

LAS VIRGENES UNIFIED SCHOOL DISTRICT

ANNUAL REPORT OF THE MEASURE G
CITIZENS' BOND OVERSIGHT COMMITTEE

TO THE BOARD OF TRUSTEES

FOR THE YEAR ENDED DECEMBER 31, 2011

**MEASURE G CITIZENS' BOND OVERSIGHT COMMITTEE REPORT
FOR THE YEAR ENDED DECEMBER 31, 2011**

Board of Trustees (*the "Board"*)
Las Virgenes Unified School District (*the "District"*)
Calabasas, California

Dear Members of the Board:

The Measure G Citizens' Bond Oversight Committee (*the "Measure G Committee" or the "Committee"*) respectfully submits its fourth annual report to the Board, for the year ended December 31, 2011:

- I. **The Establishment and Operation of the Committee:** The Measure G Committee was established by the Board, on October 24, 2006, by the adoption and approval of Resolution No. 06-06, which resolution also adopted an Ethics Policy Statement and Bylaws for the Committee.

- II. **Purposes of Committee and Limitations of Report:** As stated in its Bylaws, the Measure G Committee was established by the Board to satisfy the accountability requirements of Prop 39 with regard to the Measure G Bonds, approved at the election conducted June 6, 2006 (*the "Measure G"*), of up to \$128,000,000 (*the "Bond Proceeds"*). This report is limited by various material restrictions on the Committee's legal capacity and activities, as stated in its Bylaws, as follows:
 - A. The Measure G Committee does not have independent legal capacity from the District;
 - B. May only receive copies of reports and documents which have been previously presented to the Board and which are public records; and
 - C. Only has duties and can only engage in activities that are confined specifically to the Bond Proceeds generated under Measure G, (and as otherwise provided for in its Bylaws), *and this report is so limited.*

- III. **Summary of Measure G Committee's Proceedings and Activities For the Preceding Year:**
 - A. **All Required Meetings Held:** The Committee hereby reports that it has met all of the requirements contained in its Bylaws to hold regular public meetings and that all of its business and member votes (including, but not limited to, with regard to the approval and adoption of this report), were taken with the required quorum of a majority of the Committee members. All of the following meetings were open to the public and held within the boundaries of the District and, on information and belief, were duly

notified by the District and in accordance with the *Ralph M. Brown Act*, Government Code Section 54590 *et seq*:

<u>Date</u>	<u>Place</u>
February 17, 2011	District Office
September 19, 2011	District Office
December 8, 2011	District Office

B. **Summary of Authorized Activities of the Committee:** Attached hereto as **Exhibit "1"** and incorporated herein by this reference are true and correct copies of the minutes of the meetings of the Committee (*the "Minutes"*). The Minutes provide some of the details of the actions and activities of the Committee during the past year. With regard to any reference to any reports and documents received and reviewed by the Committee, the District has indicated that all such documents were provided by the District, with an indication that they had been presented to the Board and were a public record. In accordance with the Committee's Bylaws, the following is a summary of these activities, all of which were conducted at the Committee's public meetings:

1. Receiving, reviewing, discussing and making inquiries with regard to that certain "Agreed Upon Procedures" audit of Bond Proceeds expenditures presented to the Board and provided by the District entitled "Las Virgenes Unified School District, General Obligation Bonds, Measure G, Financial And Performance Audits, dated as of June 30, 2011, prepared for the Board by Vavrinek, Trine, Day & Co., LLP, Certified Public Accountants, (*the "Audit Accountant"*) constituting the District's annual independent performance audit and annual independent financial audit, required by Article XIII A of the California Constitution (*the "2011 Audit Report"*).
2. Meeting with the Audit Accountant, both independently and with District staff present, regarding the 2011 Audit Report, at which time it was presented and explained to the Committee and the Committee asked questions regarding the same.
3. On an ongoing basis, from time to time, receiving, reviewing, discussing and making inquiries with regard to various reports, documents and other public records relating to the expenditure of Bond Proceeds, including, but not limited to, various line item expenditure reports;

4. Inspecting and/or receiving progress and status reports on projects and school facilities and grounds for which Bond Proceeds have been or will be expended. On May 19, 2011, members of the Committee conducted a tour of the construction site of the Performing Arts Center at Calabasas High School;
5. Reviewing copies of deferred maintenance proposals or plans proposed by the District;
6. Reviewing efforts by the District to maximize Bond Proceeds by implementing various cost-saving measures;
7. Reviewing Bylaws and responsibilities of the Committee;
8. Reviewing project lists and details; priorities lists; campus and proposed plans; interim financial and Bond Proceeds expenditure reports; and County data reports on expenditures;
9. Receiving briefings from the District, at public meetings, on current Measure G projects, and plans and expenditures, as well as demographic information impacting priorities of expenditures of Bond Proceeds;
10. Receiving confirmation and assurances from the District, at public meetings, that the District had satisfactorily addressed certain issues raised by the Committee with regard to various expenditures of Bond Proceeds;
11. Requesting that the Audit Accountant maintain or increase random sampling of the underlying backup for expenditures of Bond Proceeds, in order to maintain sufficient oversight and accounting accuracy. The Audit Accountant reported that they were able to do this while, at the same time, not materially increasing auditing costs; and
12. Advertising and holding public meetings, in a continuing effort to inform the public.

