

Anaheim Union High School District

Measure H Citizens' Oversight Committee



Presented by Lori Raineri
January 16, 2018

Introductions

Committee Members

- ◆ Carolyn Cavecche
- ◆ Steve Hwangbo
- ◆ Larry Larsen
- ◆ Robert Nelson
- ◆ Patricia Rich
- ◆ Rick Tkach
- ◆ Alan Walker

District Staff

- ◆ Jennifer Root, Asst. Supt. of Business
- ◆ Patty Neely, Director of Facilities
- ◆ Lance Bidnick, Director of M&O
- ◆ Habib Tahmas, Controller
- ◆ Karen Orr, Accounting Manager

Financial Advisors

- ◆ Lori Raineri
- ◆ Keith Weaver



Tonight's Agenda

- ◆ Citizen Bond Oversight and Accountability

- ◆ Update on Bond Financing Plan



Definition: Accountability

- ◆ Definition of ACCOUNTABILITY
 - ▶ the quality or state of being accountable; especially: an obligation or willingness to accept responsibility or to account for one's actions <public officials lacking accountability>
 - ▶ First Known Use of ACCOUNTABILITY
 - 1770

- ◆ Government accountability means that public officials – elected and un-elected – have an obligation to explain their decisions and actions to the citizens. Government accountability is achieved through the use of a variety of mechanisms – political, legal, and administrative – designed to prevent corruption and ensure that public officials remain answerable and accessible to the people they serve. In the absence of such mechanisms, corruption may thrive.



“Strict Accountability . . .

- ◆ *in Local School Construction Bonds Act of 2000”*
- ◆ 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



Illustration by Chris Gash

“Strict Accountability . . .

- ◆ *in Local School Construction Bonds Act of 2000”*
- ◆ 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



Illustration by Chris Gash

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)*



Mission: Review

- ◆ What to review?
 - ▶ Bond expenditures
 - ▶ Performance audit
 - ▶ Financial audit
 - ◆ What to compare against?
 - ▶ Bond measure
 - ▶ Bond project list
- 
- ◆ Bond expenditures provided at each meeting.
 - ◆ Audits for FY 2016-17 provided at tonight's meeting.
 - ▶ Performance audit and financial audit differences
 - ▶ Performance audit scope of work
 - ◆ Tips for reviewing:
 - ▶ What does each document tell you?
 - ▶ How are the documents prepared?



Understanding Foundational Documents

- ◆ Resolution Ordering the Election for Measure, and includes:
 - ▶ Ballot Question – ≤ 75 words
 - ▶ Full Text Ballot Proposition (includes Project List) – 3 pages
- ◆ Tax Rate Statement – 1 page
- ◆ California Constitution Article XIII A, Section 1 (b)(3) - ½ page
 - ▶ Article XIII A was added to California Constitution by Proposition 13 in 1978
- ◆ *Strict Accountability in Local School Construction Bonds Act of 2000*
 - ▶ Education Codes 15264 through 15288 - 5¼ pages
 - Education Codes 15278 – 15282 – 2 pages
 - “Citizens’ Oversight Committee”
- ◆ Committee Bylaws – 5 pages
- ✓ < 20 pages and probably well under one hour of reading

Resolution Ordering the Election

(this is posted on the COC Website under "Measure H Documents")

RESOLUTION NO. 201415-B-02

RESOLUTION OF THE BOARD OF TRUSTEES OF ANAHEIM UNION HIGH SCHOOL DISTRICT ORDERING AN ELECTION, AND ESTABLISHING SPECIFICATIONS OF THE ELECTION ORDER.

WHEREAS, the Board of Trustees (the "Board") of the Anaheim Union High School District (the "District") is committed to improving the quality of education in its schools, by repairing classrooms and labs, upgrading basic infrastructure and utilities, enhancing safety and security, and upgrading schools to provide for 21st century learning; and

WHEREAS, the District has identified the needs of its schools in a comprehensive Facilities Master Plan, incorporating comments from District staff, students, parents and community members; and

WHEREAS, the Board has received information regarding the possibility of a local bond measure and its ability to improve the District's facilities; and

WHEREAS, Proposition 46, approved by the voters of the State on June 3, 1986 ("Proposition 46"), amended Section 1(b) of Article XIII A of the California Constitution by adding a provision that exempts from the 1 percent of full cash value limitation, those ad valorem taxes used to pay for debt service on any bonded indebtedness for the acquisition or improvement of real property approved on or after July 1, 1978, by two-thirds of the votes cast by voters voting on the proposition; and

WHEREAS, on November 7, 2000, the voters of California approved the Smaller Classes, Safer Schools and Financial Accountability Act ("Proposition 39"), which reduced the voter threshold for ad valorem tax levies used to pay for debt service on bonded indebtedness to 55 percent of the votes cast on a school district general obligation bond; and

WHEREAS, concurrent with the passage of Proposition 39, Chapter 1.5, Part 10, Division 1, Title 1 (commencing with Section 15264) of the Education Code (the "Act") became operative and established requirements associated with the implementation of Proposition 39; and

WHEREAS, the Board desires to make certain findings herein to be applicable to this election order and to establish certain performance audits, standards of financial accountability, and citizen oversight that are contained in Proposition 39 and the Act; and

WHEREAS, the Board desires to authorize the submission of a proposition to the District's voters at an election to authorize the issuance of bonds to pay for certain necessary repairs and upgrades, and enhancements to District facilities; and

WHEREAS, the Board hereby determines that, in accordance with Opinion No. 04-110 of the Attorney General of the State of California, the restrictions in Proposition 39 which prohibit any bond money from being used for administrative salaries or other operating expenses of the District shall be enforced by the District's Citizens' Oversight Committee; and

WHEREAS, pursuant to Education Code Section 15270, based upon a projection of assessed property valuation, the Board has determined that, if approved by voters, the tax rate levied to meet

DOCSS/99040/5/200454-0001

service requirements of the bonds proposed to be issued will not exceed the Proposition 39 30 per year per \$100,000 of assessed valuation of taxable property; and

WHEREAS, Section 9400 *et seq.* of the Elections Code of the State of California (the "Code") requires that a tax rate statement be contained in all official materials relating to an election, including any ballot pamphlet prepared, sponsored, or distributed by the District; and

WHEREAS, the Board desires to authorize the filing of a ballot argument in favor of the proposition to be submitted to the voters at the election; and

WHEREAS, pursuant to the California Elections Code, it is appropriate for the Board to consolidate the election with any and all other elections to be held on Tuesday, July 8, 2014, and to request the Orange County Registrar of Voters to perform certain election services for the District;

NOW THEREFORE, THE BOARD OF TRUSTEES OF THE ANAHEIM UNION HIGH SCHOOL DISTRICT DOES HEREBY RESOLVE, DETERMINE AND ORDER AS FOLLOWS:

Section 1. That the Board, pursuant to Education Code Sections 15100 *et seq.*, 15264 *et seq.* and Government Code Section 53506, hereby requests the Orange County Registrar of Voters to conduct an election under the provisions of Proposition 39 and the Act and submit to the voters of the District the question of whether bonds of the District in the aggregate principal amount of up to \$100 million (the "Bonds") shall be issued and sold for the purpose of raising money for the projects in Exhibits "A" and "B" hereto. Both exhibits are directed to be printed in the voter ballot pamphlet.

