

TO:

Citizens' Bond Oversight Committee

MEETING DATE: May 21, 2020

FROM:

Marilyn Adrianzen

Chief Business Official

☐ Proposition C ☐ Measure T ☐ Measure U

☐ Informational ☐ Action

**AGENDA ITEM:** 

2019-20 CITIZENS' BOND OVERSIGHT COMMITTEE ANNUAL REPORT

#### **BACKGROUND INFORMATION:**

Proposition 39 requires that the Citizen's Bond Oversight Committee present to the District's Governing Board in public session, an annual written report which shall include the following:

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

#### COST IMPLICATION:

N/A

#### RECOMMENDATION:

Review and approve the 2019-20 Citizens' Bond Oversight Committee's Annual Report to be presented to the Governing Board on June 25, 2020.

# San Ysidro School District Citizens' Bond Oversight Committee

Annual Report 2019 - 2020

Governing Board Meeting

June 25, 2020



# **COMMITTEE MEMBERS**

| Member                          | Group Representing |
|---------------------------------|--------------------|
| Ricardo Macedo – Chair Business |                    |
| Gloria McKearney – Vice Chair   | Taxpayer Group     |
| Hilario Rodriguez               | At-Large Community |
| Kenneth Johnson                 | Parent             |
| Holden Robbins                  | Parent             |
| Leticia Gomez                   | At-Large Community |
| Manuel Lopez, Jr.               | Senior             |

#### SAN YSIDRO SCHOOL DISTRICT

#### CITIZENS' BOND OVERSIGHT COMMITTEE

#### PROPOSITION C ~ MEASURE T ~ MEASURE U

#### 2019-20 ANNUAL REPORT

#### I. BACKGROUND INFORMATION

#### A) **Proposition C** - Bond Overview

On March 4, 1997, the voters of the San Ysidro School District ("District") authorized Proposition C (Prop C). Proposition C authorized the issuance of \$250 million in General Obligation Bonds ("Bonds"). The net proceeds of the Bonds are intended to be used to acquire and improve real property for authorized school purposes; provided, that at the time any series of bonds is issued the highest tax rate required to service that series and all outstanding bonds authorized by this measure shall not exceed \$0.10 per \$100 in assessed value.

The Bonds were issued pursuant to the provisions of Chapter 2 of Part 10 of Division 1 of Title 1 of the Education Code of the State of California (Act) and pursuant to resolutions adopted by the Board of Trustees of the District on June 12, 1997 and by the Board of Supervisors of the County of June 24, 1997.

#### Purpose of Issuance

• General Obligations Bonds, Election 1997, Series A – August 1997 (Issuance: \$10,590,000.00)

The purpose of this issuance of the Bonds is the acquisition and improvement of real property for authorized school purposes. The District currently anticipates using Bond proceeds for the construction of a new school, a new cafeteria and a new theater.

• Series B – June 2001 (Issuance: \$9,885,000.00)

The net proceeds of Series B Bonds are anticipated to be used to replace the Sunset Elementary School, an existing 62-year old elementary school for students in grades K-5. The existing Sunset Elementary School will be demolished, a larger replacement school will be constructed in its place, and adjacent property will be purchased to expand the playground and parking areas of the school. The proceeds of the Series B Bonds will also be used for a portion of the cost of acquiring a site for the new K-8 school in the Ocean View Hills area of the District, and for a portion of the cost of constructing the school.

• Series C – September 2004 (Issuance: \$15,875,000.00)

The net proceeds of Series C were anticipated to be used to acquire land for and construct a new middle school.

• Series D – February 2005 (Issuance: \$24,619,362.80)

The net proceeds of the Series D are anticipated to be used to construct a new middle school for grades 7-8 and to acquire land for and construct a new K-6 elementary school.

• Series E – November 2007 (Issuance: \$33,952,740.90)

The net proceeds of the Series E Bonds are anticipated to be used to fund the acquisition, construction and completion of a new District elementary school in the Ocean View Hills area of the District, and on renovation, modernization and upgrades at existing school sites and campuses of the District.

• Series F – June 2011 (Issuance: \$17,599,622.90)

The net proceeds of the Series F Bonds are anticipated to be used to fund the acquisition, construction and completion of Vista Del Mar Elementary School, and on renovation, modernization and upgrades at Beyer Elementary School.