IV. **Report on Duties of Committee:** Under its Bylaws, in addition to reporting on the activities it engaged in during the year, the Measure G Committee has the duty to report, and does hereby report, to the Board, on the following:

- A. **Informing the Public:** The Measure G Committee hereby reports that it has discharged its duty to inform the public concerning the District's

expenditure of Bond Proceeds, in accordance with Section 3.1 of its Bylaws, by, among other things, giving the required notice of its meetings and holding them in public; by preparing and providing this report to the Board, at a meeting held in public, and by posting this report to the District website, along with a copy of the 2011 Audit Report from the Audit Accountant; and by engaging in the Activities described above and immediately below; and

B. Committee's Report on its Review of Expenditures: As a result of holding its required meetings; of preparing and providing this report; and as a result of engaging in the Activities described above (and in reliance on the 2011 Audit Report and the other expenditure documents, reports, information and confirmations provided by the District):

The Measure G Committee hereby reports that, to the best of its knowledge, information and belief, through June 30, 2011:

- (1) The Bond Proceeds were expended only for the purposes set forth in the Measure G;
- (2) No Bond Proceeds were used for any teacher or administrative salaries or other operating expenses; and
- (3) The District is in compliance with the requirements of Article XIII A, Section 1(b)(3) of the California Constitution.

Respectfully submitted,

MEASURE G CITIZEN'S OVERSIGHT COMMITTEE

By: _____
Jeffrey Lee Costell, Chairperson
At Calabasas, California
As of December 31, 2011

MEASURE G OVERSIGHT COMMITTEE

MEETING MINUTES

February 17, 2011

Members present: Carlos Cojulun Lydia Gable
Jeff Costell Leslie Petersil
Pamela Evans Lissa Sholty
Judy Jordan

Members absent: Dana Moraly

Also present: Donald Zimring, Ph.D. – Superintendent
Dave Moorman – Board Member
Cindy Iser – Board Member

The meeting was called to order by Chairperson Jeff Costell at 5:37 pm.

The Minutes from the December 8, 2010 meeting were approved as presented.

Committee Input - Series C Bonds

Don Zimring distributed a memo to the committee members regarding the district's preparation for the issuance of third series (Series C) of the Measure G bonds. As part of the memo, attached was a chart showing several different scenarios the district could pursue in the issuance of this third series.

In one of the scenarios, Dr. Zimring explained that the district was granted access to \$25 million in Qualified School Construction Bonds (QSCB). He stated that while utilization of these bonds does not provide any additional funding to the school district, they do provide a benefit to the taxpayer in that they are essentially zero interest bonds (advantage to the bond purchaser is in tax credits). However, the payback term on QSCBs is significantly less than our standard bond issuances of 30-40 years. As a result, in the short term, the taxpayer will pay slightly more (between \$30-\$33 per \$100,000 of assessed valuation); however, in the long term, there would be a savings of tens of millions of dollars to the community due to the shortened life of the bond.

Another scenario showed that if the district continued to maintain the \$25 per \$100,000 of assessed valuation (Board's commitment at the inception of the bonds), over the lifetime of the bonds (30-40 years), it would essentially cost the taxpayers a much greater amount over the term of the bond.

Following a detailed discussion by committee members, the following motion was made:

It was moved by Jeff Costell that in an advisory capacity to the Board, and this matter being debated in a public meeting and advertised as part of the agenda, the Measure G Oversight Committee recommends to the Board of Education that it take maximum advantage of the \$25 million of Qualified School Construction Bonds (QSCB) in order to save the taxpayers up to \$200 million and have the long term potential of reducing the bonded indebtedness by 18 years. The motion was seconded by Carlos Cojulum and carried unanimously.

Measure G District Summary Report

The committee reviewed the Measure G summary report. The committee once again discussed the potential of placing a "cap" on the contract of Team Concept Development services. Dr. Zimring assured the committee that the district is very sensitive to this issue and is auditing all bills/invoices submitted very carefully.

With the majority of emphasis being placed on the two major projects (renovation of Lindero Canyon Middle School and the two performing arts education centers), there was a question raised regarding providing Measure G funds to the other schools within the district. The concern was that the other schools have needs and that the bond funds could be exhausted before these needs could be met. Dr. Zimring explained that a large majority of the final issuance of the bonds (Series D) would be targeted toward projects such as a multipurpose room at Lupin Hill, multipurpose room at A. E. Wright, and a preschool on the east side of the district.

Construction Update

Dr. Zimring reported that we are "out of the ground" on the performing arts education centers and just completed a large concrete pour.

District/State Budget Update

Dr. Zimring reported that the district may be looking at approximately \$1 million in cuts and if the Governor is unable to extend the special taxes already in place, the amount could be upwards of \$4 million.