Section 2. That the date of the election shall be November 4, 2014.

Section 3. That the purpose of the election shall be for the voters in the District to vote on the proposition, a copy of which is attached hereto and marked Exhibit "A," incorporated by reference herein, and containing the question of whether the District shall issue the Bonds to pay for the projects identified in Exhibits "A" and "B" hereto, and the ballot propositions in Exhibits "A" and "B" are subject to the following requirements and findings:

- 1. That the proceeds of the sale of the Bonds shall be used only for the purposes set forth in Exhibits "A" and "B" hereto, and not for any other purpose, including teacher or administrator salaries or other operating expenses;
- 2. That the Board, in establishing the projects set forth in Exhibit "B," evaluated student achievement, and the educational and information technology needs of the District, as a condition of the projects to student achievement and high quality instruction;
- 3. That the Board shall cause an annual, independent performance audit to be conducted for the projects identified in Exhibit "B" hereto;
- 4. That the Board shall cause an annual, independent financial audit of the proceeds from the sale of Bonds to be conducted until all of the Bond proceeds have been expended;

DOCSS/99040/5/200454-0001

that the Board shall appoint a Citizens' Oversight Committee in compliance with Education Code Section 15270 no later than 60 days after the Board enters the election results in its favor in accordance with Education Code Section 15274;

that the tax levy authorized to secure the Bonds of this election shall not exceed the limit of \$30 per \$100,000 of taxable property in the District when assessed valuation by the District to increase in accordance with Article XIII A of the California Constitution;

That the District desires to have a financially responsible bond measure that complies with the Orange County Taxpayers Association School Bond Criteria, and based on the following:

a clear need to build and modernize facilities, documented by the District's long-range Master Plan that identifies existing needs and anticipated future needs by school site; an open and transparent process for determining how the Bond funds will be spent, from the District's *Blueprint for the Future* Committee, a Town Hall meeting, school board and a public opinion survey;

the capital facilities projects to be funded are construction, modernization, and safety projects, with no funds for maintenance, operations, or salaries;

each series of Bonds is planned for a twenty-five year term, with the useful life of the bonds estimated to be at least as long, and proceeds of the Bonds will not pay for salaries, audio-visual aids, or other equipment that will become obsolete while the bond is in use;

the Bonds are planned to be issued on a "just-in-time funding model" to reduce with the amounts of each estimated bond series based on the projected facilities estimated interest rates at the time of issuance, and the expected tax base;

the Bonds are planned to be sold at competitive bid, based on published best practices of the Finance Officers Association, to ensure they receive the lowest interest rates available;

the District intends to set aside funds annually from the General Fund into a special fund for future construction and repair, and over the ten-year expected time horizon, will meet or exceed the recommended 2 percent to 4 percent of the value of the (\$5 million to \$10 million);

the District plans to budget at least 2 percent of its operating budget towards facilities;

the District intends to maintain a level of reserve equal to at least 2 percent to 3 percent of total Fund expenditures for economic uncertainties;

the District will have an annual outside independent audit of bond proceeds and expenditures;

DOCSS/99040/5/200454-0001

the District will have a Citizens' Bond Oversight Committee, to which the Board has appointed some initial members, to confirm the reasonableness of completing the bond and the anticipated funding, and no member will be an employee or vendor of the District;

preliminarily, the District estimates that the projects to be funded are eligible for State matching funds, and the District has engaged a consultant to determine eligibility and funding for all District facilities needs, including those on the bond project list; the District plans to build and maintain the facilities financed with proceeds from the bond through the term of the bond.

That the authority for ordering the election is contained in Education Code Section 15264 *et seq.*, and Government Code Section 53506.

That the authority for the specifications of this election order is contained in the Act and the Education Code.

That the Orange County Registrar of Voters and the Orange County Board of Supervisors be and they are hereby requested to consolidate the election ordered hereby with any and all other elections held on November 4, 2014, within the District.

That the Secretary of the Board is hereby directed to deliver a certified copy of this resolution to the Orange County Registrar of Voters no later than August 8, 2014.

That the Board requests the governing body of any such other political entity or any officer otherwise authorized by law, to partially or completely consolidate such election with the election of the District, and that the canvass of the returns of the election be made by any body or officer authorized by law to canvass such returns, and that the Board consents to such consolidation.

Pursuant to Section 5303 of the Education Code and Section 10002 of the Code of Civil Procedure, the Board of Supervisors of Orange County is requested to permit the Registrar of Voters to file with the Registrar of Voters a copy of the resolution relating to the election, which the District agrees to reimburse Orange County. Such services will include the preparation of a Formal Notice of School Bond Election and the mailing of the sample ballot and tax rate statement (described in Section 9401 of the Elections Code) pursuant to the terms of the Education Code and Section 12112 of the Elections Code.

DOCSS/99040/5/200454-0001

AND APPROVED this 17th day of July 2014.

BOARD OF TRUSTEES OF THE ANAHEIM UNION HIGH SCHOOL DISTRICT

By: 
Brian O'Neal
President of the Board of Trustees
Anaheim Union High School District


Michael B. Matsuda
Secretary of the Board of Trustees
Anaheim Union High School District

do hereby certify that the foregoing is a true and correct copy of which was duly adopted by the Board of Trustees of the Anaheim Union High School District at its meeting held on the 17th day of July 2014 and that it was so

Perry, Randle-Trejo, and O'Neal

By: 
Michael B. Matsuda
Secretary to the Board of Trustees
Anaheim Union High School District

DOCSS/99040/5/200454-0001

Ballot Question

(Exhibit A to the Resolution and appeared in the Voter Pamphlet)

EXHIBIT A

“To improve neighborhood schools, by repairing classrooms and labs, including leaky roofs, decaying walls, deteriorating restrooms, and accessibility for disabled students; upgrading basic infrastructure and utilities, including drinking water, sewer, and gas; enhancing safety and security, including fire safety and security systems; and acquiring, upgrading, and constructing 21st century classrooms, schools, sites, and support facilities, shall Anaheim Union High School District issue \$249 million of bonds at legal rates, with audits, citizen oversight, and no funds for administrator salaries?”