• Series G – May 2012 (Issuance: \$28,990,883,60)

The proceeds of the Series G Bonds will be used to finance the modernization of the Beyer School, and facility enhancements at Willow, Sunset, San Ysidro, Smythe and La Mirada Schools to insure that these older school facilities are on parity with the District's new school facilities, as approved by the District's voters at the Bond Election.

Total Proposition C General Obligation Bond Authorization: \$250,000,000.00

Less: Bonds issued to date: \$141,512,610.20

Unissued Proposition C Bonds: \$108,487,389.80

#### B. Measure T and Measure U – Overview

On March 3, 2020, the voters of the San Ysidro School District (the "District") authorized Measure T and Measure U under the Proposition 39 statutes. Measure T (\$52,985,000) and Measure U (\$55,500,000) authorized the issuance of \$108,485,000 million in General Obligation Bonds (the "Bonds") which will replace the Proposition C unissued bonds.

The Bonds were issued pursuant to the provisions of Chapter 2 of Part 10 of Division 1 of Title 1 of the Education Code of the State of California (Act) and pursuant to resolutions adopted by the Governing Board of the District on April 16, 2020 and were reviewed by the BOC on April 30, 2020.

 Resolution No. 19/20-0036 and Resolution No. 19/20-0037 - Certifying of the Board of Supervisors of San Diego County all proceedings in the March 3, 2020 General Obligation Bond Election for Measure T and Measure U

- Resolution No. 19/20-0038 and Resolution No. 19/20-0039 Establishing an Independent Citizens' Oversight Committee for Measure T and Measure U
- Resolution No. 19/20-40 Authorizing petition to San Diego County Board of Supervisors for the cancelation of (Prop C) unsold bonds as provided by Section 15200 of the Education Code
- Resolution No. 19/20-41 Authorizing request for waiver from the State Board of Education relative to statutory general obligation bond debt limitations as provided by Section 15102 of the Education Code
- Resolution No. 19/20-42 Approving a Debt Issuance and Management Policy in accordance with Senate Bill 1029
- Resolution No. 19/20-43 Approving Disclosure Procedures

#### Measure T (\$52,985,000):

Measure T was approved by 70.09% of the voters of the San Ysidro School District. The highest tax rate which would be required to be levied to fund this bond issue is \$0.030 per\$100 of assessed valuation (or \$30.00 per \$100,000 of assessed valuation).

The net proceeds of the Bonds are intended to be used to make student safety and school security improvements; upgrade classroom technology; and construct, rehabilitate, acquire, equip and furnish classrooms and school facilities.

#### Measure U (\$55,500,000):

Measure U was approved by 68.9% of the voters of the San Ysidro School District. The highest tax rate which would be required to be levied to fund this bond issue is \$0.030 per \$100 of assessed valuation (or \$30.00 per \$100,000 of assessed valuation).

The net proceeds of the Bonds are intended to be used to reconstruct or replace roofs and plumbing and construct, rehabilitate, replace, acquire, equip and furnish classrooms and school facilities.

#### II. Citizens' Bond Oversight Committee (BOC) – Proposition C, Measure T, and Measure U.

#### A. Proposition C

Pursuant to Section 15278 of the Education Code, the District is obligated to establish an independent citizens oversight committee in order to satisfy the accountability requirements of Proposition 39. From 1997 to 2015, the District issued 7 series of GO Bonds totaling approximately \$141,512,610. Since these bonds were passed prior to Proposition 39, a BOC was not required by State Law nor was there such provisions in the measure approved by the voters.

However, the BOC was formed to implement a recommendation from the "Grand Jury Audit of the San Ysidro School District Bonds" and in the interest of transparency and accountability to the public and community it serves, the District elected to form a BOC to oversee the remainder of expenditures the District may make of Prop C bond funds. The Committee does not have legal capacity independent from the District.

- On December 13, 2018, the Governing Board approved the BOC Bylaws for Prop C which contain
  the statutory requirements for membership and oversight duties applicable to current Proposition 39
  bond ballot measures.
- On April 11, 2019, the Governing Board approved the appointment of members to the BOC.

#### B. Measure T and Measure U – Citizens' Bond Oversight Committee (BOC)

- On April 16, 2020, the District's Governing Board adopted Resolutions No. 19/20-0038 and Resolution No. 19/20-0039 establishing an independent Citizens' Bond Oversight Committee for Measures T and U.
- On April 30, 2020, the BOC acknowledged and accepted assignment to the BOC for Measures T and U and the approved Bylaws of each such measure as reflected on Resolutions No. 19/20-0038 and No. 19/20-0039.