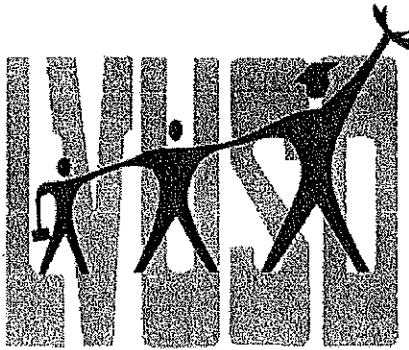
The district is in the process of kicking off a "save our schools" campaign with a mass mailing of an "appeal letter" to the community requesting donations. Funds collected would be utilized to help reinstate teachers who received "pink slip" notices this year. These notices must be issued to the teachers by March 15, 2011.

Next Meeting

The next meeting will be on Thursday, May, 19, 2011, at 5:30 pm. The meeting will be held at Lindero Canyon Middle School.


The meeting adjourned at 6:45 pm.

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BOARD OF EDUCATION
JILL GAINES
CINDY ISER
DAVE MOORMAN
LESLI STEIN
GORDON WHITEHEAD
DONALD M. ZIMRING, Ph.D.
SUPERINTENDENT

**LAS VIRGENES UNIFIED SCHOOL DISTRICT
MEMORANDUM**

TO: Measure G Oversight Committee Meeting Notes
FROM: Don Zimring 
DATE: September 19, 2011
SUBJECT: Meeting Notes -- Meeting of September 15, 2011

Members Present: Jeffrey Costell, Chair; Dana Moraly, Member; Lesli Petersil, Member; and Donald Zimring, Superintendent of Schools.

The meeting was convened at 5:40 p.m. and Chairman Costell noted that there was not a quorum. Staff attempted to call other committee members but could not obtain a quorum prior to 6:00 p.m., at which time, the meeting was adjourned. Prior to adjournment, those present discussed the meeting schedule and a recommendation to the Board for a change of bylaws to allow committee members to serve more than two terms. Chairman Costell stated that he would draft proposed language for the committee's review and then submit for staff input and presentation to the Board of Education at the September 27, 2011 meeting.

Mr. Costell also asked for those present to do a "virtual tour" of the detailed models for the Performing Arts Education Centers. Staff responded to questions regarding the centers' designs as well as progress of construction.

The next meeting is scheduled for December 8, 2011 for review of the Annual Audit.

Respectively submitted by Donald M. Zimring, Superintendent

MEASURE G OVERSIGHT COMMITTEE

MEETING MINUTES

December 8, 2011

Members Present: Dana Moraly Pam Evans
Leslie Petersil Jeff Costell
Carlos Cojulun Lissa Sholty

Members Absent: Judy Jordan, Lydia Gable

Also present: Donald Zimring, Ph.D. – Superintendent
Jeff Carter – Vavrinek, Trine, Day & Co.

The meeting was called to order by Chairperson Jeff Costell at 5:43pm

Annual Measure G Audit Report

Jeff Carter from Vavrinek, Trine, Day & Co. was present to review the Audit Report with committee members. Mr. Carter stated that there were no significant findings. There was a discussion regarding limitations of where the funds can be invested. The funds are kept with the Treasurers Office of the County of Los Angeles and considered safe. The cost of the issuance is now borne by the district. A motion was made to receive and accept the Financial and Performance Audit Report as presented and was unanimously carried.

Measure G District Summary Report

Don Zimring discussed the total overall costs to Team Concepts and stated that it is a percentage of approved board changes. The committee will discuss adjustments to the projects that were originally listed at their January meeting.

Jeff Costell suggested that the annual report of the Measure G Oversight Committee be presented to the Board at their meeting on January 24. The committee's suggested timeline is:

Draft to committee for review - January 9
Deadline for comments - January 12
Final report to District - January 19

The process will be considered complete following the above procedures. A motion was made, approved, and carried unanimously.

Construction Update

Don Zimring presented the latest update on the current ongoing construction projects in the District. He discussed gas lines at Calabasas High School and stated that delays are not expected but could occur.

District/State Budget Update

Don Zimring stated that the state budget has trigger cuts if funds don't show up by December 15. He reiterated, however, that the District is prepared for this. The District will be preparing for additional cuts in 2012/13.

Status of New Committee Members

A complete public search has been made and only two people have applied. Pam Evans suggested that information be distributed at a future Superintendents Discussion Council meeting.

The committee reviewed their bylaws relative to membership terms. The committee would like to present to the Board a revision to Section 5.4 of their bylaws which would allow the existing committee to continue to be active until new members are found.

Dates and times of 2012 meetings

The following dates were established for the Measure G Oversight Committee for 2012:

January 12, 2012 – 4:00 pm

Location: Agoura High School Performing Arts Education Center

May 10, 2012 – 5:30 pm

Location: TBD

July 19, 2012 – 5:30 pm

Location: TBD

December 6, 2012 – 5:30 pm

Location: TBD

At their January 12 meeting, the committee will determine locations for the various meetings and potential outreach efforts.