Bonds – Yes

Bonds – No

DOCSSF/99040v5/200454-0001

A-1

Full Text Ballot Proposition

(Exhibit B to the Resolution and appeared in the Voter Pamphlet)

EXHIBIT B
FULL TEXT BALLOT PROPOSITION
OF THE ANAHEIM UNION HIGH SCHOOL DISTRICT
BOND MEASURE ELECTION NOVEMBER 4, 2014

The following is the full proposition presented to the voters by the Anaheim Union High School District.

"To improve neighborhood schools, by repairing classrooms and labs, including leaky roofs, decaying walls, deteriorating restrooms, and accessibility for disabled students; upgrading basic infrastructure and utilities, including drinking water, sewer, and gas; enhancing safety and security, including fire safety and security systems; and acquiring, upgrading, and constructing 21st century classrooms, schools, sites, and support facilities, shall Anaheim Union High School District issue \$249 million of bonds at legal rates, with audits, citizen oversight, and no funds for administrator salaries?"

PROJECT LIST FOR THE CLASSROOM AND SCHOOL SAFETY BOND MEASURE

The following are the projects that may be financed with proceeds of the bonds:

Repair and Upgrade Classrooms and Buildings, including roofs, walls, windows, doors and hardware, floors, ceilings, and accessibility for disabled students.

Basic Infrastructure and Utilities, including site and building plumbing, sewer, gas, electrical, water, storm drainage, HVAC systems, energy efficiency systems and controls, restrooms, and the financing of such upgrades.

Safety and Security, including fire safety systems, security systems, emergency communication systems, lighting, school entry and access areas, locks, parking and transportation areas, fencing, and earthquake retrofitting.

Removal of Hazardous Materials, such as asbestos and lead.

21st Century Learning Classroom Improvements, including furniture and equipment to allow for student collaboration, teamwork, and expanded learning methods.

Classroom Construction for education including career and technical education, science, technology, engineering, arts, and math education.

Physical Education Facility Repairs, including restrooms, locker rooms, showers, gymnasiums, multipurpose rooms, and constructing and reconditioning fields and facilities.

Outdoor Learning Quads and Courts, for outdoor education and student collaboration.

Landscape and Hardscape Improvements and Repairs, including irrigation systems.

Food Service Improvements, including constructing and upgrading facilities and equipment to serve meals to students, and shelters for students to eat lunch.

Student and Staff Support Facilities, including libraries, student union, student services, and administration facilities.

B-1

DOCSSF99040-5200454-0001

the purpose of expanding overcrowded school sites.

and to receive some of the improvements described above:

ool
chool
High School
ol
chool

ert West
J
ool
igh School

ool
High School

ol
chool
gh School
Center (Gilbert High School, Polaris High School, and Community Day
School
ol

* * *

rojects, the District has evaluated safety, class size reduction, and
eds.

d above, the District may acquire, renovate, upgrade, construct, furnish
locations.

include its share of architectural, engineering, and similar planning costs,
oject or construction management, a contingency for unforeseen
y connection costs, and interim housing. Projects also may include the
preparation of all facility planning, facility assessment reviews,
environmental studies, construction documentation, plan check, inspection and permit fees, and the
acquisition of improvements on the project list that previously have been financed, or will be
financed in the future, through temporary loans, leases, lease-leaseback, or lease-purchase

B-2

DOCSSF99040-5200454-0001

shall appoint a Citizens' Oversight Committee in compliance with
no later than 60 days after the Board enters the election results in its
Code Section 15274;

y authorized to secure the Bonds of this election shall not exceed the
\$100,000 of taxable property in the District when assessed valuation
to increase in accordance with Article XIII A of the California

e District desires to have a financially responsible bond measure that
ayers Association School Bond Criteria, and based on the following:

uild and modernize facilities, documented by the District's long-
t identifies existing needs and anticipated future needs by school site;

nsparent process for determining how the Bond funds will be spent,
t's *Blueprint for the Future Committee*, a Town Hall meeting, school
ion survey;

ities projects to be funded are construction, modernization, and safety
r maintenance, operations, or salaries;

onds is planned for a twenty-five year term, with the useful life of the
be at least as long, and proceeds of the Bonds will not pay for
al aids, or other equipment that will become obsolete while the bond

planned to be issued on a "just-in-time funding model" to reduce
its of each estimated bond series based on the projected facilities
rates at the time of issuance, and the expected tax base;

anned to be sold at competitive bid, based on published best practices
fficers Association, to ensure they receive the lowest interest rates

nds to set aside funds annually from the General Fund into a special
o construction and repair, and over the ten-year expected time horizon
or exceed the recommended 2 percent to 4 percent of the value of the
0 million);

ns to budget at least 2 percent of its operating budget towards

nds to maintain a level of reserve equal to at least 2 percent to 3
percent of General Fund expenditures for economic uncertainties;

(j) the District will have an annual outside independent audit of bond proceeds and
expenditures;

3

DOCSSF99040-5200454-0001

Tax Rate Statement

(Final Page of Resolution and appeared in Voter Pamphlet)

**Anaheim Union High School District
Tax Rate Statement for
The Classroom and School Safety Bond Measure
November 4, 2014 Election**

An election will be held in the Anaheim Union High School District (the "District") on November 4, 2014, to authorize the sale of up to \$249 million in general obligation bonds. The following information is submitted in compliance with Sections 9400-9404 of the California Elections Code.

1. The best estimate of the tax rate that would be required to fund this bond issue during the first fiscal year after the sale of the first series of bonds, based on a projection of assessed valuations available at the time of filing of this statement, is 3.00¢ per \$100 (\$30.00 per \$100,000) of assessed valuation in fiscal year 2015-16.
2. The best estimate of the tax rate that would be required to fund this bond issue during the first fiscal year after the sale of the last series of bonds, based on a projection of assessed valuations available at the time of filing of this statement, is 2.99¢ per \$100 (\$29.99 per \$100,000) of assessed valuation in fiscal year 2023-24.
3. The best estimate of the highest tax rate that would be required to fund this bond issue, based on a projection of assessed valuations available at the time of filing this statement, is 3.00¢ per \$100 (\$30.00 per \$100,000) of assessed valuation.
4. The best estimate of the average tax rate required to fund this bond issue, based on a projection of assessed valuations available at the time of filing of this statement, is 2.99¢ per \$100 (\$29.99 per \$100,000) of assessed valuation.