#### III. BOC MEMBERS:

|    | Member                        | <b>Group Representing</b> |
|----|-------------------------------|---------------------------|
| 1. | Ricardo Macedo - Chair        | Business                  |
| 2. | Gloria McKearney - Vice Chair | Taxpayer Group            |
| 3. | Hilario Rodriguez             | At-Large Community        |
| 4. | Kenneth Johnson               | Parent                    |
| 5. | Holden Robbins                | Parent                    |
| 6. | Leticia Gomez                 | At-Large Community        |
| 7. | Manuel Lopez, Jr.             | Senior                    |

#### IV. BOC RESPONSIBILITIES – as established in the Bylaws of each bond measure.

- Meet regularly in public session, at least three times a year.
- Review expenditure reports produced by the District to ensure that bond revenues are spent in accordance with Prop C, Measure T and Measure U.
- Receive and Review copies of the District's Financial Audit Report
- Inspect school facilities and grounds for which bond proceeds have been or will be expended.
- Produce an annual written report to the District's Governing Board:
  - (a) A statement indicating whether the District is in compliance with the requirements of Article XIIIA, Section 1(b)(3) of the California Constitution; and
  - (b) A summary of the BOC proceedings and activities during the report period.

#### V. ACTIVITY REPORT

The BOC met on the following dates:

May 30, 2018

January 9, 2020

July 31, 2019

April 30, 2020

September 26, 2019

May 21, 2020

June 25, 2020

#### Meeting of May 30, 2018

This was a historical moment for the District - First Citizens' Bond Oversight Committee Meeting.

- Election of Chair and Vice Chair
- Reviewed purpose and functions of the BOC Presented by Tyree Dorward of Best, Best & Krieger
- Reviewed BOC Bylaws Presented by Nick Marinovich Consulting
- Reviewed Prop C Ballot Measure and Financials Presented by Tarana Alam of California Financial Services/ KeyAnalytics
- Established a meeting schedule for 2019-20

#### Meeting of July 31, 2019

• Governance Workshop - Ralph M. Brown Act and Robert's Rules of Order - Presented by Tyree Dorward of Best, Best & Krieger

#### Meeting of September 26, 2019

- Reviewed Prop C Bond Language
- Reviewed Expenditure Report
- Scheduled school site visits/walk-throughs
- Reviewed Timeline of Events

#### Meeting of January 9, 2020

- General Obligation Bonds Presented by Dale Scott Consulting
- Shared Moody's Investors Service Report
- Reviewed Expenditure Report
- Reviewed Meeting Schedule to plan for the Annual Report to the Governing Board
- School site visits and walkthroughs: La Mirada Elementary, Smythe Elementary, San Ysidro Middle School and Vista Del Mar Middle School Escorted by Paulo Azevedo, MOTF Director

March 3, 2020 – Bond Measures T and U were presented to the voters of the San Ysidro School District during the election held on March  $3^{rd}$ . Both Measures were approved by more than 55% of the votes casted at the Bond Election.

Meeting of March 26, 2020 – Cancelled due to the COVID-19 Pandemic and Governor's statewide School Closures and the Shelter in Place/Social Distancing orders. Meeting was then rescheduled to April 30, 2020

#### April 2, 2020 - Bond Measures T and U were certified by the County Clerk/Registrar of Voters

#### Meeting of April 30, 2020 - Zoom Teleconference due to COVID-19

- Revised Meeting Schedule
- Reviewed Expenditure Report
- Reviewed Resolutions for General Obligation Bond Measures T and U Overview of each Resolution was provided by Bob Whalen, Bond legal counsel
- BOC acknowledged and accepted assignment to the BOC for Measures T and U and the approved Bylaws of each such measure as reflected on Resolutions No. 19/20-0038 and No. 19/20-0039.
- Reviewed the Timeline for G.O. Bond Measure T and Measure U Series A
- Professional Development information was provided on a School Bonds 101 course being offered by Point Loma Nazarene University.

#### Meeting of May 21, 2020 - Zoom Teleconference due to COVID-19

- Reviewed and approved its first annual report to be presented to the District's Governing Board in written format on June 25, 2020.
- Scheduled upcoming meetings for 2020-2021
- Reviewed Expenditure Report

#### Meeting of June 25, 2020 - Zoom Teleconference due to COVID-19

- BOC Chair presented the 2019-20 Annual Report to the District's Governing Board at its regular Board Meeting via Zoom teleconference.
- BOC Members will join Governing Board Meeting OF June 25, 2020 via Zoom teleconference.

