other school operating expenses.

III. Project Description, Overall Status and Spending

Project Plan and Timeline –

Budget and Spending – \$268,694 was spent during this reporting period. The majority of expenses were for architect effort \$264,306. Included in the architect expenses was a line item for \$94,500 that was paid for survey fees included in the spending summary as “specialty consultants”. The survey expenses were for survey services provided by Kimley-Horn & Associates for work at Grand View (\$52,500) and Pennekamp (\$42,000). Since new buildings will be constructed at Grand View and Pennekamp, the sites were surveyed in advance of the other locations.

\$4,388 was paid during this period for legal fees related to the selection process and initial contract preparation for the Measure C Preconstruction services and Lease-Leaseback Construction Management services.

Total expenditures to-date for Measure C are \$270,545.

IV. Recent Committee Activities During this Reporting Period

The Committee has conducted the following activities during the period from January 1, 2018 through June 30, 2018.

1. The Committee held two Committee meetings, on February 1st, 2018, and May 3rd 2018.

Dr. Dawnalyn Murakawa-Leopard, MBUSD Deputy Superintendent, briefed the status of the Measure C activities and preliminary plans during these meetings. The design cost estimates were updated however the soft costs were still considered tentative. A more detail project budget will be prepared as Measure C details become more defined in future months.

2. The Committee reviewed the DLR Group's updated expenditure summary for each of the impacted sites.
3. The Committee reviewed the expenses during the reporting period.
4. At the May MBUSD Board meeting, the Board accepted the resignation of BOC member Jeff Serota. Mr. Serota has been replaced by Charles McPeak.

V. Committee Conclusion

Based on the information provided to this Committee, it is the opinion of this Committee that:

1. Expenditures to date have been consistent with expectations for supporting the intent of Measure C.
2. MBUSD is in compliance with the requirements of paragraph (3) of subdivision (b) of section 1 of the Article XIII of the California Constitution and in Measure C.
3. The progress to date is consistent with expectations of Measure C regarding performance to financial responsibilities and schedule.

[End Report]

Respectfully submitted by the Measure C Oversight Committee Members as of August 2, 2018:

Jonathan Beutler, Member
John Bushman, Member
Tim Flake, Chairman and Member
Stewart Fournier, Member
Michael Kiely, Member
Larry Kleinberg, Member
Harry Langenberg, Member
Steven Nicholson, Member
Gregory Reynolds, Vice Chairman and Member
Claudia Schloss, Member
Mark Sprague, Secretary and Member
A. Craig Underwood, Member
T. Tolga Yaprak, Member
Larry Zimbalist, Member