These projections of assessed valuations and tax rates are based on the experience and historical data within the District and are derived from information obtained from official sources. The actual tax rates and the years in which they will apply may vary depending on the timing of bond sales, the amount of bonds sold at each sale and actual assessed valuation in each year. The timing of the bond sales and the amount of bonds sold at any given time will be determined by the needs of the District. Actual assessed valuations will depend upon the amount and value of taxable property within the District as determined in the assessment and the equalization process.

Dated: July 17, 2014



Michael B. Matsuda
Superintendent
Anaheim Union High School District

DOCSOC/1671470v3/200454-0001

California Constitution Article XIII A, Section 1 (b) (3)



California
LEGISLATIVE INFORMATION

Code: Section: Search

[Up^](#) [Add To My Favorites](#)

* CALIFORNIA CONSTITUTION - CONS

ARTICLE XIII A [TAX LIMITATION] [SECTION 1 - SEC. 7] (Article 13A added June 6, 1978, by Prop. 13. Initiative measure.)

SECTION 1. (a) The maximum amount of any ad valorem tax on real property shall not exceed One percent (1%) of the full cash value of such property. The one percent (1%) tax to be collected by the counties and apportioned according to law to the districts within the counties.

(b) The limitation provided for in subdivision (a) shall not apply to ad valorem taxes or special assessments to pay the interest and redemption charges on any of the following:

(1) Indebtedness approved by the voters prior to July 1, 1978.

(2) Bonded indebtedness for the acquisition or improvement of real property approved on or after July 1, 1978, by two-thirds of the votes cast by the voters voting on the proposition.

(3) Bonded indebtedness incurred by a school district, community college district, or county office of education for the 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, approved by 55 percent of the voters of the district or county, as appropriate, voting on the proposition on or after the effective date of the measure adding this paragraph. This paragraph shall apply only if the proposition approved by the voters and resulting in the bonded indebtedness includes all of the following accountability requirements:

(A) A requirement that the proceeds from the sale of the bonds be used only for the purposes specified in Article XIII A, Section 1(b)(3), and not for any other purpose, including teacher and administrator salaries and other school operating expenses.

(B) A list of the specific school facilities projects to be funded and certification that the school district board, community college board, or county office of education has evaluated safety, class size reduction, and information technology needs in developing that list.

(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.

(c) Notwithstanding any other provisions of law or of this Constitution, school districts, community college districts, and county offices of education may levy a 55 percent vote ad valorem tax pursuant to subdivision (b).

(Sec. 1 amended Nov. 7, 2000, by Prop. 39. Initiative measure.)

Committee Bylaws

(Posted on Website)

INDEPENDENT CITIZENS' OVERSIGHT COMMITTEE BYLAWS

Section 1 Committee Established

The Anaheim Union High School District was successful at the election conducted on November 4, 2014 in obtaining authorization from the District's voters to issue up to \$249,000,000 aggregate principal amount of the District's general obligation bonds (the "Measure H"). The Election was conducted under Proposition 39, being chaptered as the Strict Accountability in Local School Construction Bonds Act of 2000 at Section 15264 et seq. of the Education Code of the State ("Prop 39"). Pursuant to Section 15278 of the Education Code, the District is obligated to establish the Committee in order to satisfy the accountability requirements of Prop 39. The Board of Education (The "Board") of the Anaheim Union High School District (the "District") hereby establishes the Independent Citizens' Oversight Committee (the "Committee"), which shall have the purpose and duties set forth in these Bylaws. The Committee does not have independent legal capacity from the District.

Section 2 Purpose

The purpose of the Committee is set forth in Prop 39. These bylaws are specifically made subject to the applicable provisions in Prop 39 as to the duties and rights of the Committee. The District shall provide necessary administrative support to the Committee as shall be consistent with the Committee's responsibilities as set forth in Prop 39.

Section 3 Duties

To carry out its stated purpose, the Committee shall perform the following duties.

- 3.1 Inform the Public: The Committee shall inform the public concerning the District's expenditure of bond proceeds. In fulfilling this duty, all official communications to either the Board or the Public shall come from the Chair acting on behalf of the Committee. The Chair shall only release information that reflects the majority view of the Committee.
- 3.2 Review Expenditures: The Committee shall review expenditure reports produced by the District to (a) ensure that bond proceeds are expended only for the purpose set forth in the ballot measure; and (b) ensure that no bond proceeds are used for any teacher or administrative salaries or other operating expenses.
- 3.3 Annual Report: The Committee shall present to the Board, in public session, and place on the District website an annual written report (the "Annual Report"), which shall include the following:

Statement indicating whether the District is in compliance with the requirements of Article XIII A, Section 1(b)(3) of the California Constitution; and
 A summary of the Committee's proceedings and activities for the preceding year.

Authorized Activities

In performing the duties set forth in Section 3, the Committee may engage in the authorized activities:

Receive and review copies of the District's annual independent performance audit and annual independent financial audit, required by Prop 39 (Article XIII A of the California Constitution);
 Inspect school site facilities and grounds for which bond proceeds have or will be expended, in accordance with any access procedure established by the Superintendent or designee;
 Review copies of scheduled maintenance proposals or plans developed by the District;
 Review efforts by the District to maximize bond proceeds by implementing various cost-saving measures.

Memberships

The Committee shall consist of at least seven members, as follows:

- One member who is active in a business organization representing the business community located within the District;
 - One member who is active in a senior citizens' organization;
 - One member who is the parent or guardian of a child enrolled in the District;
 - One member who is both a parent or guardian of a child enrolled in the District and active in a parent-teacher organization; and
 - One member who is active in a bona fide taxpayer's organization;
- Additional at-large members from the community as deemed appropriate by the Board.

Qualification Standards:

To be a qualified person, he or she must be at least 18 years of age. The Committee may not include any employees, official of the District, or any vendor, contractor or consultant of the District.

Appointment: The Board shall appoint members to the Committee as necessary. Upon appointment, the District Superintendent shall conduct a selection process to ensure that each person appointed meets the qualifications standards

in Section 5.2. When an appointment is necessary to fill a vacancy, the District shall ensure that a nomination is received from a like position or category as the Committee member whose position is vacant.

Conflicts of Interest: Members of the Committee are not subject to Section 4 (commencing with Section 1090) and 4.7 (commencing with Section 10900) of the Government Code and the Political Reform Act (commencing with Section 89500) and are not required to complete the Form 700, unless otherwise required by the District Ethics Policy attached hereto "A" to these bylaws.