#### VI. STATEMENT OF COMPLIANCE

- A. Proposition C An independent audit of the financials is not required.
  - o Note: Wilkinson, Hadley, King & Co., LLP, an independent auditing firm, performed and audit of all the District's financial expenses including Proposition C expenses. The latest Audit Report for 2018-19 is dated June 30, 2019.
- **B.** Measure T and Measure U Bonds have not been issued; therefore, no financial audits have been performed.

#### VII. ATTACHMENTS

- Ballot Measures Prop C, Measure T and Measure U
- Financials

# BALLOT MEASURES

District voters approved Proposition C in 1997 by the then-required two-thirds majority; the measure was presented to voters in the ballot question below.

#### SANYSIDRO SCHOOL DISTRICT SPECIAL ELECTION - MARCH 4, 1997

#### **MEASURE SUBMITTED TO VOTE OF VOTERS**

#### **PROPOSITION C**

Shall the San Ysidro School District incur bonded indebtedness for the purpose of acquiring and improving real property for authorized school purposes; provided, that at the time any series of bonds is issued the highest tax rate required to service that series and all outstanding bonds authorized by this measure shall not exceed \$0.10 per \$100 in assessed value, with the maximum principle amount of such bonds not to exceed \$250,000,000?

NO

#### **BALLOT MEASURES**

On March 3, 2020, the voters of the San Ysidro School District authorized Measures T and U for the issuance of general obligation bonds. The net proceeds of the Bonds are intended to be used to make student safety and school security improvements; upgrade classroom technology; reconstruct or replace roofs and plumbing; construct, rehabilitate, acquire, equip and furnish classrooms and school facilities.

# LOCALMEASURES SANYSIDRO SCHOOL DISTRICT

MEASURE T To make student safety and school security improvements; upgrade classroom technology; and construct, rehabilitate. acquire, equip and furnish classrooms and school facilities, shall the San Ysidro School District measure to authorize the issuance of \$52,985,000 of bonds to replace bonds previously authorized in 1997, at legal interest rates raising an average \$3.2 million per year while bond are outstanding, with projected levies of less than \$0.03 per \$100 assessed valuation, requiring annual audits and citizens' oversight, be adopted?

O BONDS - YES O BONDS - NO

MEASURE U To reconstruct or replace roofs and plumbing and construct, rehabilitate, roplace, acquire, equip and furnish classrooms and school facilities, shall the San Ysidro School District measure to authorize the issuance of \$55,500,000 of bonds to replace bonds previously authorized in 1997, at legal interest rates raising an average \$3.3 million per year while bond are outstanding, with projected levies of less than \$0.03 per \$100 assessed valuation, requiring annual audits and cilizens' oversight, be adopted?

O BONDS - YES

O BONDS - NO

# Tuesday, March 3, 2020

# San Ysidro School - MEASURE T - 52,985M DOLLAR BONDS (Vote for 1)

Precincts Reported: 22 of 22 (100.00%)

| Candidate   | Party | Total |        |
|-------------|-------|-------|--------|
| BONDS - YES |       | 3,555 | 70.09% |
| BONDS - NO  |       |       | 29.91% |
| Total Votes |       | 5,072 |        |

# San Ysidro School - MEASURE U - 55,500M DOLLAR BONDS (Vote for 1)

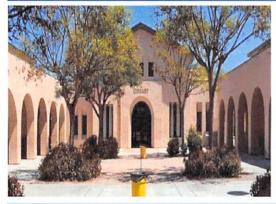
Precincts Reported: 22 of 22 (100.00%)

| Candidate          | Party    | Total |        |
|--------------------|----------|-------|--------|
| <b>BONDS - YES</b> |          | 3,492 | 68.90% |
| BONDS - NO         | <u> </u> | 1,576 | 31.10% |
| Total Votes        |          | 5,068 |        |