Each member of the Committee shall serve for a term of two years and not more than two consecutive terms. Members whose term has expired may be reappointed to the Committee until a successor has been appointed.

Resignation: The Committee may recommend that the Board remove any member for (a) failure to attend three committee meetings in a year without reasonable excuse, or (b) failure to comply with the Committee Ethics Policy. Upon the removal of a member, his or her seat shall be declared vacant and shall fill any vacancies on the Committee in accordance with the appointment process set forth in Section 5.3.

Compensation: The Committee members shall not be compensated for their services.

Meetings of the Committee

Regular Meetings: The Committee shall establish a schedule for the date and regular meetings to include an annual meeting to be held at least once a year.

All meetings will be held within the jurisdiction of the Anaheim Union High School District.

Agendas: Meetings shall be conducted according to such procedural rules as the Committee may adopt. A majority of the number of Committee members shall constitute a quorum for the transaction of any business except adjournment.

District Support

The District shall provide to the Committee necessary technical and administrative support as follows:

- (a) Preparation of and posting of public notices as required by the Brown Act, ensuring that all notices to the public are provided in the same manner as notices regarding meetings of the District Board.

Provision of a meeting room, including any necessary audio/visual equipment

Preparation and copies of any documentary meeting materials, such as agendas, minutes, and reports; and
 Retention of all committee records, and providing access to such records on an internet website maintained by the District.

District staff shall maintain all Committee records and provide public access to such records.

District staff and/or District consultants shall attend all Committee proceedings in report on the status of projects and the expenditures of bond proceeds.

District shall not use any bond proceeds to provide the support set forth in Section 7.

Officers:
 The Committee shall elect a Chair and Vice-Chair who shall act as Chair only when the Chair is absent; such position shall continue for two-year terms. No person shall serve more than two consecutive terms.

Amendments of Bylaws:
 Any amendment to these bylaws shall be approved by a majority vote of the Citizens' Oversight Committee.

Termination:
 The Committee shall automatically terminate and disband concurrently with the submission of its final Annual Report, which reflects the final accounting of all of the proceeds of the Measure.

Applicability of the California Law:
 These bylaws were established by the District in order to comply with Sections 15278 and 15279 of the California Education Code (the "Code"). Nothing in these Bylaws shall be construed in a manner that is inconsistent with the provisions of the code.

ATTACHMENT A

CITIZENS' OVERSIGHT COMMITTEE ETHICS POLICY STATEMENT

This Statement provides general guidelines for Committee members to follow. It is not intended to replace or supersede any laws, rules, policies and procedures that apply to Committee members. The Statement captures some of the critical areas of professional conduct for Committee members. The Statement was developed from existing laws, rules, policies and procedures that define generally accepted good business practices and are expected to strictly adhere to the provisions of this Statement.

ETHICS: A Committee member shall not make or influence a contract for: (1) any contract funded by bond proceeds; or (2) any contract which will benefit the Committee member's outside business, or a personal finance or benefit an immediate family member, child or parent.

CONFLICTS OF INTEREST: A Committee member shall not use his or her position to negotiate future employment with any person or entity. A Committee member shall not influence a District construction project involving the interest of a person with whom the member has an agreement concerning current or future employment. For a period of two (2) years after leaving the Committee member may not represent any person or entity in connection with any matter pending before the Committee member, he or she participated in personally and directly, for a period of two (2) years after leaving the Committee member and the companies and businesses for which he or she shall be prohibited from contracting with the District on projects funded by the bond proceeds; and (2) any other person or entity.

HOLD LAW: A Committee member shall uphold the Constitutions, the laws and regulations of the United States and California (particularly the Education Code) and all other laws, rules, policies, procedures, rules and regulations of the Anaheim Union High School District.

- **COMMITMENT TO DISTRICT:** A Committee member shall place the interests of the District above any personal or business interest of the member.

Making Committee Meetings Valuable

- ◆ *Asking questions communally is particularly productive*



Focus Not on Who But What . . .

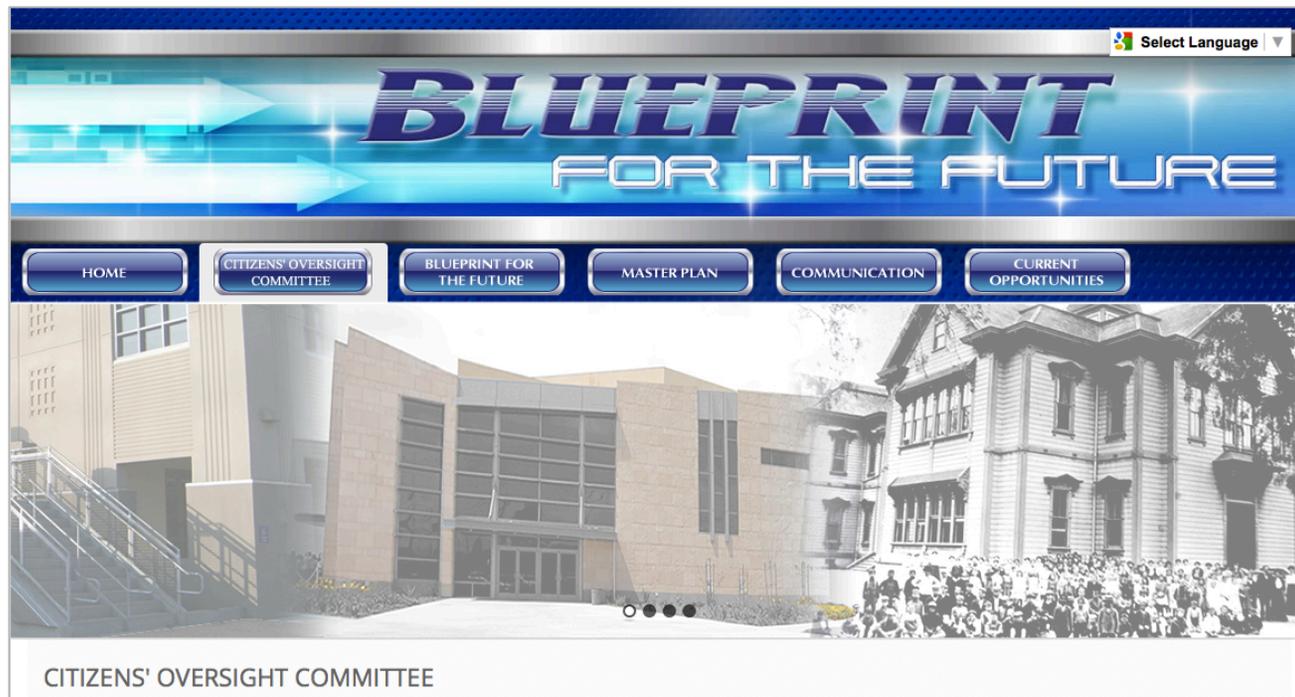
- ◆ With all documents:
 - ▶ What does this information tell me?
 - ▶ How would I know if it's wrong?
 - ▶ What else would I like to know?
- ◆ Finally, read (or at least review) the key documents of the District.

Key Documents

Budget
Audit Report
Facilities Master Plan
Developer Fee Justification Report
Bond Financial Audit Report
Bond Performance Audit Report

An Organized Web Page . . .

- ◆ Is easy for District staff to maintain
- ◆ Informs the public
- ◆ And allows Committee members to operate with their personal computing devices, rather than paper, if they like



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' Oversight Committee's web page:
 - Meeting notes
 - Documents received
 - Annual report
 - Includes presenting to Board of Trustees as per Bylaws
- ✓ *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.*



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 specific 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*

First Year's Report



Contents

1. Primary

2. Report

3. School. The

4. Updates, only for the

5. Committee Measure H

6. Issuance of

7. General

8. n, and

9. expenditure

10. ended only

Report

al Report

al Report

Report

Report

Report

Alan Walker	Member Active in a Business Organization	May 29, 2014	May 29, 2016
-------------	--	--------------	--------------

Term Completion	
March 10, 2017	
March 10, 2017	
May 29, 2016	
March 10, 2017	
May 29, 2016	
March 10, 2017	
May 29, 2016	

Date	Removed by BOT
Sept. 8, 2016	
Sept. 8, 2016	

performance audits, the proceeds, and

updates

Bond funds

by accessing state

o. Adherence to the Brown Act requirements of publicized and open meetings

2016	
9,612.74	
1,916.01	
9,293.33	
3,505.98	
2,333.02	

TOTAL EXPENSES: \$28,486,661.08

High School 4 et seq., California the ballot s or other

i be found b).

Overseeing Requires Action



Resources for Oversight

- ◆ 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 May.
 - ▶ 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.



Resources

- ◆ Accountability Resources Readily Available:
 - ▶ California League of Bond Oversight Committees:
 - <http://www.calboc.org>
 - ▶ California Debt Investment and Advisory Commission:
 - <http://www.treasurer.ca.gov/cdiac/>
 - ▶ Municipal Securities Rulemaking Board:
 - <http://www.msrb.org>
 - ▶ Securities and Exchange Commission:
 - <http://www.sec.gov/spotlight/municipalsecurities.shtml>
 - ▶ University of Santa Clara Markkula Center for Applied Ethics:
 - http://www.scu.edu/ethics/practicing/focusareas/government_ethics/

Making Our Place The Best It Can Be



Questions and Reflections?

- ◆ Oversight Process So Far?
 - ▶ What has gone well?
 - ▶ What could be better?