# FINANCIALS

# SAN YSIDRO SCHOOL DISTRICT

1997 General Obligation Bond Authorization
Proposition C









Citizens' Bond Oversight
Committee Report

May 21, 2020 Meeting

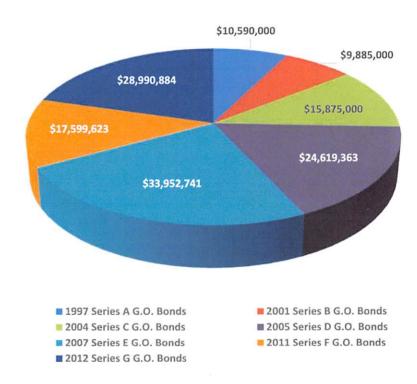
### **Proposition C Overview**

On March 4, 1997, the voters of the San Ysidro School District (the "District") authorized Proposition C under the Proposition 46, which has a 2/3<sup>rd</sup> voters approval threshold. Proposition C authorized the issuance of \$250 million in General Obligation Bonds (the "Bonds"). The net proceeds of the Bonds are intended to be used to acquire and improve real property for authorized school purposes; provided, that at the time any series of bonds is issued the highest tax rate required to service that series and all outstanding bonds authorized by this measure shall not exceed \$0.10 per \$100 in assessed value.

On March 3, 2020, the San Ysidro School District placed Measure T and Measure U on the ballot to replace bonds previous authorized under Proposition C in 1997. Both bonds were approved by the voters.

As such, the remaining authorization of \$108,487,390 under Proposition C ceases to exist.

#### **Proposition C Full Issuance**







# **Proposition C – Issuance Amounts and Timelines**

|   | Bond Series  | Issuance Date  | Total Issuance Amount |
|---|--|----------------|-----------------------|
| 1   | General Obligation Bonds, Election of 1997, Series 1997 (Series A) | August 1997    | \$10,590,000.00       |
| 2   | General Obligation Bonds, Election of 1997, Series 2001 (Series B) | June 2001      | 9,885,000.00          |
| 3   | General Obligation Bonds, Election of 1997, Series 2004 (Series C) | September 2004 | 15,875,000.00         |
| 4   | General Obligation Bonds, Election of 1997, Series 2005 (Series D) | February 2005  | 24,619,362.80         |
| 5   | General Obligation Bonds, Election of 1997, Series 2007 (Series E) | November 2007  | 33,952,740.90         |
| 6   | General Obligation Bonds, Election of 1997, Series 2011 (Series F) | June 2011      | 17,599,622.90         |
| 7   | General Obligation Bonds, Election of 1997, Series 2012 (Series G) | May 2012       | 28,990,883.60         |
| TOTAL BONDS ISSUED & PROJECT FUNDS GENERATED: |  |                | \$141,512,610.20      |

TOTAL PROPOSITION C GO BOND AUTHORIZATION: \$250,000,000.00

LESS: BONDS ISSUED TO DATE: <u>141,512,610.20</u>

UNISSUED PROPOSITION C GO BONDS: \$108,487,389.80

MEASURE T & MEASURE U REPLACEMENT: (108,487,389.80)

UNISSUED PROPOSITION C GO BONDS: \$0.00





# **Proposition C – Fund 21 Revenue Summary**

| PROPOSITION C FUND BALANCE ON 4/8/2020:      | \$5,401.19 |
|--|------------|
| LESS: PROJECT EXPENDITURES SINCE LAST PERIOD | 0.00       |
| PLUS: FUND INCREASES SINCE LAST PERIOD       | 6.38       |
| PROPOSITION C FUND BALANCE AS OF 5/7/2020:   | \$5,407.57 |

~ NOTE: This page will be updated before the day of the presentation. ~





#### Measure T Overview

On March 3, 2020, the voters of the San Ysidro School District (the "District") authorized Measure T under the Proposition 39 statutes. Measure T authorized the issuance of \$52,985,000 million in General Obligation Bonds (the "Bonds"). The net proceeds of the Bonds are intended to be used to make student safety and school security improvements; upgrade classroom technology; and construct, rehabilitate, acquire, equip and furnish classrooms and school facilities.

Measure T was approved by 70.09% of the voters of the San Ysidro School District. The highest tax rate which would be required to be levied to fund this bond issue is \$0.030 per \$100 of assessed valuation (or \$30.00 per \$100,000 of assessed valuation).





#### Measure U Overview

On March 3, 2020, the voters of the San Ysidro School District (the "District") authorized Measure U under the Proposition 39 statutes. Measure authorized the issuance of \$55,500,000 million in General Obligation Bonds (the "Bonds"). The net proceeds of the Bonds are intended to be used to reconstruct or replace roofs and plumbing and construct, rehabilitate, replace, acquire, equip and furnish classrooms and school facilities.

Measure U was approved by 68.9% of the voters of the San Ysidro School District. The highest tax rate which would be required to be levied to fund this bond issue is \$0.030 per \$100 of assessed valuation (or \$30.00 per \$100,000 of assessed valuation).