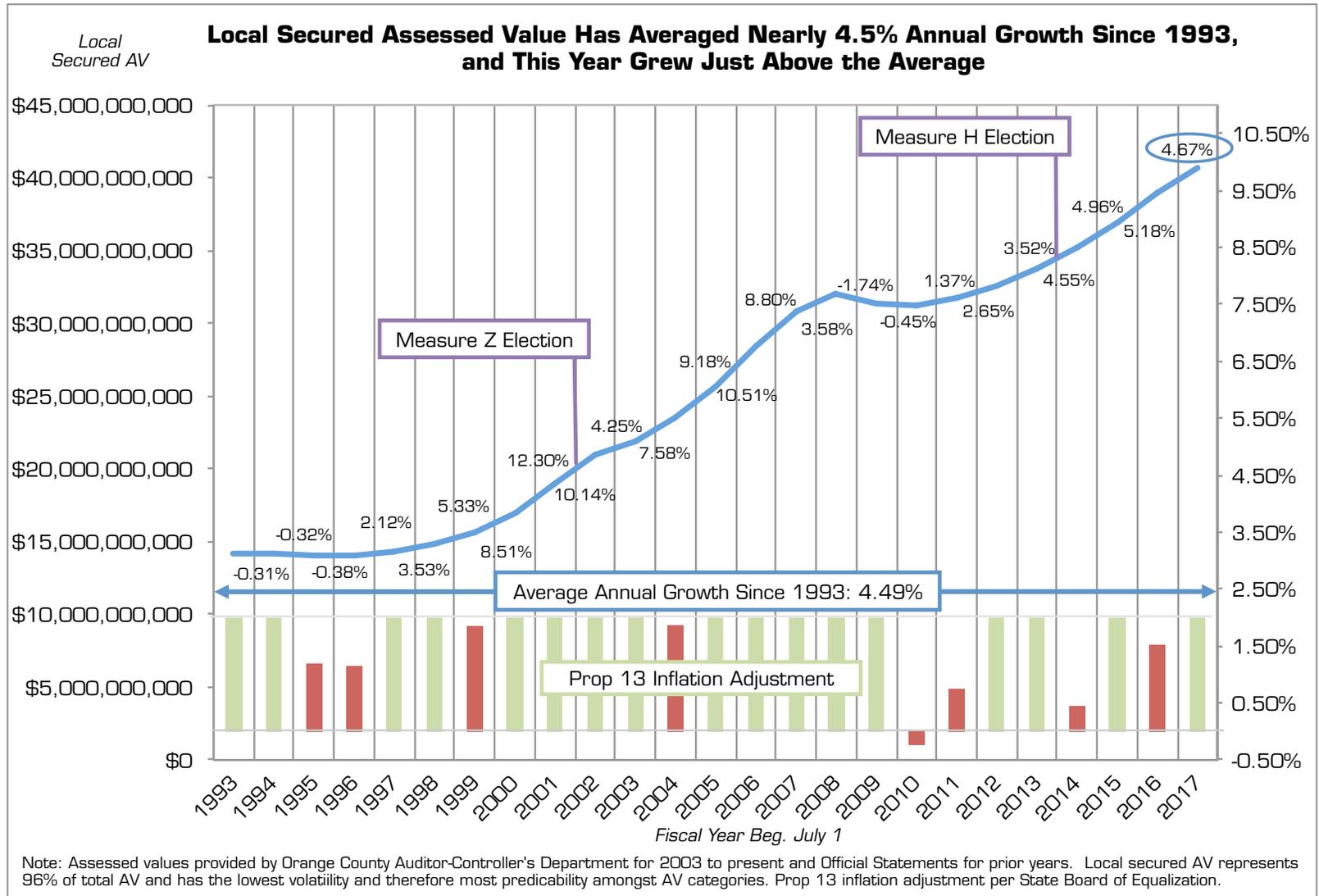


Next Agenda Item

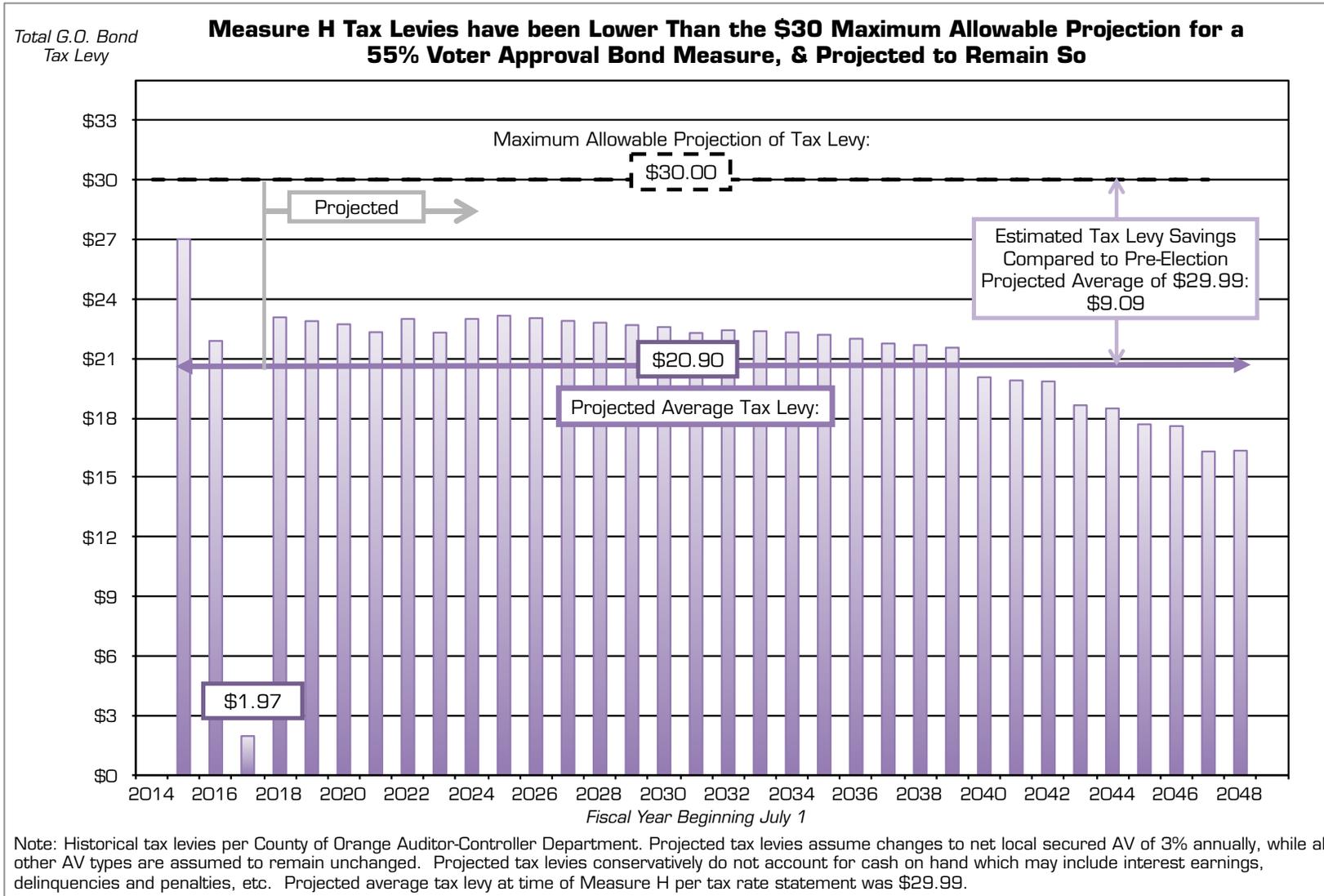
- ◆ Update on Bond Financing Plan



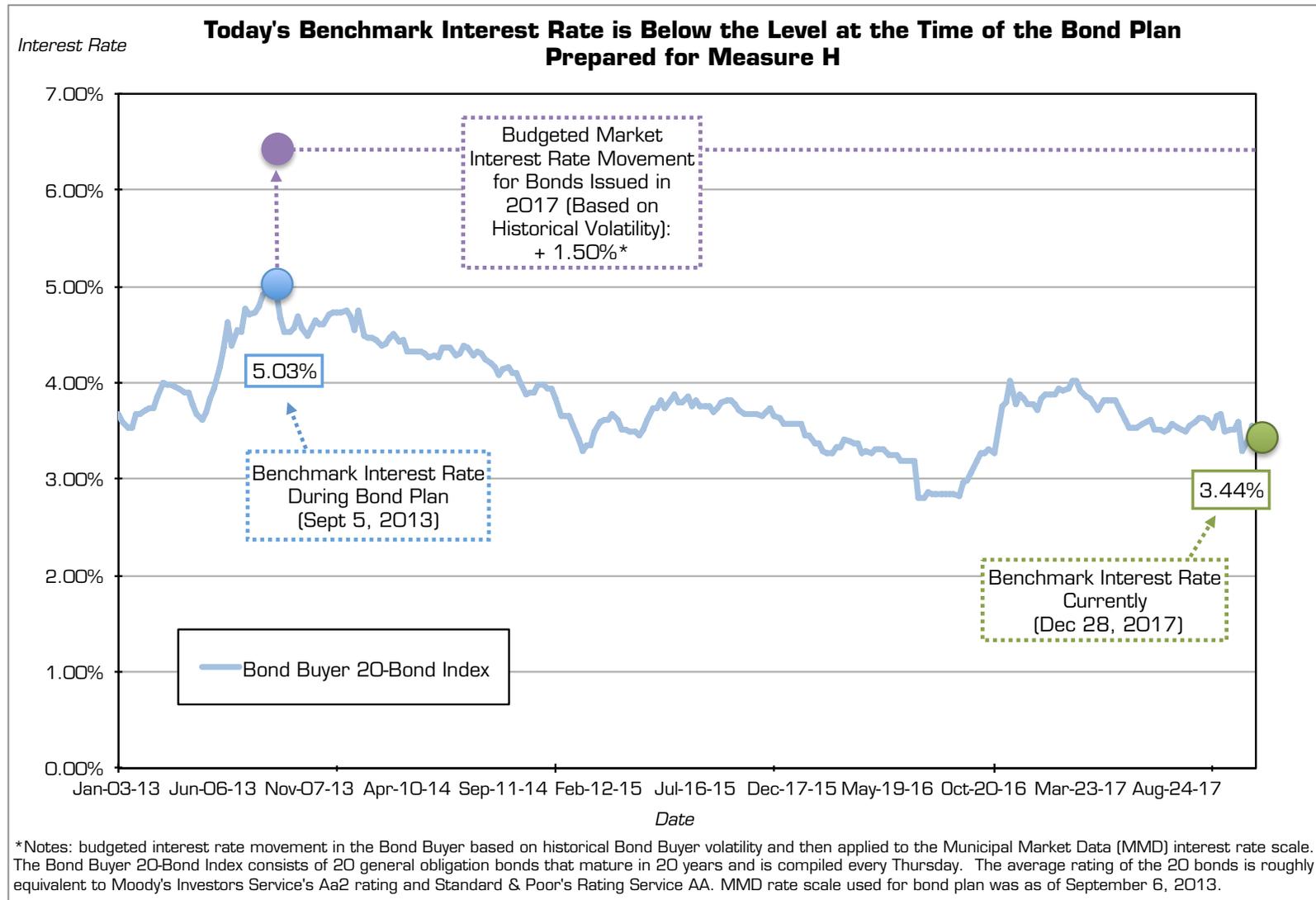
Property Assessed Value Growth



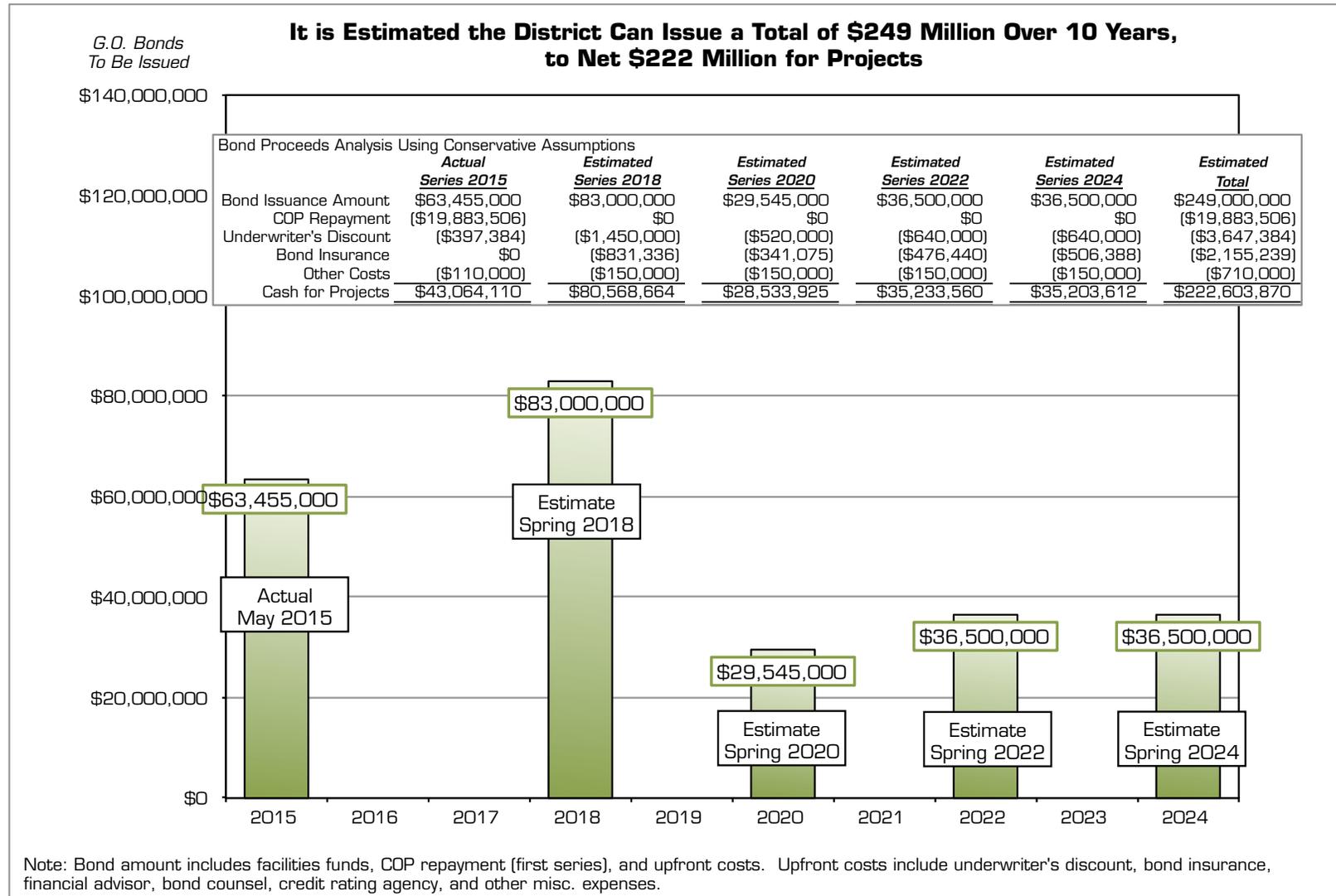
Measure H Taxes Lower Than Projected



Interest Rates are Lower Today



Updated Bond Financial Plan



Next Steps

◆ COC:

- ▶ Review of performance and financial audits.
- ▶ Preparation of annual report.
- ▶ Presentation of annual report to the Board of Trustees.
- ▶ Continued review of bond expenditures.



◆ Board of Trustees:

- ▶ Jan. 18th: receives presentation on audits.
- ▶ Feb. 15th: receives presentation on Measure H bonds.
- ▶ Mar. 6th: considers Resolution authorizing issuance of next series of Measure H bonds.
- ▶ May 8th: receives presentation on results of bond issuance.

For Reference

- ◆ Oversight Committee Member Criteria
- ◆ Citizen Oversight Activities

Oversight Committee Member Criteria

15282. (a) The citizens' oversight committee shall consist of at least seven members who shall serve for a minimum term of two years without compensation and for 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 active in a business organization representing the business community located within the school district or community college district.

(2) One member shall be active in a senior citizens' organization.

(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.

(b) 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 1090) and Article 4.7 (commencing with Section 1125) of Chapter 1 of Division 4 of Title 1 of the Government Code.

(Amended by Stats. 2013, Ch. 76, Sec. 27. Effective January 1, 2014.)

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.)*